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EUROPE'S FOREIGN POLICY: EMERGING FROM THE CRISIS

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PARTICIPANTS:

**Introduction and Moderator:**

FIONA HILL  
Senior Fellow and Director,  
Center on the United States and Europe  
The Brookings Institution

**Panelists:**

MARK LEONARD  
Co-Founder and Director,  
European Council on Foreign Relations  
Bosch Public Policy Fellow,  
Transatlantic Academy

KRISTEN SILVERBERG  
Former United States Ambassador to the  
European Union

JUSTIN VAÏSSE  
Senior Fellow and Director of Research,  
Center on the United States and Europe  
The Brookings Institution

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ANDERSON COURT REPORTING  
706 Duke Street, Suite 100  
Alexandria, VA 22314  
Phone (703) 519-7180 Fax (703) 519-7190

## P R O C E E D I N G S

MS. HILL: Ladies and gentlemen, we're going to start our program today. We're also going to do some moving backwards and forwards from the stage here, so you'll see whether we're all adept enough to get up and down without falling flat on our faces. But that means nothing to -- there's no correlation between us falling down and Europe's foreign policy. On the contrary, the title of today's event is Emerging from the Crisis, which I'm sure everyone is thrilled to hear. So this is going to be an optimistic, upbeat, presentation on Europe for a change. I notice everyone is being a bit skeptical here.

But in any case, I'm Fiona Hill, the Director of the Center on the United States and Europe here at Brookings. And we just have a very quick apology first of all that one of our panelists, Ana Palacio, the Former Minister of Foreign Affairs of Spain, has unfortunately taken ill and wasn't able to join us at the last minute. And again, that's no reflection on what's going on in Spain. Poor Ana had a whole host of different meetings that she had set up for this week and, unfortunately, hasn't been able to make any of them.

But nonetheless we still have the three other members of our panel. And our first person on the panel, Justin Vaïsse -- we have some exciting news about Justin. Many of you have seen Justin on many occasions here at Brookings, but this is actually Justin's last two weeks here at Brookings because he's going to go off to France to become the head of policy planning at the French Foreign Ministry and a Special Advisor to the French Foreign Minister, Laurent Fabius. So you see him here before you in his old capacity, and shortly we will be having him back in a new capacity. We're confident about this; that his first order of business when he gets to be head of policy Planning at France will be no doubt to come back to Brookings and to speak on another problem. So

anyway, that's a piece of big news. We have a future head of foreign policy planning from the French Foreign Ministry here with us, although he's still in his Brookings capacity.

We're also delighted to have Mark Leonard who is the Founding Director of the European Council on Foreign Relations and the co-conspirator with Justin on this assessment of European foreign policy. Many of you know that the European Council on Foreign Relations was set up to be one of the first big European think tanks in Europe and has been doing a lot of forward-thinking assessments. And this is one of the flagship programs that the Council has been doing, the European Foreign Policy Scorecard. This is the third year that we've done this Scorecard together with the ECFR, and it's actually a very important year because this is actually the review year for the European External Action Service. So I'm sure that some of our colleagues from the EEAS are quaking right now, hoping that they'll get a good score from this panel, which I'm sure that they will.

And we'll have as our commentator, Kristen Silverberg, who was the United States Ambassador to the European Union and has been watching the deliberations in Europe very closely from her various perches since then.

I'm also hoping that we'll have someone from the European Union Delegation in the audience. We were hoping that would be the case because we'll obviously give them the first word if someone shows up. Do I see anybody here? No. Hopefully, they haven't fled at the prospect of this, but I'm sure that once they show up, we'll make sure that they have a comment. We have plenty of other colleagues from various European Union countries here. I can see quite a few people from some of the embassies, so we do hope that you will take part in the discussions afterwards.

I also wanted to thank again our partners, the European Council on Foreign Relations, for working with us on the Scorecard and, obviously, for being the

inspiration for this in the first place. And also the Heinrich Böll Foundation, which many of you know has been our long-term sponsor for work on the future of Europe. And we're hoping to continue in spite of Justin's move to Paris, although we all may want to move to Paris with him. We also hope to continue a lot of these events once he's gone.

Now we're going to now have to try to artfully get back off the podium again because Justin is going to pull down a PowerPoint, and we don't want to have Mark and Kristen decapitated by the screen. So here we go. We'll all try to get off the stage. Thanks.

MR. VAÏSSE: Thanks very much, Fiona, for the kind words, and I guess many of you are already familiar with the concept of the European Foreign Policy Scorecard. I'm just going to briefly give a reminder of what exactly it is, and then give another view of the results for 2012.

As most of you know -- and I remind everybody in the room that you can get one copy from the entrance on the table over there, the Scorecard is an annual assessment of Europe's performance in achieving its foreign policy goals in the world. And by Europe, what we understand by Europe, is both the EU institutions, the EEAS, the High Representative, the Commission, the Council, but also the 27 member states. If you will, it's Europe as seen from Beijing, from New Delhi, or from Washington. And so what we grade, the grade we give when we try to assess performance, these grades are given to the collective, are given to Europeans in general. Even though we started last year to try to look in the discreet policy issues that we are studying and try to see what role member states play and so we use this categorization, which I will come back on later of leaders, supporters, or slackers.

Europe is assessed on six issues and so there are six chapters in the Scorecard. Five of them are regional on China, Russia, the U.S., what we called Wider

Europe, which is basically the Eastern partnership countries and the Balkans and Turkey, MENA (Middle East and North Africa). And the last chapter is a more functional one. It's multilateral issues and crisis management. And so what we actually look at is about 80 components just like last year and the year before, 80 discreet policy issues on which we're assessing Europe's policy performance.

So how do we assess this performance? We actually don't give one grade for each of these 80 components. We give three. Two of them grade, or try to assess, the policy itself. So these two are unity, that we grade out of 5, so it's basically were Europeans united around precise and clear objectives that they wanted to pursue? And second question we asked about policy is resources. That is to say based on these objectives, did Europeans put money, resources, troops, political capital, and the like behind the objectives that they were pursuing? So we have this grade about policy out of ten and then a second grade out of ten for results, which we call outcome. So this gives us a grade out of 20, which is also expressed in a letter format.

Just a word on the process: So who is doing the assessment? It's the Scorecard team. It's basically a group from mostly the European Council on Foreign Relations and a couple of people here at Brookings. And we rely on the expertise of six main chapter authors who are specialists of the region or the issues. So, for example, Richard Gowan, who is working both at Brookings, at NYU, and at ECFR, is doing the multilateral chapter. And we also rely on 27 national researchers in each of the member states. There's actually one here in the room, two here in the room, who have done their -- who have filled out a questionnaire during the month of November trying to document, trying to substantiate, what their country has been doing. So we try to give an overall grade, but also to look in the glove box, so to speak, and see what really Europe has been up to.

So 2012 at a glance: The overall theme is a theme of resilience. Basically we all know the toll that was taken by the euro crisis, by the financial crisis, especially during the year 2011, so that was last year's Scorecard. And we were expecting 2012 to be a really bad year, and actually what we saw was that the financial crisis was still taking a very high toll. Leaders were preoccupied by this financial crisis, rather than geopolitical issues. Their bandwidth, as we say, was really sort of entirely occupied by the financial crisis, the European soft power as an example of regional integration and its geopolitical standing suffered as a result.

The defense budget cuts continued throughout the year 2012, and the trend that we had seen towards a renationalization of European foreign policy continued. So, yes, the crisis kept taking a heavy toll on Europe's standing in the world. However, 2012 was not the year when European foreign policy really crumbled. What we saw was -- especially starting about mid-year, between June and early September -- a stabilization of the Eurozone, which was both instrumental and sort of the symbol of Europe regaining its footing and getting to a much more stable situation in the last three or four months of the year.

What we saw also was a slow but continued consolidation of the European External Action Service, which is still a work in progress, which is still being built, which is still in its infancy to be honest. And I'll get back to that theme a bit later on, but which also found a sort of more firm footing.

And lastly, when the results got back, we saw that there was better performance across a range of different issues as compared with the previous years. So that table compares the grades in 2010, 2011, and 2012. And as you can see there was a real timid, but real improvement on China going from C to C+ and on Russia going from C+ to B-. And for the rest, a small improvement, which didn't translate into a letter grade

change, but which were still really important.

So let me focus a bit on the six different issues and what the situation was for 2012. So China improved a bit, so the big challenge for Europeans in China is this unity. The Chinese are really good at dividing and ruling, at playing one European country against another. However, what we saw in 2012 compared to the year before was improvement in unity. There was less of a sort of panic approach that we had seen during the year 2011, during the worst of the euro crisis where Europeans were basically looking like they were scrambling for investment from China in a very disorderly way. Yes, China was at times uncooperative, like on Syria and other issues, but basically things were slightly better.

Russia is a good example of that resilience of European foreign policy; 2012 was not a very good year for Europe-Russia relations, but the Scorecard is not grading how good the relations are. The Scorecard is grading how good Europe's foreign policy is, and what we saw in 2012 was that Europeans were more united. They sort of held their own better. They were less divided vis-à-vis Putin. And so relations with the Kremlin were not very good. The situation inside Russia was not very good. But what Europe did, for example, on energy issues, were a number of good policy moves. The investigation into Gazprom, for example, the continuing interconnection of gas networks which accompanies the shale gas revolution and other developments and make for much better leverage vis-à-vis Russia. Also a more united stance on human rights violations, so overall the situation improved slightly on an issue that is still very difficult.

Middle East and North Africa was not great, but it was -- but basically Europe recovered from its shock at the Arab Spring and so it's a difficult region to assess. So there was no progress on the Middle East peace process, which is one of Europe's big objectives, and there was, of course, continuing frustration over Syria. But there was

very strong unity on Iran, and we'll get back to that issue. And a slightly better policy vis-à-vis North Africa, especially accompanying the transitions, working with the U.S. on accompanying the transitions that were slightly better. Of course, we're not talking about the Marshall Plan for North Africa, but we're still seeing Europeans regaining a bit of their footing.

U.S.-Europe relations were good -- I just mentioned the common work on our transitions -- and there was still the usual disputes over Middle East peace process, vis-à-vis reciprocity or climate change, in particular, the role over aviation emissions.

Why did Europe present sort of a mixed record? We all know the situation. The political situation is not good either in Bosnia or in Serbia and Kosovo, but there was still progress, for example, on the Serbia-Kosovo talks which was one area where the High Representative invested a lot of time and effort, continuing frustration vis-à-vis Ukraine, but a slightly better stance vis-à-vis the Eastern Partnership countries.

And lastly on multilateral issues, Europe did not really have a good year. It's the only grade that is going down from 2011 to 2012 due to a number of, here again, a number of failures whether on the arms treaty, for example, the small arms treaty, whether on Syria, whether on the accession of Palestine as a nonmember state to the U.N., and in multilateral fallout like the G-20 the talks were still dominated by talk about the euro crisis. So that's the overview for 2012.

I will let you have a look at what we thought were the most successful and least successful policies; that's in the first few pages of the Scorecard itself. And in the interest of time, I will just skip to what we call the crosscutting themes; that is to say, what are the areas of strength and weakness of Europe beyond the borders, so not just on Russia, for example, or China, but across the board on issues like what we call low politics, stabilization, standards and norms, visas, this kind of thing, or the high politics.

And what you see is largely intuitive of high grades on low politics; that's where Europe as a whole has built sort of an *acquis diplomatique* as we say -- I guess I can start speaking French now -- but not only on these issues, but as you can see also on sort of harder issues as you would say like Iran and proliferation, energy policy I just alluded to while talking about Russia, and also on issues of war and peace like the Middle East peace process and other issues.

So one thing we introduced last year and we kept doing this year was trying to see what role the 27 different member states actually play, and you'll find the complete results in the tables in the Scorecard. So basically we identified member states as leaders when they either took initiative in a constructive way or acted in an exemplary way, for example, by devoting disproportionate resources. The U.K., for example, kept a very high level of foreign aid in spite of very deep cuts in its overall budget, and so that's one way to lead.

We identified member states as slackers when they either impeded or even blocked the development of policies that serve the European interest in order to pursue their own narrowly defined short-term national interests or did not pull their weight behind a common policy. What's interesting is that whereas in 2011 -- the results are not very different from 2011- what changes is that in 2011 we had identified about 18 components where Germany, France, and the U.K. were leading and now we're down to 12 and 11 basically. And so we still have the same leaders, the big three, of course, but also Sweden. On a range of different issues, Sweden confirms that it is a pretty active and impressive participant in European foreign policy, like the Netherlands, punching above its weight, but what we see is less leadership, I would say. Interestingly, the number of slackers has also decreased, which can be construed as a positive trend towards more cohesive collective action.

So now a quick word on leadership and cooperation among the “Big three”. So we find Germany still acting as a leader, especially towards Russia. What we don’t see is a Franco-German engine as we had seen on some issues, not many of them in foreign policy, but still some issues in 2010 and 2011. And the Franco-German engine was basically less powerful and effective due to the change in government and disagreement on different issues. There was still cooperation, but not towards leading and taking new initiatives. France was indeed an active leader even though it did not always coordinate its policies with its European partners. The U.K. also was still a leader as you saw, but, of course, whereas 2011 was the year of the German question for what the attitude of Berlin would be vis-à-vis the Eurozone, vis-à-vis debt mutualization, et cetera, 2012 was probably the year of the British question and that was resolved when more recently David Cameron called for a referendum. And so we had this strange situation in which on the one hand the Eurozone was stabilized, but there was lingering doubt about the EU itself and perhaps the EU was destabilized in the process of this. And, of course, this had an impact on foreign policy and the U.K.’s ability to lead, but perhaps Mark will address the British question.

To finish with, to end with, I’ll just mention a couple of things on the EEAS. Once again the EEAS was set up at the Lisbon Treaty and once again it’s still a work in progress. And basically the way we see it from the point of view of the Scorecard, which once again is meant to give a very political and sometimes subjective assessment of what the policy has been and the whole performance has been, is to see that really the biggest challenge for the European Diplomatic Corps is to combine the strength of what we call technocratic Europe with the strength of what we call power Europe.

Technocratic Europe is the traditional role and influence of the

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Alexandria, VA 22314  
Phone (703) 519-7180 Fax (703) 519-7190

Commission with programs, development aid, cooperation, long-term things, all of those, on one hand. And on the other hand what we call power Europe; that is to say, the Europe of the member states, the Europe of the big three in particular, the Europe of hard power. And, of course, when the usual complaints about Europe being a dwarf politically -- a giant economically, but a dwarf politically -- the answer is there. How do you translate gigantic resources into actual international power? And, well, the answer is to try to combine on the one hand what the EU itself has been doing with what member states can do, and that's we think the political challenge for the EEAS.

The difficulty, of course, is that the EEAS has very, very different competencies depending on the policy issue. On some issues like we saw in Mali, for example, or Syria, the truth is the High Representative in the EEAS has very little influence and a small role to play. On other issues they are the only actor. When you think, for example, of the question of data sharing and data protection in terms of terrorism information, in our relationship with the U.S., for example, this is handled jointly or this is handled centrally, I would say, by the EEAS and all the deals. So it goes through the Council of Europe and the High Representative's office, but basically member states don't interact with the U.S. as such.

So you have a spectrum of situations in which in some situations the EEAS is completely in charge of things and other situations in which it is not in charge at all because member states are the ones on the front line. And so this is a sort of complex situation, but what we see is increasing coordination, that role of coordination, between programs and diplomacy, basically between technocratic Europe and power Europe, increasing and getting probably better and better as the year went by. We should keep in mind that the objective that Catherine Ashton has given herself for the five years that she is the High Representative is mostly to build up the EEAS, of course, to do

things and to have a policy impact, but also to simply build up the EEAS, which once again is still in its infancy.

And what we see is that the personnel of the EEAS has been transformed because we've seen the infusion of diplomats coming from member states, coming from power Europe. And so what you see is the culture of the EU delegations whether this one in Washington or the ones in Bamako, for example, or elsewhere slowly being transformed by that infusion and a more, I would say, diplomatic culture prevailing more and more; that is, a culture of crisis, a culture of power relations, and not just a culture of administering long-term programs, however important that part really is.

Going along with that because we saw so many diplomats coming from member states to the EEAS, we saw a better attitude and more cooperation on the part of member states vis-à-vis the EU delegation and EU delegations being able at least in some countries -- once again there are many of those already and so it is a very contrasted situation -- but at least in some countries being able to do that work of cooperation or of coordination among member states. And a good example is, for example, the Bulgarian -- the Swedish and the Polish foreign ministers being sent, so to speak, by High Representative Catherine Ashton to Lebanon on a mission embodying Europe. So there are sort of initiatives that are taken that show that the EEAS also has more flexible and more fluid ways to work.

The bottom line is the EEAS definitely is still not where it should be and it's still on an uphill road toward reaching its full potential, but what we see -- and you know there's an official assessment of the EEAS that is being now conducted which will -- and we'll see the report about mid-2013 -- is a marked improvement over the past two years. So this, at least, explains the overall impression that we got from 2012, which was that of at least timid signs of resilience for European foreign policy. Thanks.

MS. HILL: Well, thank you very much, Justin. That was a very comprehensive overview and, personally, I think it actually is very positive. One of the things that struck me in listening to this, before we'll turn over to Mark and Kristen, was the fact that we have as you said fewer slackers and more subdued leadership actually may be indeed a sign that the -- because you were referring, just to clarify, sort of less of the leadership from the individual states, correct?

MR. VAÏSSE: Yes.

MS. HILL: So less of the assertiveness of the Germans and the French and the Brits than before. I mean it does suggest that the European External Action Service is coming into its own, so I think that definitely seems to be a positive thing coming out of this.

I was sitting next to Kristen feeling like a proud parent actually as I was listening to this. I don't know about other people in the audience, but I have a lot of parent-teacher conferences that I've got to go to here, so I'm kind of preparing for this. And I actually felt kind of that the Europeans were actually doing all right this year, much better grading than before. I'll take a B- on Russia any day, so I'll say congratulations to my European colleagues. And, of course, it's a Chinese New Year. We obviously can do a little bit better still on China, but I thought that was actually a pretty good grade. There were no failing grades there that we could see.

After Mark and Kristen have made some comments, we are now joined by François Rivasseau. We're delighted to see him as the Deputy Chief of Mission for the EU Delegation and a long-time EU representative as well as of the French Foreign Ministry. We mentioned to François that Justin is going to be joining the French Foreign Ministry shortly after this, so we'll be grading him next year. Mark's already making some notes I saw here.

Mark, I mean, this has been for you a really big project for the European Council on Foreign Relations, and it will be interesting to see how now that Justin has just dropped the poison chalice with the British crest onto your lap here as well right in the middle of all of this, how you see this in the perspective over the last three years, whether you really also share some of the building optimism over the last sessions of doing this because it really is a very big project with a lot of people involved in this.

And Kristen, I mean you have been watching the EU for quite some time now. It was something of a while ago, short while ago, that you were the U.S. Ambassador. It would be interesting to hear from your perspective how you think where things have really changed because, of course, you were the Ambassador before the Action Service had really started to pick up. And it must be very interesting watching it from that perspective of seeing this in its form.

But Mark, how does it look?

MR. LEONARD: Well, first, I want to say a big congratulations to Justin and the rest of the team. This is the first year where I haven't been actually very involved at all. I've been on sabbatical in Washington. So I was very happy to see the way that it had come together, but also as you say with the results.

I think that the most dramatic thing that this shows is that in spite of what my good friend, Ian Bremmer, repeatedly says when he goes around talking about a G-Zero world, this shows that actually we're not living in a G-Zero world. The U.S. might be rebalancing, might be less focused on different parts of the world, but if you look at the detailed policy analysis of dozens of different areas, you can see that the EU is actually becoming much more active as the U.S. rebalances its attention towards the Pacific.

And I think particularly about some areas like Russian policy, which Fiona just talked about. When ECFR was set up in 2007, our first report said that Russia

was the most divisive issue in Europe since Donald Rumsfeld split Europe into new and old member states. And it was a toxic issue, so toxic it could barely even be discussed in formal fora. And the results in terms of how the EU dealt with Russia, including with some of the most difficult and sensitive issues like launching a competition Aquarian to Gazprom and using the WTO to deal with Russia's legal revisionism on trade issues, I mean that's a totally different world from the Russia we were dealing with before. In some ways it's been helped by their collapse in gas prices and the external environment, but also I think is a tribute to some very, very important efforts by leaders in Europe, particularly the Germans and the Poles, to start building a new common approach towards Russia.

And anyway, I'm not going to go through all the other areas, but whether it was what happened a couple of years ago in Libya or what's happened more recently on Mali, you're seeing the EU actually playing a more active role in different areas. Sometimes it almost even looks like a kind of form of foreign policy escapism from the euro crisis because it's definitely true that the euro crisis has dominated, rightly I think, a lot of the bandwidth of different players within the EU. But certainly for countries like France that see their sovereignty and economic matters shrinking before them, foreign policy does act as a realm where they can reassert themselves and create a sense of purpose and of freedom of action. And I wonder whether the urgency with which Mali has been pursued is partly to do with that, a reassertion of sovereignty at a time when domestic politics is becoming more difficult and more kind of mired.

Maybe just say one other point on the introduction thing, which is that for me the most interesting thing out of the results of this as Justin said, the euro crisis has subsided in a sense that the markets are no longer as panicky as they were before Draghi made his announcement. But I think that the results of this survey show that

maybe the way that people are thinking about the euro crisis and the way that's being resolved is slightly wrong. People seem to think that we're moving towards either a multi-speed Europe or a multi-tier Europe. People talk about a three-tier Europe where you have a kind of inner core around the euro and then a group of countries that want to join the euro at some stage, and then outs like Britain and the Czech Republic and others who have decided that they're not going to join in the foreseeable future.

But actually, I think what's maybe more worrying is that it's not about a settled architecture where you have different groups of people who've decided to do different things together. What seems to be happening now is that there is a clash between at least four different European projects, which are in tension with each other. There is the project of saving the euro and making that work, which requires a degree of integration, which is important, but it has stalled as a result of the fact that -- that's always been a dialectical thing. It's through crises that steps forward were made, and the absence of panicky markets means that there isn't going to be anything that happens on that, certainly not until after the German elections. But even after the German elections, it's unclear whether very much is actually going to happen. There's much less enthusiasm about big new treaties, et cetera. But that is one really important political portrait and if it fails, I think the whole of the rest of the euro does get blown away, which is why it is important that people focus on that and that they do move forward with it.

But there are other political portraits as well. There's the Europe of the single market, creating the single biggest market in the world and that is something which is very incomplete. Digital services, all sorts of other areas still haven't been turned into a single market.

And then there's a third project, which I think is fundamentally important and historic, which is the project of pacifying the European neighborhood. And again,

that is something which has suffered in recent times as a result of backtracking on enlargement, but also just less enthusiasm about open markets, open borders, and the sorts of things which have helped to transform the countries around Europe.

But then there is this fourth project, which is the idea of a global Europe, a Europe that can stand on its own two feet and that can hope to be at least a shaper of the world order so that it doesn't simply act as a client to decisions which are made in Washington and Beijing.

And in theory these things can be pursued together. But if, for example, the decisions taken on the euro are done in such a way that they create a Berlin Wall and use sort of a Berlin Wall within the EU that shuts some countries out, or if Britain ends up leaving the EU because of the sort of insanity of a small section of its political class, the idea of a global Europe becomes kind of very difficult. And I think if you look through the results, you can see some of the tensions I mentioned.

I don't want to speak further on that, except maybe just to end on the British question given that Justin talked about it. He said he it's been settled. I don't think -- I think that's one thing that hasn't been. Cameron made a speech. I think maybe one thing to just say about the British question for people to understand it is that the polls on Europe and Britain are very volatile because people don't think about it. Most people go through their whole lives without ever thinking about whether Britain should be in the EU or not. But when they're asked in a slightly more concrete way, then what tends to happen is people are basically pragmatic about it and are willing to -- when you ask them explicitly, they're willing to sacrifice a degree of sovereignty for economic and other sorts of benefits. And that's why now that it's become a bit more serious, all the polls are showing that most people would vote in favor of staying within the European Union.

But what you need to understand is this is not a problem with the vast

majority of British people because only one in ten people see Europe as a kind of driving political issue. It's an elite project, the British euro skeptics. And there are about 100 conservative members of Parliament who are voting to get out of the European Union and that's what's driving at that, plus the fear in a number of marginal conservative constituencies, that the UK Independence Party could not actually win power, but take enough votes to allow other parties to take these seats in the first-past-the-post system. And what Cameron has promised, which is to renegotiate the terms of membership and then have a referendum in five years' time and in that referendum whether people accept this kind of new deal or not, in a way is an attempt to shelve the debates for five years and to get through the euro elections and then the general election and to give him a mandate in the next election where he says we will renegotiate such and such areas of sovereignty and then put it to the British people. It's an attempt to try and make the issue go away. Unfortunately, it's not going to go away because the 100 conservatives are obsessed about it and are willing to sacrifice their party's electability in order to make it happen.

But also it's sort of unlikely that David Cameron will be reelected with a majority at the next Parliament, if you look at the state of the economy and other sorts of dynamics. There are lots of possible outcomes, but I think the least likely one is that you get a conservative victory. It's possible that other parties will commit to having a referendum in the wake of the euro elections and things like that, but I suspect that we may very well not have a new treaty, which is the other thing which this is based upon, or a conservative victory. So there might not be a referendum. So we're likely to sort of see some of these debates going on for quite a long time rather than them being resolved in the next couple of years.

MS. HILL: Well, in other words, this is all still quite complex.

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MR. LEONARD: Yes.

MS. HILL: So, Kristen, all that complexity. How does it look from your perspective, having seen this over quite a sweep of time?

MS. SILVERBERG: Well, first I'd like to congratulate Justin and Mark for another successful edition. I think it's incredibly refreshing to talk in a foreign policy circle about concrete outcomes because the tendency I think is too often to assume that if we've convened a high-level working group meeting, we must have been successful. And I think the attempt to really look at this concretely and hold foreign ministries accountable for outcomes is very valuable.

I was particularly interested by the Scorecard's message of resilience, of the notion that 2012 was the year when Europe decided that the euro crisis wouldn't be the end to European influence and power in the world. Because I think part of what was happening was that the original dire predictions that the euro crisis meant that Europe had to retreat from the world were overly dire to begin with. And in a sense you can understand that. I mean the euro crisis, the most consequential challenge to European governments in decades, enormous distraction to the leaders, meant a reduction in resources, means that we really have to think about the future of the European project very closely.

In a sense you can understand the pessimism, but I think part of what was happening is that Europe tends to overvalue, overestimate, the strength of European diplomacy and underestimate the strength of European economic power. Even with the euro crisis, even in the worst variation of the euro crisis, Europe remains a \$16 trillion economy representing 500 million consumers. It's the most valuable trading and investment partner to many countries in the world, including our own, Russia, China, et cetera. And one of the interesting things I think about 2012 was that we saw Europe put

that economic power to work for foreign policy ends. And I'll just give you a couple of quick examples of what I'm talking about.

One is we saw Europe put its economic power to work with respect to Iran, in particular with the petrochemical and insurance sanctions. So since 2006, we've had five rounds of Security Council resolutions. We've had numerous bilateral sanctions, including from here in D.C., and by far the most consequential was the decision in Brussels to put an end to petrochemical imports and to deny the Iranian shipping industry access to the important European insurance market. And so really what we saw there -- this is I think the principle cause of the decline in Iranian government revenues by about 40 percent. We saw Iranian currency devalued really dramatically. And so really what you saw is Europe there being willing to put its economic power behind this diplomacy.

There are some other ways I think you saw this play out. There was a really interesting article published recently by a Columbia law professor named Anu Bradford called "The Brussels Effect." And basically what she talks about is this almost unique ability for Europe to use its vast regulatory powers to unilaterally impose standards on the rest of the world. And again, I'm a Republican. I'm not using unilateral pejoratively. I'm just describing a service stance where because of Europe's economic power or because of the relative wealth of its population and also because of its regulatory capacity, what you see frequently is that when Europe is unable to secure a standard in a multilateral setting, it's able to actually adopt to that as a matter of domestic law. And that's a standard that either effectively applies to the rest of the world or frequently gets adopted by the rest of the world. So, for example, when you see Europeans unable to negotiate the precise terms they want on climate change agreement, they have the option of adopting an emissions trading system, including parts that apply to international airlines; or when you see -- so, for example, you see Europe's

position on GMOs, which effectively applies to Europe's agricultural trading partners, that kind of thing. And I think in 2012 you really saw this play out in a number of these key foreign policy priorities. You saw regulatory action in Brussels that really helped to secure a European objective.

Now, what I mean about overstating European diplomacy, I'm not -- again, this isn't a criticism. European diplomacy is incredibly effective. I was on the receiving end of the French diplomatic juggernaut many times at the State Department, but I think we tend to overvalue the sense that the External Action Service or European diplomats can achieve these ends. And sometimes to overvalue the sense of Europe as a role model for the rest of the world; again, I'm not saying it's a bad role model. I just don't think that tends to be the thing that drives Europe's successes. When you ask, for example, a country in East Asia about why it's liberalizing economically, it's very unlikely to say because we're trying to look like Germany or we're trying to look like Poland. What you'll hear from them is that well, we have this growing middle class and it's demanding liberalization, or we're trying to follow the model that we've seen Korea and Indonesia follow successfully.

And so to me, I'm really less concerned that the euro crisis has degraded Europe as a model because I actually don't think that that was fundamentally how Europe was influencing the rest of the world to begin with.

I guess with that, I'll --

MS. HILL: Well, I was going to actually ask you -- I mean a very interesting point about the regulatory powers, Kristen, because obviously one in which those could be enhanced is also in conjunction with other states like the United States.

Of course, the big issue on the agenda now is the idea of the Transatlantic Free Trade Agreement where obviously the Scorecard was looking at 2012,

but one thing that was left at least as a question mark was the progress towards this. This is a big agenda item for this year and hopefully one that we might see. And it seems to fit in very well with Mark's fourth point about the project of a global Europe. I mean obviously if there was a closer association between the United States and Europe on these trade issues, building on the relationship that they're already is, this would make a big impact on the ability to share global affairs, tying into exactly where you've left it about that influence of interacting with Europe and then having to make certain adjustments.

I mean as someone who has served for such a long time and is still obviously very heavily engaged in these kinds of issues, what do you see the prospects for this year?

MS. SILVERBERG: Well, the first is I think this would be -- I support this strongly both because of the impact it could have on economies on both sides of the Atlantic, but really what I see as the more valuable assumption, which is the prospect that a free trade agreement could serve as basically the launching pad for larger plural-lateral negotiations. I mean to me the most valuable variation of this is one where the U.S. and Europe negotiate an agreement with a docking clause. So basically any other country that's willing to comply with its standards is able to join. That would access obviously to U.S. and European markets with low tariffs. Obviously, that would be attractive to many, many other countries in the world. And to that process of negotiating I think is the thing that could really help drive global growth.

But that said, it would be an enormously difficult undertaking even at the first step, even at the U.S.-Europe negotiations and in part because I don't think it's possible to do without opening European markets to more U.S. agricultural exports. And I really question whether there's sort of the will in Brussels to undertake that kind of thing.

MS. HILL: Is that the biggest obstacle on this side, the agricultural issue

in the United States?

MS. SILVERBERG: I think so, yes. I think that's the big one. Now, there are obviously obstacles on the European side as well, and I guess the question is whether both parties have the kind of political -- or are willing to put the political weight into this with their own governments.

MS. HILL: So it's something very much to keep an eye on this year.

One thing before I ask François Rivasseau to make some comments from the perspective of the EU itself, is this issue of Turkey. Justin said in his opening remarks about it still being one of the most difficult areas, and you just said that in a very shortened form. I mean this is obviously something that you've looked at a lot at the European Council on Foreign Relations. What do you see really the prospects for doing with Turkey moving forward, bearing in mind that Turkey is still an accession country for the EU? You talked about the third element -- well, actually the second and third elements -- of the four European projects, the single market, which obviously has been a very important relationship with Turkey. And Turkey has benefitted greatly from all of its various association agreements with the European markets, but then the slowdown in the enlargement prospects. Justin also talked about the Balkans. How do we see kind of a path forward now with Turkey in this coming year?

MR. LEONARD: I think the whole question of our relationship with Turkey is absolutely essential to thinking about European order. I mean the two key relationships that we have are our relationship with Russia, which has got a neighborhood policy, and an idea of a neighborhood, which somewhat overlaps with at least the European Eastern neighborhood. And Turkey also has a neighborhood policy, which overlaps both with our Eastern neighborhood in the Caucasus and the Balkans, but also our Southern neighborhood. So there is the question of Turkish accession. I have

long supported that. I think if Turkey reforms, it should be allowed to join the EU as a full member. But that's not really something -- I mean that's a theoretical discussion at the moment rather than a practical discussion.

But there's a separate question about how we could work with Turkey as a partner, and that sort of started to happen as a result of the Arab Spring in all sorts of informal ways. The formal institutions have blocked, because of Cyprus, so both NATO and the EU are unable to deal with that, which is one of the other interesting questions about the list of slackers. If you look at the slackers, it's countries like Greece and Cyprus that get a lot of help from the rest of the EU, but are still totally destructive in many areas of foreign policy. And actually there was a question at the beginning of the crisis about whether that dynamic might be changed by the crisis. Unfortunately, it doesn't look like there's any leverage over Greece and Cyprus. But I think that the difficulty -- the question is more can we create new formats, new ways of working with Turkey?

And also there's probably a problem on the Turkish side because there was a real sense of hubris in Turkey a few years ago at the beginning of the Arab Spring as well in the sense that Turkey was a model to others. Its economy was growing. And maybe not a recognition how much Turkey's success was parasitic on its membership of the European Customs Union, which accounts for most or still a majority of its trade. A lot of it is growth, but also its offer to its neighbors as a gateway to the European market. So from a Turkish perspective, there was a lot of hubris. I think that's kind of changed quite a lot. Turkish foreign policy is in a state of crisis at the moment, and that might create circumstances where we can work together more effectively. But there is a lot of emotion and honor and pride wrapped up on both sides -- well, certainly on the Turkish side -- and unfortunately some of the uglier elements of European politics have also used

Turkey as a mobilizing issue, which complicates things.

So I think the future -- anyway, the short answer is it is very important that solutions probably more for cooperation rather than thinking about grand, kind of architecture or hoping that we'll make much progress on the accession thing at the moment.

MS. HILL: But certainly an issue to look out for when we look into the next year over this exercise.

MR. VAÏSSE: Can I pick up on something that Kristen said? So basically we've conducted that exercise with ECFR for three years and hopefully it's going to continue in order to keep the record. But also it shouldn't -- and you know there are problems associated with doing it annually because, of course, the rhythm, the natural rhythm of foreign policy is not necessarily the year, let alone from January 1 to December 31, and so that's one of the many methodological problems associated with the Scorecard.

However, there's another issue about time, which is that when you look at the picture every year, sometimes you miss the real big changes. And I think -- I'll just pick up on two things. One is sanctions that you talked about and the other would be energy policy. If you take -- if you get back five years ago or let's say 2005, 2006, the EU was not wielding sanctions very well and the EU was not having an energy policy to speak of and this has changed. And so we've seen it change gradually, but sometimes you need to get back to a longer period of time in order to see the change.

And what you see is on energy policy, for example, the decisions that were made a couple of years ago bearing fruit once again in connection of gas networks. Or what happened in 2006, 2007, with hundreds of thousands of Bulgarians and others losing heat during the winter because of Russian actions and because of the inability of

the EU to show solidarity to them for lack of resources and lack of actual concrete pipelines to them. This has changed.

And the other example -- the one that you mentioned, Kristen -- is sanctions. The EU has become an actor that wields sanctions very well, that can turn them on pretty fast and that can also turn them off pretty fast, which sometimes the U.S. isn't able to do and so one good example is sanctions vis-à-vis Iran. And so we were talking about Greece. So when the EU decides to input sanctions on Iran and the export of petrol and products, it's not Britain or France or Germany that are affected, it's generally smaller countries -- Spain or Greece, for example. And so the question is how do you internally compensate Greece for the loss of these imports from Iran?

Well, that's what the EU did in the first half of 2012 and that it would not have been able to do five years ago, but it did it and with the effectiveness that we saw. So it's sort of this internal mechanism that gives you a sign of progress if you look at the longer period of time, the longer term.

MS. HILL: Thanks, Justin, that's a very important corrective and that actually provides a segue to François Rivasseau who's just getting a call, hopefully not from Brussels. We have a mic over here. And, François, we'd be really eager to hear your reactions to this.

MR. RIVASSEAU: Thank you. Let me be allowed to congratulate you and to thank you for this wonderful work. It surely is the kind of work which is not only interesting just from an academic point of view, but from a personal point of view.

As a Delegation here in Washington, our hope is to improve our marks, a bit like universities try to fit into a classification, we try to improve. And what is our business is to improve the relation with the U.S. part; so to try to go from B-, which is already very good, the best bilateral one, to B or maybe to B+ next year.

Let me make maybe three comments and one question. The three comments -- and once again, thank you to Brookings, thank you to Justin and his team. It's really very useful for us. The first comment is I am a product of the Lisbon Treaty. Having been a French diplomat after four or eight years, I will go back to the French Diplomatic Service. Yes, I think really the EEAS is a young institution and since one year and a half together with my Ambassador, Jordan Mater and Catherine Ashton, we have tried to implement a very simple concept; that now we present not only the Commission, but the EU and its member states. We have to sell it and to show them that we can be useful to member states and to our citizen representatives to give counterpart for the money, which is spent there. That's why member states usually have tried to pass to us issues they are not very comfortable with. Let me take the four main examples.

Iran sanctions. It was not so rewarding for us to go to the Congress and express that yes, it was good to coordinate, but yes, we are working well. But on the one or two small issues, we wanted exceptions to be made to the system so in order we could have the same systems working in Europe and in the U.S. together. And we convinced everybody on the Hill, but it was not so rewarding to do so because it was a bit exposing us. And it was better to do it from the European point of view and not from a national point of view because member states are usually seen on the Hill as defending the economic interests of companies while the EU is not that in the mandate directly. And yes, the European trading scheme and the member states were not happy to explaining to Congress that this legislation had to be implemented. That was our duty, so we did that, but we did that also on behalf of member states and I think they were happy like that.

The euro crisis, the so-called euro crisis: Well, once again the member states were happy for us to be in the first line and to take the most heat of the critics. All

that is consistent with this vision that we have to serve member states and that the hallmark of the EEAS, if there is one, is precisely to prove that it can be useful to member states by dealing with issues that are not so rewarding.

Second comment: Yes, we tried to work in a different way from before. Let me take one example in the U.S. Justin has recalled that some Eastern countries, member states, minister of foreign affairs, had represented the EEAS in Lebanon. Here we have a problem. There are Asian, Chinese communities, Indian communities, Latin communities, they are very proactive in making their points, but there is no European community. When you have global common interests, there's nobody to make our points. Yes, we have a French, a German, a Swedish, a Latvian community, but we have not a sense of a European community. And there are issues like the trade agreement where we shall need this European community to make the point for Europe.

So what are we doing? We have set up -- and this is a great result which was just implemented in January -- set up a system of representation of this delegation outside of beltway. As the European Union, we don't have a consulate, but we have a 27-member system so that we shall be represented. The EU will be represented by Germany in Houston, by Belgium in L.A., by Ireland in San Francisco, by Spain in Miami, by France in New Orleans, which will not surprise anybody, and so on and so forth -- in Chicago, in Atlanta, in Boston.

So we hope through that to be able to mobilize the various European communities who altogether could have a very influential voice in the U.S. debate, something which never existed until now. To make the point that relations with Europe are vital and that in the context where the rise of emerging countries on one side relative to difficult Western democracies have to make that point. The question is also valid for the U.S. It's all the Western role-models which are questioned today. And the best way

if we want to make our point stronger is to have a Western common approach. In Europe we said that nothing was made without -- 20 years ago we were speaking about the Franco-German engine. Now it's at best a starter, because we know that France and Germany are not able to move alone. The EU will need at least reinforcement of U.K. or a few other countries. In the world the American engine is not strong enough. If we want to have people following us in the world, we really need a Western engine.

And this leads me to my third and last point, which is the trade agreement. We very much hope that President Obama will say something tonight about it and very much hope that this issue will justify your B next year, but let me tell you -- and this is my question. If we want this trade agreement, we shall have to change the mantra of trade agreements in Europe and in the U.S. In the U.S. we have Korea, we have Panama, we have Colombia, the mantra for trade agreements is opening of markets to farmers and adoption of U.S. norms.

Guess what? The EU is not the same trade agreement conception and if it had, it would be contrary to it anyway. But for the first time in their history, if the EU and the U.S. is negotiating a trade agreement, we have to negotiate it on an equal basis. In defense, Europe is a junior partner. On trade we are considered to be equal, so look at the Chinese market, which is one of the most competitive in the world. In the 10 last years, the U.S. share of a Chinese market has been divided by two. Europe's share of a Chinese market is still the same. In a way, economic layer on trade we have from China, but then last year twice as good as well as the U.S. With statistics you can have everything said by statistics. But just to say that we are considered to be equal on trade.

So will agriculture be able, as it was the case last time, to prevent a trade agreement? I hope, we hope, not for three good reasons. The first one is that agriculture today is not in the same situation that it was ten years ago. Ten years ago it was more

important than it is today. We have made -- when I say "we" I should say business associations -- have made a first assessment of what could be the benefits of a trade agreement. One million jobs in Europe, 9,000 jobs in the U.S. in the five years following implementation; probably between 1 and 2 points of growth in Europe and 1 or 2 points of growth in the U.S. That's a very preliminary assessment to be validated by formal authorities, official authorities in the U.S. and in Europe.

But guess what? How much agriculture and the farmers could in the most optimistic view count on that? Less than 5 percent, less than 5 percent. So are we going to leave less than 5 percent of a problem dominate or should we focus on the 95 percent of the beef for growth relief? I hope that it will not be the case. I hope that we will be serious on that.

There are other reasons why it should not dominate so much the agenda. Our systems of subsidizing our farmers both here and there are much more similar and compatible with each other, which makes less restraining of comparison and discussions between both sides. We agree that agriculture has to be part of the agreement; that we have to give to agriculture its normal place in the agreement, 5 percent. I count on your support, all of you, to make that being well understood on the Hill because it's very difficult to change a mantra of the parliamentaries, both here and in Europe also. If we are successful in making this mantra change, then I think we have a good chance to achieve a significant, maybe even historical, result.

MS. HILL: Thanks very much, François. I think we need to change the expression "where's the beef?" Justin was kind of cringing as you said that because you said 95 percent of the U.S. and European trade is not in agriculture, it's not in beef. It's actually, I guess, in manufacturing.

MR. LEONARD: Mainly horse meat anyways.

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MS. HILL: No mention about horse meat. This is a no horse meat circle.

MS. SILVERBERG: And services.

MS. HILL: And services, services and also in manufacturing. I saw some statistic recently about the number of European cars that are actually made in the United States, and it was surprisingly high. I mean some of the largest car factories in the U.S. are actually European -- I think Volkswagen and others -- so there's an awful lot of jobs as you point out to be made in other sectors.

In any case, I'd like to bring in people here in the audience. There are many people here who have their own perspectives. We have the other microphone over here. Maybe we'll take two or three questions at once. I saw a couple of hands already here -- Garrett and then the gentleman over here and then the gentleman at the back as well. So we'll take three questions at a time. Thank you. And please introduce yourself for the panel and the audience.

MR. MITCHELL: Right. Thanks very much. I'm Garrett Mitchell and I write the Mitchell Report. And I had two reactions, the first of which was looking at the grades. It occurred to me that it's a good thing that this group of people isn't handing out grades in graduate schools of foreign policy and national security. It would bring few smiles to the students' faces.

And the second reaction was if we -- for the sake of this discussion -- say that there are sort of three centers of gravity on this issue -- Europe, the U.S., and Asia, however one wants to describe it -- and these are the grades that Europe gets, my question is who if anyone is getting As and B+s? And I mean that not facetiously, but is this not just a commentary on the state of foreign policy performance in Europe, but in the world? So I'd like to hear something on that order when you can.

MS. HILL: Good question. There's a gentleman here and then there

was a gentleman at the back. We'll bring the mic over to you in a moment. Thank you.

MR. SARK: Thank you very much. Armand Sark, and I'm a research associate from the European Institute. You talked briefly about Turkish accession to the European Union, but now on July 1 if I'm not mistaken Croatia is actually set to join. So what would be your comments? What are the prospects of Croatia joining and could it be a game changer for the lack of a better term in the European Union? Thank you.

MS. HILL: Okay, thanks. And the gentleman here at the very back.

SPEAKER: Hi. (inaudible) from the University of Maryland. It seems that within the entire book there's only very little mention about Asia, especially on the issue of Northeast and Southeast Asia. Now concerning the EU, it seems that the U.S. and the Middle East is more important than Asia, and the EU is only focusing on something like soft power. Can you please clarify what is this soft power? Is it education or culture or foreign aid because you don't want to dip your finger into the issues involving much of politics and security in the Southeast Asian region? Thank you.

MS. HILL: Thank you. Mark.

MR. LEONARD: On the grading point, I think you're right that grades are quite sort of tough. And if you look around the world at the moment, as you say hardly anyone's doing safely well. I think if you look at Chinese foreign policy after two decades of extraordinary success in reshaping their environment and the way that they were seen around the world, I don't think there are very many As and Bs in terms of how they built up relations with their neighbors in the last couple of years. And they've destroyed quite a lot of their credibility there and actually started to scare other bits of the world as well. In fact, in some ways the good performance of the EU towards China has been partly as a result of counterpunching a little after the sort of assertiveness posts in 2010 in China.

I think the U.S. foreign policy -- you have debates about it all the time,

but I suspect you probably get a similar range from -- I mean what was interesting about this is the range if you look at individual components from A to D, so you do have quite a range of issues. And the point is to try and bring a bit of nuance to it rather than simply saying that everything's a disaster or everything's going really well to try and understand what can be achieved, what can't be achieved, and to do it on an ongoing basis so you get a picture of that.

I don't think Croatia's accession will be a game changer. It snuck in almost surreptitiously. There was very little debate about Croatian accession in any different place, and I suspect that's the last country that's going to join in that way. I'm a big supporter of the enlargement, but I think that you do have to have real debates built in, but you have to win hearts and minds on it.

On the EU in Asia, I mean economically the EU is already a big Asian power as our friend from the EAS was pointing out. The EU does more trade with most Asian countries than the U.S. does. Politically, the EU's been less active. Some countries have got colonial legacies and historical relationships and have been involved in different areas. Germany, as a major export nation, is starting to play a more political role in its relations with lots of the other countries. There's been lots of talk about the American pivot to Asia. There's a slower European pivot to Asia to try and make the political relationships catch up with the economic ones.

But there is also a debate amongst European capitals between those who want to follow the U.S. and have a sort of Western approach to Asia. There are those who think that you can benefit by not being American and it's good not to have more of a sort of military security presence. And then a lot of countries who think that Europe could play a more important role, but they don't want to get kind of stuck in the middle or sucked into conflicts over which they have very little control. But what is clear

is that as the Pacific and Asia becomes a more important economic outlook for more and more European countries, it will be more of a focus for them in terms of thinking about their foreign policy.

And that's also coupled I think with a sense that as the European neighborhood is pacified, there is more energy to look beyond that. In the '90s the Balkans consumed a huge amount of attention. I think the events in the Middle East show that the southern flank of Europe is going to be very unstable and consume a lot of attention in the next few years, but certainly the tendency is to go beyond that.

In terms of soft and hard power, that's a big debate and discussion. Joe Nye's a good friend of mine, but I'm not sure that it's helped Europeans talk about their role in the world very much, this distinction between soft and hard power, partly because Europeans don't seem to understand what Joe Nye was talking about. So a lot of the things which people talk about as soft power for Europeans they just mean nonmilitary power, but actually for Joe Nye that's hard power. I mean his distinction is essentially between things where you are coercing people and forcing them and bribing them to do things, which is hard power, and areas whereas your attraction and your ideas which get people to do things because they want to do them. Most of Europe's influence in the world, as Kristen was pointing out earlier, has been through hard power. It's not because people are desperate to be like us. It's because we say you can only get access to our market if you obey our rules. You can only join the European Union if you do X, Y, and Zed.

MS. HILL: So basically the regulatory influence of the EU is more in the hard power?

MR. LEONARD: I think in a sort of Joe Nye sense, we'd put it in there.

MS. HILL: I mean I guess the one area where the gentleman was asking

about when he asked about culture was really education. And François mentioned about the Shanghai rankings as one area where Asia is having an impact on thinking about these issues in a European as well as a U.S. context; that there is a lot of stress now on the educational aspects in certainly trying to attract more students from Asian countries, especially with the advent of more English language and other foreign language education. I think that's certainly the case that the Europeans are very eager to tap into the kind of global education perspectives. So that might be one area that fits with the question, but I think you've really answered a lot of the issues that seem to be soft power from a European perspective, but are actually more on the hard side of the ledger.

Kristen or Justin, do you want to add anything to this or we can bring other questions in?

MR. VAÏSSE: No.

MS. SILVERBERG: Well, I'll just -- on the point about the difficulty of this grading system, I mean I think you raised a really important point about -- that really what we're seeing here is challenges to diplomacy generally. I mean I'm not the first person to make this point, but it turns out that diplomacy is much more complicated these days. Diplomats no longer have a monopoly on information. They are competing with so many other players in the field so we see fewer things decided at a big summit meeting, a lot more things decided by nongovernment actors. And so in that sense I think that is going to be a pervasive problem for foreign ministries around the world.

I do think that there are some that manage to punch above their weight, not always the ones we want punching above their weights. When I was at the State Department, the Cubans were enormously effective at the United Nations every single time. And I could never understand why this small, but not otherwise very powerful, country managed to succeed so brilliantly at achieving some of its objectives. But others,

I mean Turkey, I think is a good example of a country that's managed to play kind of a critical role, especially in some of the Arab Spring issues. And actually the Russians, I don't share their objectives, but I see them managing to achieve them in lots of cases that I think can't be explained by either their shared economic and military or diplomatic power.

MS. HILL: Let's take another three questions. This gentleman here, the gentleman over here, and on the aisle there please. Thank you.

SPEAKER: Thank you. Mr. Vaïsse, in your opening remarks you talked a little about the External Action Service, mentioning that it's at the very beginning of the road rather than at the very end. And my question is if we can expect the EEAS coming to its full potential vis-à-vis independent major foreign policies of the big three, European states or other states, or should we expect those states to delegate some of their powers to the EEAS and are they willing to do that?

MS. HILL: Thank you, and the gentleman here.

MR. MATHEWS: Thank you. Mathias Mathews. I'm an assistant professor at SAIS next door. My question is on the EU budget that was just agreed. It seems to be that a corner has been taken in a sense that they want a more lean budget, the austerity voices as in the last three years have won out. Is this going to have an impact on EU foreign policy going forward? And I guess that'd be a similar question for the U.S. here. I mean if you want to improve your scores, resources are a good way to do that. I mean I'm not sure exactly if the foreign service is going to be affected by these budget cuts, but that would be my question. Thank you.

MS. HILL: And the gentleman here.

MR. KELLER: Hi. My name is Matt Keller. I'm with the Embassy of Lichtenstein, which, of course, not a member of the EU, but active in the European

economy through the European economic area. My question is regarding the prospects of an FTA between the EU and the U.S., and like you say, it is 95 percent manufacturing and services and you have this very small contingency that has to do with agriculture. When I talk with U.S. officials about this, they're thinking that this might not necessarily turn out to be a traditional FTA, but more regulatory reform because you do have this huge contingent of really bumper sizes and electronic gadgets just being more compatible. And also the big elephant in the room is whether or not Congress would give President Obama trade promotion authority. So I would like to know what your thoughts are on that.

MS. HILL: It would be great to have one mobile phone system, wouldn't it, for all of us who travel all the time? Justin, I'll let you have --

MR. VAÏSSE: Very briefly on the EEAS, I think -- so it's going to take a couple of more years just to find its footing first. But then second -- so 2015, 2016, I don't know exactly. But then second, it will always be in transformation in the sense that gradually you will see, for example, in smaller countries member states closing their embassies and relying on the EU. And on the contrary you will see in other countries member states keeping their embassies.

And so that points to another larger point, which is that the EEAS will never be -- I mean it's just like Europe. Europe will never be a federal state. It will not be just a treaty organization. It's always this sort of in-between animal. Well, the EEAS I would argue will always be this in-between animal between the diplomatic corps of a country and the staff of an international organization. And it will sort of be somewhere in between these two things, having the power and the functions of a real diplomatic corps and leaving other functions and powers to embassies, and so we'll always be in that sort of murky thing.

But the point is that because of this, we'll see I think a continued change in the role and the functions that the EEAS will assume, but national member states I think will remain. And I'll leave the other questions for --

MS. HILL: I wonder if he's just saying that because he's going back to France.

MR. VAÏSSE: What really matters is national member states.

MS. HILL: There we go. We know.

MR. RIVASSEAU: Even the next big crisis because as Mark rightly pointed out, the EU will have certain change in big crisis. So this analysis is certainly related unless there is a huge crisis, which would change a bit.

MS. HILL: Yes, there's always that never say never. I know that's sort of a James Bond or an Arnold Schwarzenegger coming back again type movie entry, but that was a very firm statement there. Kristen, what do you think?

MS. SILVERBERG: Well, on the trade issue, I don't know how to predict the reaction on the Hill except to say that Ag-state senators will care passionately that their issues are part of the equation and that those are regulatory issues. I mean really what we're talking about is health and safety-related regulations that are used to prohibit U.S. exports.

And I guess I take François' point -- he's a very effective diplomat and communicator, as you all know. But I guess one thing we need to do also is change the narrative in Europe; that this really shouldn't be about Ag versus any other kind of trade, it ought to be about science versus public sentiments. So when there are sound scientific reasons for the U.S. and Europe putting up obstacles to exports, that's one thing, but really when what we're doing is substituting kind of political preferences over science-based reasons for health and safety regulations, that's something altogether different.

MS. HILL: Well, how would you put subsidies in that though, in that question, because I mean obviously the issue of agricultural subsidies is --

MS. SILVERBERG: -- not regulatory and totally different.

MS. HILL: But do you think that will become a problem, and we all have the images of people throwing sheep literally at each other in Europe and, of course, we have lots of issues about the subsidization of --

MS. SILVERBERG: Yeah, no question that will be a heated issue, resolvable I think, but --

MS. HILL: I mean is that something that can be gone over in a rational way?

MS. SILVERBERG: Sure, yes.

MS. HILL: No more sheep throwing?

MS. SILVERBERG: Yeah, I guess I have more confidence that we could address that issue than I could on the health and safety regulatory side.

MS. HILL: Right, so you see that as the more pertinent issue?

MS. SILVERBERG: Yeah.

MS. HILL: Mark, your views?

MR. LEONARD: I'm -- well, never underestimate the intensity where there's 5 percent of people who have a lot at stake can undermine the benefits of 95 percent who have very little -- they benefit in a marginal way. I mean political science would probably suggest that nothing is going to happen if you have that kind of thing where you have a small number of people with a lot to lose and a large number of people with relatively little modest gains. I hope that political science is wrong and that we see a trade deal. But I think it's difficult to have vast optimism about that clearly given if you look at the debates we've had about agriculture within the European Union, which relates

a bit to the question on the budgets.

I mean the tragedy is this is the first time since the EU was set up when you could actually see a really useful -- a big case for an expanded budget. We have a financial crisis. We need to stimulate economies. We need jobs. We need growth. But yet there's so little faith that any of the money's going to be used effectively; that the rational thing for every member state to do is both to try and minimize the amount it puts in the pot and to maximize the amount that it can get out. And, therefore, you end up with the results yesterday, which I think are a kind of tragic of Europe as a political system at this moment. We go for something where we are basically cutting a budget when we need it both for the foreign policy stuff, but also in other areas. But at the same time as a citizen, I'm not convinced that the EU is particularly effective for expending its budget. And then economists say it'd be great if a budget is 5 percent of GDP. If it's spent in the way the EU budgets have been spent in the past, I'm not sure that's necessarily the most effective way of stimulating economies.

MS. HILL: Well, that could sound like a budget discussion in any setting, including here in Washington, D.C. And that was exactly the high point I was hoping for our ending, but unfortunately we've run out of the resource of time and we have to end now.

I very much hope that we'll be able to continue with this project because I'd be very curious to see next year how everybody thinks Justin and the French Foreign Ministry have been doing in the context of this. We hope that Justin won't be trying to game the scores now that he knows how this works when he's answering the Scorecard questionnaire next year. So we're looking forward to this with a certain amount of as the French say, *sang froid*.

Thank you very much everybody for joining us on the panel. We wish

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Justin luck on his next venture, and we also wish the External Action Service and the EU every success for the next year. And Mark, hopefully you've finished a good sabbatical here in the United States with lots of ideas. And thank you, Kristen, for joining us. And thank you to everyone else for participating in the event today. Thanks very much.

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