THE BROOKINGS INSTITUTION

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Welcome and Introduction

DANIEL BENJAMIN
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The Brookings Institution

TRANSATLANTIC RELATIONS AFTER THE ELECTION

Chair:

JEREMY SHAPIRO
The Brookings Institution

Panelists:

GARY SCHMITT
American Enterprise Institute

LAWRENCE FREEDMAN
King's College

KRZYSZTOF BOBINSKI
Unia & Polska Foundation

SARKOZY'S AMBITIONS FOR EUROPE: THE FRENCH EU PRESIDENCY

Chair:

JUSTIN VAISSE
The Brookings Institution

Panelists:

PIERRE LEVY
French Foreign Ministry

GIDEON RACHMAN
Financial Times

PETRA PINZLER
Die Zeit

IRENA BRINAR
University of Ljubljana

FEDERIGA BINDI
The Brookings Institution

WHAT DOES RUSSIA WANT?

Chair:

STEVEN PIFER
The Brookings Institution

Panelists:

STROBE TALBOTT
The Brookings Institution

JAN PETERSEN
Former Norwegian Foreign Minister

HANS-ULRICH KLOSE
Foreign Affairs Committee, German Parliament

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P R O C E E D I N G S

MR. BENJAMIN: I'm delighted to welcome you to our fifth annual conference. I particularly want to thank you for coming out on such a gloomy morning. I don't think it's necessarily a gloomy time, but it is certainly a time of great portent and questions in the transatlantic relationship and in international affairs, full stop.

Obviously, at the heart of this is the question of the American presidential election, which is something we could talk about for hours today and consider its many potential implications.

This has been a tumultuous period in our national history and also in global affairs. And it appears, one way or another, to be coming to an end.

Whether what stands before us is a period of unprecedented comity across the Atlantic, profound disappointment, slow erosion, or something else is something that is attracting the energies of many thinkers these days.

And this is something that we are going to ponder in our first panel today. I'm delighted to say we have three very strong panels.

The first one will include Sir Lawrence Freedman, who has joined us from Britain -- one of the great strategic thinkers of our time; Krzysztof Bobinski, a Polish writer, who everyone in the policy community knows to be one of the most clear-eyed analyst; and, from this side of the ocean, our friend Gary Schmitt from the American Enterprise Institute; and Jeremy Shapiro, who has come all the way down from the fifth floor.

I should call your attention to the fact that there is a small change in the program. It is also a period in which many people have great responsibilities.

Unfortunately Susan Rice, who we had hoped would be here this morning, had to be called away by the Obama Campaign. She’s currently on leave and working as a senior adviser to Senator Obama. And Phil Gordon, who you all know, was called away by his civic duty. He has some strange kind of jury duty in which he gets to check in every day and find out if he is needed, and, in fact, he was needed.

I think it says something good about Phil that he's doing his civic duty and something great

about our democracy. I'm not sure it's going to help our collegial relations.

As is our custom at these conferences, we will attempt to look at Europe and the transatlantic relationship in three different perspectives.

After examining the potential for what will go on across the Atlantic after the election, we will turn to what is likely to go on within the European Union under the French presidency, which is fast upon us and begins on July 1.

Those of you who have already had a chance to look at today's New York Times may have seen a story on the attachment that many French people feel for the 35-hour workweek, an enviable fact of French life.

I'm delighted to say that today we have with us someone who would probably consider a 35-hour workweek to be a vacation. Pierre Levy is joining us. He is the head of the planning staff of the French Foreign Ministry, and I'm sure is well known to many of you.

In addition we have Irena Brinar of Slovenia, who can give us the perspective of the outgoing presidency and comment on her country's experience; Petra Pinzler of Die Zeit has joined us. She's here

from Berlin. Gideon Rachman of the Financial Times, and our own Federiga Bindi, a visiting fellow from Italy.

This panel will be chaired by Brookings Senior Fellow Justin Vaisse.

Finally, we are going to look at a major challenge that confronts the U.S. and the EU together, and that is Russia.

Much has happened since we last convened, and one needs only to mention the issue of Kosovo and its independence; Ukraine, Georgia and their aspirations to be in NATO; frictions over Iran policy; problems with the CFE Treaty; the escalating tensions in Abkhazia; and, of course, we are now entering a somewhat uncharted waters in which we have a new Russian president, but may have the same Russian power structure.

That's a question we'll have to examine with Vladimir Putin as prime minister in a panel chaired by Brookings Visiting Fellow Ambassador Steve Pifer. We will hear from former Norwegian Foreign Minister Jan Petersen, Hans Ulrich Klose, who has been one of the foremost members of the German Bundestag in dealing with international affairs, and our own President

Strobe Talbott, whose expertise on Russia is really unrivaled in Washington.

Another program note: we had been promised, we thought, the participation of Putin spokesman Dmitry Peskov. For reasons that are not entirely clear, he could not make it today. I will leave it to all of you to decide about what that means about Russia's interest in these absolutely critical international councils.

Anyway, we have very many distinguished guests who've traveled here today, and I really am quite grateful to them for joining us.

I also want to thank some of our supporters, particularly the German Marshall fund, which has been a long time supporter of the Center, and also the Center on the United States and Italy, which is ably represented here today by Cesare Merlini, whose long been one of our best friends and a great part of the CUSI -- CUSE -- excuse me -- we get confused which is our institution -- the CUSE extended family.

Now, ordinarily, at this point, I would turn it over to the moderator of the first panel. But, as it happens, because of Phil Gordon’s absence, that's me. So I'm going to ask our panelists to join us up

here, and I will introduce them at greater length; and we will get underway.

Well, the question before us, I suppose, or the question that is -- the way it's being posed most frequently is -- not that -- okay, we're going to have a new president come January 20th, 2009.

In some tellings of this future event, the seventh seal will be broken, the lion will lay down with the lamb, and all will be well again. More -- shall we say -- acerbic views are that there's a delusion involved here, and that the fundamental structural nature of the transatlantic relationship will only in an ephemeral way be affected by the change in personality in the White House. There are many different variations on those two fundamental views.

But I'd like to open it up to our panel.

Let me begin: Sir Lawrence Freedman really needs very little introduction. There isn't much he hasn't written on. He's, I guess, first and best known for his work on nuclear strategy, with several pathbreaking works on that. He's -- many of you may have read his Adelphi paper from a few years ago on the Revolution in Strategic Affairs, which, I think, is one of the best commentaries on the whole idea of the

Revolution in military affairs that any of us has seen.

He has written on the Cold War, on various crises, on deterrence, the official history of the Falklands, and perhaps, most importantly, lest anyone go unilluminated, A Choice of Enemies, his brand-new book, which is a very significant and serious piece of scholarship, America Confronts the Middle East.

If there is any such thing as a true all rounder in international affairs it is Larry Freedman.

To his right, we have Gary Schmitt. Gary was Staff Director of the Senate Select Committee on Intelligence. He also served as executive director of PFIAB, the President's Foreign Intelligence Advisory Board, during President Reagan's second term.

He works on a broad range of strategic studies, and he is also someone who's very familiar to transatlantic discussions.

Krzysztof Bobinski runs the Unia and—sorry to jump over you there, Jeremy—but I couldn't see over Gary -- he runs the Unia & Polska Foundation, which is a pro-Europe think tank in Warsaw. He is a prolific writer, and he has also been the Financial Times correspondent in Warsaw.

Jeremy Shapiro is Director of Research at the Center on the United States and Europe, and is an institution within Brookings for, how should I say it, keeping us honest. He is an expert on many things, not least of them trans-Atlantic counterterrorism cooperation.

And without further adieu, I'm going to turn it over to you, Larry. Are we—is the millennium upon us or has it passed, and we shouldn't expect this chance to come again.

MR. FREEDMAN: How long do you want me to talk?

MR. BENJAMIN: Seventeen minutes.

MR. FREEDMAN: Okay. Seventeen minutes.

MR. BENJAMIN: Seven to eight; yes.

MR. FREEDMAN: Yes, seventy; yes.

MR. BENJAMIN: Seventy.

MR. FREEDMAN: Sorry. I didn't hear you very well. First, the days when transatlantic relations, by themselves, determined what the overall structure of international politics would look like are over. So it's not just U.S. relations with Europe that matter anymore. Indeed, it's not only European

relations with the U.S. that matter anymore. So I think that's just an important starting point.

This has not been easy for transatlantic relations. It's better now than it was. But we have been through some dark times together, and I think one of the -- the overall, I think, sense you have in Europe at the moment is quite an eager anticipation of change, to some extent almost anybody else, but it's clear that the sort of the Obama narrative is deeply attractive. And I think that's probably the case whether or not there's a lot of appreciation of the particular policies that Obama might bring.

I don't think there's a particular negativity about Hillary Clinton; almost uncertainty about McCain. I mean, I think that there is anxiety that he might be more of the same, but it's known that he opposed Bush in 2000, and in his time has said things that are slightly more comforting.

So, there is, as I said, general anticipation that things will get easier, and, indeed, they couldn't get much harder.

On the other hand, I have a theory -- you have to have a theory that is simplistic and probably generally not true for an occasion such as this --

which is that, by and large, Europeans like second terms more than first terms.

The first term of an American president is always going to be a bit difficult, because not only is there a new president, but there is a whole new team. And that team takes time to come in. Some of them you'll know; some of them you don't know. Some of them may have written landmark essays in foreign affairs, which everybody reads to get clues, and it turns out it gives them no clues at all. So there is a degree of uncertainty inherent.

Secondly, a lot of first-term presidents haven't really learned their trade in foreign affairs. Somehow, I sort of sense, a very effective first-term president -- indeed, we had only had one term was Bush the Elder, because he had had a lot of foreign-policy experience.

But, by and large, if you look at the early months of a new president, they always seem to bring some sort of disappointment.

With Kennedy, obviously, it was the Bay of Pigs, but with Clinton—I mean, the first term with Clinton was very poor for transatlantic relations.

People forget this now. But you have the arguments about Bosnia that went very deep.

There was the concern in Europe at the time was that the Americans were essentially taking policies that would put European forces at risk, particularly British and French, without being seen to share in the risk taking at all in Bosnia.

And it took a while before the president realized just how serious was the crisis in confidence in American leadership that had developed over Bosnia.

Now, by Clinton's second term, he knew his way around foreign policy. He knew the national leaders. He spoke with a degree of authority. His team was more settled. He was more comfortable with them. And so the second term was better than the first.

With Bush the Younger, I mean, the second term being better than the first is true in spades because the first term was so catastrophic.

The problem was that however good the second term was—and it wasn't that good -- but it was -- at least it indicated an awareness of the problems and the need to consult and show interest -- the legacy of the first-term just couldn't go away. And it hasn't gone away yet.

And so, though it is true that there was a sustained effort by the administration in 2005, 2006 to mend fences, and, by and large, the Europeans try to reciprocate in that -- and you don't have the arguments -- Iran has been handled a lot better than Iraq was handled. The European opinion, more, generally, this administration is forever tarnished by Guantánamo, by Iraq in particular, and by Abu Ghraib. And that isn't going to go away until the administration goes away.

So what does this, then, mean in terms of the new administration? I say, I think to start with there's goodwill.

Secondly, there's a new cast of characters in Europe by and large—you know, Sarkozy, you know, Gordon Brown, who may still be there. You have Merkel, who's now not quite so new. You have Berlusconi again. So there is -- it's not the cast of characters of 2003.

Interestingly, all of them, in their own way, are quite weak. So what you don't have is particularly strong, forthright leadership coming from Europe. So actually, the opportunity for an American president, who's fresh and new and who's got time in front of him -- or her -- is quite considerable.

I mean, I don't -- I think the Europeans have not yet demonstrated, in the absence of American leadership, they're capable of generating that much of their own. So I think there are good opportunities there, and I would say, just to conclude my bit, there are -- the obvious thing to do is to make as clean a break as possible with some of the practices and ways of the Bush era -- Guantánamo being perhaps an easy way of doing that.

I don't think anybody is going to be looking for precipitous withdrawals from Iraq, I think that -- again, you have to remember that when the Bush administration came in, the younger Bush, one of the things that concerned Europeans was campaign pledges to remove troops from the Balkans. And they didn't.

And that was sort of a relief because it meant there would be a degree of continuity in foreign-policy and care taken about unsettling things just because you wanted to show you're different from what had gone before.

So I don't think anybody will be looking for precipitous withdrawal from Iraq, but they will be expecting some sort of way of demonstrating a new start, even if -- you have to mention the Middle East

in at least once in what I say. There will be some expectation of a new start.

They'll be watching Iran very closely, especially if it's McCain. I think the Europe -- I think by and large the ability to maintain a consensus on Iran over the last few years has been impressive, but, to some extent, it has come through pushing forward the moment of truth. And a moment of truth is likely to arise over the next couple of years.

And I think the Europeans will be pushing one way or the other for a serious engagement with Iran before anything drastic happens.

I don't think the Europeans would rule out drastic things; they'll be very wary of them. But there will have to be a serious engagement first. And, without it, then we'll just go back to the same old problems as before.

On -- the area that always worries European governments at this stage in an American campaign is protectionism. And I think it's probably important to state this quite strongly that the campaign for Democratic votes does tend to bring out the worst in political leaders in terms of globalization, tariffs, whatever.

It's bad policies for the United States, and certainly bad policies for Europe. Europe has got its own issues that it has to address, so I'm not in defense of the European position on trade.

But I think any sort of good that may be done elsewhere will be lost if there is a serious attempt to make good on some of the apparent promises being made at the moment.

And it's always an area that, at this stage of a campaign, European governments are nervous about, but by the time you get to the presidency, by and large, in the past commonsense has prevailed. And it was one of the achievements of the Clinton administration in the end that he was always prepared to make the case for trade and globalization.

So I think that that is the other test that people will be watching.

Lastly, of course, there's always the totally unexpected event that nobody's been thinking about, which comes within the first few weeks of the new administration and tested before they are ready on something they hadn't thought about before.

That's bound to happen. I have no idea what it will be. But it is always a difficulty with the

United States. And, from a European perspective, only the United States, with its power and size, could afford the system of governance and the transitions you allow yourself, because you will have a time when a big test will come, when the people are not in place yet to meet it, when the hearings are still taking place, the nominations are not sorted out.

And the first few months of any new administration are always a bit nerve-racking for that reason. But generally, we're looking forward to it enthusiastically.

MR. BENJAMIN: Okay. Well, the first due out is we'll outsource to Whitehall for those first three months.

Gary, do you have a theory or a series of empirical observations?

MR. SCHMITT: I have both.

MR. BENJAMIN: Well.

MR. SCHMITT: As somebody who was trained originally in political theory, but then got wisdom, and moved into political science, and then recovered from that. Now, I'm just all about facts.

So but let me begin by sort of a disclaimer: I'm not here as a McCain spokesperson. I'm an advisor

to McCain's campaign, but on the other hand, I'm like one of 400, and I get to throw in my two cents occasionally; but that's about it.

I just want to begin by talking about the election just a little bit, because I think it's important for leading into understanding where trans-Atlantic relations might go.

The first thing to be said is that, obviously, this is an unusual election. I mean, on the Democratic side, obviously we're going to have a candidate who's either—and unprecedented a candidate who's a woman or a minority. Although I must say when John F. Kennedy ran in 1960, my two Irish grandmothers thought he was a minority as well.

But the other unusual aspect of the campaign is that we're not going to have anybody running who's an incumbent of any sort from a previous administration.

And we haven't had this since 1928, I think, which means that all our models for understanding presidential elections are somewhat up in the air, not that they're completely irrelevant, but I do think it's an unusual and unique situation.

And, actually, I think it's showing in the polls at the moment, which is to say that when you look at the current polls, which, you know, admittedly, are several months out and the American public is notorious for not paying attention until after Labor Day to the presidential races, which probably is not the case this year, but nevertheless you take the polls with a grain of salt.

But if you look at the polls, if you look at the generic polls, the ones that sort of say the country is on the right track, wrong track, party identification, trust in government, and the like, there is no way that a Republican candidate should be even in the race. They should be just handing over the keys -- if Phil was here I'd just be handing over the keys to the White House for him.

But that's not been the case. I mean, if you look at the polls, if you look at the polls that capture registered voters, typically Obama is ahead of McCain, but only slightly.

If you look at the polls that track not registered voters, but likely voters, you find that McCain, more often than not, is slightly ahead of Obama.

And I think there's two things to be brought to the fore because of that.

The first one is that it will be a race. I don't think, in fact, this is going to be a campaign that's decided early, and I do think whoever -- the two -- the candidate is from the Democratic Party will have a very good chance -- obviously of winning, but so will John McCain.

The second thing, though, I want to sort of point out is one of the reasons why I think, in fact, it's important to note that McCain is as close as he is is I think, in fact, there’s a sense -- because this is not a race where it there’s an incumbent -- whoever is elected, whether it's Democrat or Republican, this will not be a legacy President; that is to say both the Republican and Democratic candidates, I think, are going to have something of a fresh start and be seen by the American public as a break from the Bush administration, by and large.

People will be picking either John McCain or Senator Clinton or Senator Obama based on them and less on the past.

Now, to the topic specifically, I want to make a bold prediction about where trans-Atlantic

relations are going: I think they could be better or they could be worse.

(Laughter)

MR. BENJAMIN: No possibility they'll stay the same?

MR. SCHMITT: No. Probably not. As Professor Friedman was saying, the reason why I say that actually is because I think it is inevitable—that it's being inevitable for administration after an administration -- that something happens that we don't expect, and, you know, either we'll rise to the occasion together or we won't.

And there's some things that are obvious on the forefront, like Iran and Russia, that we can talk about, but we don't exactly know -- even in those cases -- we don't know what the timeline will be, how soon they will happen, or how a crisis might happen.

So I think it's extremely difficult to sort of say up front, whether, you know, transatlantic relations are headed up or particularly down.

Now, as for McCain himself, and I think conservatives in general, I think there is just more realism about the need for trans-Atlantic ties to be good.

You know, the first Bush administration, again as was pointed out, came in with a set of ideas -- and, by the way, that just wasn't simply the Pentagon, but it was also, I think, Secretary Powell and others who thought the best days of transatlantic relations were over with and so there was a great deal of, you know, looking around for new ways to conduct international business.

The second term, I think, to their credit they got religion, and they understand the importance of the trans-Atlantic relation.

And Senator McCain, in particular, I think, you know, has made it clear through the years in his speeches at Munich security conference and other addresses—for the need for a strong or as strong a transatlantic relationship as possible; the need for extra resources.

You know, it's true that Europe provides resources that we otherwise would have to provide in the United States, and it's much better if we have help.

It's also the case that there are a number of problems that, you know, the United States can't solve

alone, and it needs its European partners to help solve.

And then finally, I think one of the things that’s sort of missing and some of the times when people look at McCain's speeches is his sense or his argument that there is a legitimacy argument that really is important to Americans, which is it matters whether or not other democracies are on board with U.S. policies. It doesn't mean the U.S. won't go off on its own sometimes, but sustaining those policies is often difficult if the other democracies themselves are either pushing back or not participating or helping out in those particular policies.

So, again, I think there's a kind of realism on McCain's part about trans-Atlantic relationship that I think is true enough.

I also think, precisely because Senator McCain has been around for, you know, 30 plus years and been very involved in trans-Atlantic relations, he's also quite aware of what one should expect from trans-Atlantic relations; that is, he doesn't have an unrealistic expectation about, you know, sort of what can be done.

We all know that, you know, in some fashion or other we got through the Cold War together, and there was a lot of tough decisions that were made and the alliance did well in making those decisions, for the most part, but the reality is outside of containing the Soviet Union, there wasn't much agreement on other policies around the world, whether it be Southeast Asia, Central America, or the Middle East.

So I don't think Senator McCain -- or for that matter conservatives now -- have some utopian expectation about where trans-Atlantic relations are going to be. It will still be tough sledding, just as it's been tough sledding in the past.

I also think -- I would say that conservatives are more realistic about U.S. leadership, including myself. One of the lessons from the ‘80s and the ‘90s that we thought we learned was that if the U.S. led strongly enough that our allies would follow. It just was not the case.

So we've all learned from that, but I also think that's actually -- to talk about Senator McCain again a little bit, I think that's one of his strengths. I mean, I think Senator McCain understands that lesson quite well from recent experience, and he

also has exhibited as a senator the capacity to reach across the aisle.

One of the most striking things when you're traveling with him, for example, on a plane when he'd go to the Munich security conference is, you know, he brings along journalists and think tankers like myself and others, and then you -- but you look at the plane and traveling with him is, more often than not, more congressmen and senators from the other side of the aisle than from his own party.

And so he has a history of understanding how to work with people who don't necessarily, right up front, necessarily agree with him.

And so I think when it comes to U.S. leadership and how you exercise that leadership I think Senator McCain, at least by his experience in the Senate, sort of understands both the limitations, but also the possibilities of how you bring people together.

Now a word of caution on Senator McCain is that, you know, there are a lot of topics that, in fact, I think Europeans will find agreement with Senator McCain, which is, you know, he's been a strong supporter of having the European Union move forward.

He's obviously leaning forward on the environment. He’s, you know, for free trade. He’s for closing Guantánamo. All these are issues that I think Europeans will find, you know, sort of, you know, helpful, and especially towards their publics.

I would just say these will not be easy issues here. And, so it's really incumbent that if Senator McCain is elected that, you know, Europe not make the same mistake that the U.S. has made in the past, which is sort of pocket, you know, these decisions or these policies and just assume as well because it was the right thing to do; everything is, you know, hunky dory.

The truth is, just as, you know, we have to understand the limitations of public opinion in Europe, I think Europe also is going to need to understand the limitations of public opinion here on some of these very tough issues.

Just the sort of -- my own personal view, though, is just on transatlantic relations that I want to sort of get to now is that, you know, when we talk about trans-Atlantic relations, you know, of course, there is a formula.

The first one is we talk about shared values that we all have, which is all true. And then we -- and then if you look at the public opinion polls that the German Marshall Fund and others do, you'll see that, in fact, there is a sort of broader consensus about the problems and the threats we all face.

So, you know, from that perspective, things ought to be going pretty well. But, of course, they are not always going very well, and sometimes not well at all.

And I think the reason is that because the truth is between those, you know, sort of problem areas that we see, that we share together, in our sort of, you know, common political and economic principles that we share what's missing is a shared strategic concept or vision.

That is, how you tie those principles to the particulars of the problems that you're trying to address.

And I think that is, in fact, sort of the conundrum that needs -- that when either the Democrat or Republican takes over in the White House the first thing that needs to be, I think, addressed, from my point of view, and a modest first step I admit, is to

begin to pick up the issue of the NATO strategic concept.

I think this is an important exercise that we've been avoiding, and I think that it will be a very useful exercise, not only useful in sort of in terms of NATO, but I also think it's a very useful exercise because it's an education function, if done properly, for European publics and American publics as well.

So it doesn't solve all the problems. It certainly won't solve the problem of how we work towards solving the issue of Iran or Russia or the like, but, nevertheless, I do think that, you know, this is a way to begin a dialogue that we've let go for too long.

So I guess to sum up, I would just suggest that, you know, even though transatlantic relations hasn't been particularly at the forefront of the American presidential campaign, I think it would be a mistake to sort of see that, particularly from Senator McCain's point of view, as a sign that somehow transatlantic relations aren’t important.

I think if you look at his history and his travels to Europe, but also if you look at what he's trying to say about the need for the democracies of the

world to pull together, trans-Atlantic relations are going to be a key element of that part of his statecraft.

So, I guess again, to sort of sum up, I would just sort of say, that you know, trans-Atlantic relations won't be as bad as they've been; they could be better, but it's completely sort of open to how we all sort of figure out how to move forward.

MR. BENJAMIN: Thanks, Gary, and I appreciate your underscoring for the audience what I think many of us recognize, which is that on both sides of this race, we have people who actually are, I think, more instinctively uniters and not dividers, both within the country and across the Atlantic.

Jeremy, I'm going to skip over you and come back to you, because I want Brookings—

JEREMY: I'm getting used to it.

MR. BENJAMIN: -- to get in the last word. But in following with our alternation between Europeans and Americans, over to you, Krzysztof.

MR. BOBINSKI: Thank you very much. This won't be much of a -- it won't be a theory, and it won't be a reflection. It will be rather a wish list for maybe the future of the new administration.

Just to explain that I'm speaking from the perspective -- from the Polish perspective -- this is a new EU member state, a member of NATO; it will be 10 years that Poland's been in NATO next year -- and a state with a neighbor to the east, a serious large neighbor with a history.

And it's not only Poland really that I'm talking about; it's the Central Europeans who have similar experiences and similar concerns. It's the Baltic States. It's also the Nordics -- Sweden, Finland, who are much more discreet about talking about their concerns, but, still, are very interested, especially Sweden under Carl Bildt is developing a regional perspective on neighborhood policy. We have the Black Sea States -- Bulgaria and Romania -- which had joined NATO are in the European Union.

And for all of us managing our neighborhood, it is a priority, and this is inevitably the filter that we look at the U.S. election contest; we look at the candidates and we try and work out which of the candidates are going to be most constructive for us, and, of course, this feeds into the transatlantic context.

What will change as a result of the election? Well, the main change and the obvious thing to say is that George Bush will go, and if you look at the Marshall Fund research on transatlantic relations that what really divides us, Europe and the states, is one is George Bush. And this is left -- this has been the reason for the deterioration. I'm looking at you, and I hope you won't deny this.

The second thing that -- so that -- and Iraq, of course, is the other major problem.

On the other issues, there are actually a significant consensus and very similar attitudes -- also on Russia.

So what should be the first thing that should happen? Well, of course, Guantánamo should be closed down, and that would be the symbolic gesture that would send a very important signal, I think, that things are changing.

In the process of the Iraq situation, there should be some kind of, again, as Lawrence Freedman has said, Sir Freedman has said, that there is a new beginning, whether it's someone who wants to end the -- someone who wants to win the war and is telling us he'll win the war in four years or someone who wants to

bring the troops out and do a -- together with a diplomatic process to try and stabilize the region, okay, but do it. So I think that is the opportunity, of course, and these things are obvious.

What I think we or I would like to see is that the U.S., the new administration, should work with Europe and that means with the European Union. It would be nice to have a serious underscoring of the fact that the United States is supportive of European integration.

I think this aberrational talk certainly in the first term of that somehow Europe should be split; that the new Europe, old Europe this kind of thing -- this is not very helpful. There should be a strong commitment to European integration.

And interestingly, I mean the -- you all know much more about the American election, about the campaign, than I do, but my learning tool has been the pieces in the—in Foreign Affairs that the candidates wrote.

I appreciate that they are -- may be out of date, and things have been said since -- but it's interesting that McCain actually is the on—is the candidate who said the most about the European Union.

He underscored this need for integration. He actually gave an agenda for cooperation between the European Union and the U.S.. He talked about common energy policy, building a common market across the Atlantic, working together on climate change, working together on foreign assistance and democracy promotion.

Now, believe it or not, I mean, some people say that one shouldn't take these statements too seriously, but that is actually, it would be nice if the other candidates talk about talk that program on board, and the winning candidate would try and implement this.

And I'd remind you that we have a new situation in the European Union. We will have a new situation next year, where we have -- we will have a president of the European Council, whatever that means, but there will be a new office. There will be a strengthened Foreign Minister. We will have a new constitution. This is an opportunity, I think, to work together; well, to take this to work together, and I would add to that this -- so.

But what is for us important is that also on top of all this is to get the relationship with Russia straight. This isn't a Polish obsession. I'd like to

underline that. Russia is not a major threat at the moment.

Russia is not about to pounce on us, and we are not completely paranoid. But it’s -- the point about this is that you should do things that you think might be needed in the future when you can, not when you must, when you have to.

And the point is that we should really set the framework of this relationship with Russia now rather than later, when it might be too late.

And the main plank of this relationship -- and I think this is one of the things that a country like Poland is trying -- is really talking to the United States without much success is that there should be no recognition of spheres of influence. This idea of sphere of influence is -- spheres of influence -- is around. It's there. The Russians to talk about it openly. People in Western Europe and maybe in the states also recognize it, maybe not so openly.

I think this has to be said: that countries that emerged from the Soviet Union or were in the Soviet bloc are now independent and have a right to do things that independent countries do within the framework of their alliances.

I'd like to push in here that -- put in here -- that we are, in our part of the world, we are dealing with -- some of them heard this, but I'd like to repeat it -- we are dealing with a new generation.

If you were born in 1989, when the Cold War ended, you are now 19. So last year was the first time that you got to vote. We are throughout the region have a completely new generation, which has been brought up in conditions of total freedom -- freedom to travel, freedom to think, freedom to speak, and this is a new generation which will bring change.

It has to bring change, or if it doesn't bring change, it will be very interesting to chart why it hasn't brought change. If we talk, if we—as we were talking -- we've been talking about how people don't remember the Cold War, how people don't remember the wall, et cetera. Well, this is true, of course.

And in our part of the world we have a new generation, which is -- which will be in conflict with their parents because inevitably because their parents were brought up in completely different conditions.

So back to Russia. This commitment to European integration that I would look for coming from Washington is also important because Russia never

really recognized this idea of European integration. This was -- if you look back at the history during the war, after the war, never really assume that integration was something that was really happening. And, still, the Russia -- and you can see it now—it's very interesting talking to individual states. They're much happier talking to the Germans and the French and to the Italians and so -- but European integration is something -- that is something they don't understand.

And I think they should be given a strong signal saying that actually integration is something that they should accept.

And we in the European Union must stick together, of course. It's -- the challenges that face us show us that we have to recognize that we're all members of the same union and that we all have concerns, and people in our part of the world should take seriously the concerns of countries like Spain and Italy on the southern flank, and these countries should also take seriously our concerns to the East.

Well, that brings -- which brings me in a roundabout way to missile defense. Poland, as you may know, is negotiating the site of missiles in northern Poland. The negotiations aren't going well. There are

suggestions put on the table by the Poles that more money that should be spent on modernizing the armed forces; this is probably not all going to happen before the election.

But the point is that about this whole negotiation is actually not so much about the nuts and bolts of the thing; it's not even about missiles actually.

It's about getting the U.S. to recognize that a country like Poland has the right to modernize. Obviously, the Russians are unhappy. They were given -- made to understand 10 years ago when these countries joined NATO that significant shifts of military hardware would not take place. Well, actually, that's something that really isn't -- that should be changed.

What Poland is trying to do in these negotiations is to get the principle accepted by all people involved, including Russia; that actually if you want to have missiles, if you want to modernize your armed forces, then you should be able to.

And I think this is what -- it would be nice to have the new administration accept that spheres of influence, that these kind of commitments, really should be dropped.

Having said that, I think Russia will be important for the U.S. and for the EU in the coming months and years, obviously, in the context of Iran, as much as anything else. Iran is absolutely crucial, I think, that there has to be a dialogue with Iran. Russia can help here.

And if you get the principles which I've been talking about straight and established, then I think that I would hope that the winning–that the new administration would enter into a dialogue with Iran and get Russia to help.

And to close, we were -- we've been discussing about whether we are excited in Europe about Obama. And my feeling is that I don't see this excitement. Everyone says that they are excited about Obama. I'm not that excited, just because he has a different skin color.

What is—what would be really exciting -- and I think this will be the test in the new administration -- if, and I haven't seen this in the stuff that I've read -- that the new administration will recognize that the world is seriously changing; that there are challenges out there -- China, India, Iran. There are -- these are serious countries. These are countries

which have to be talked to or taken seriously. No longer will we be able to dictate to them. We will not be able to get China to buy opium -- no way. It's not going to happen.

That the relationships are different, and if climate change, the campaign to get -- to do something about the climate is going to change the way we live -- and it will change the way we live, the way we behave inside societies -- what is also important is that we should recognize that societies living with each other, different societies living with each other, have to have a different view of each other and have more respect for each other -- then I think that we can start solving the problems.

And, if that begins to happen, then that really will be exciting. Thank you very much.

MR. BENJAMIN: Krzysztof, I was going to ask you what did excite you, but now I know.

Jeremy, over to you for the final perspective.

MR. SHAPIRO: Thank you. It's good to go last, I guess. I think this is -- I guess I need to make the same disclaimer that Gary made. I am one of the minor foot soldiers in the reinforced battalion

that is Obama's foreign-policy advisors, but I am neither authorized nor capable of speaking for the campaign. So, please, take my comments in that light, and don't get me in trouble.

And I think that this is a -- you know, this is a difficult subject to talk about because we talk about it all the time, and we rarely say anything terribly new or interesting.

I was thinking of sort of dusting off my talk from 2004 and just changing the names and seeing how it played, so you can tell me how it did at the end.

I would -- I guess what I'm going to try to do is give what I think is the sort of the basic background to the transatlantic relationship after the election, and then just highlight a couple of issues, which are maybe not the most important, but I think are the ones in which the candidates differ the most and which their differences have the most implications for transatlantic relations.

The first background point, I think, is one that maybe is a little bit controversial. In my view, U.S. foreign policy has, you know, long swung between extroverted and introverted phases. It's -- and we certainly see this throughout the postwar period.

After Vietnam, there's an introverted phase. After Afghanistan, there is an extroverted phase.

And I think what's interesting is that even in these sort of a globalized world that we herald in conferences like this, the U.S. actually does retain an unusual, I would say unique, degree of ability, because of its -- still because of its geography and its economy to be introverted, if it so chooses.

And this is -- I use this word introversion as a sort of less sharp version of the word isolationism, but I think it does imply a degree of isolationism, which is a possibility, maybe a temptation, in U.S. politics. And I think that after the extreme phase of extroversion that we've seen after September 11th and the various foreign policy disasters of the Bush years, the public here is clearly quite tired of the rigors of international engagement.

And I use international engagement as a less sharp word for saying seeing their soldiers die, to sort of paraphrase a hero of President Bush, in far away lands about which they know little.

And certainly this is not in the platform of either candidate, but I think we can expect this introversion temptation to exercise influence on either

candidate through public opinion and through the Congress in their presidency.

I think it’s already, as has been mentioned, most clearly apparent in the trade debate, which is clearly moving in a protectionist direction, which has -- which is caused to some degree by the economic troubles, but it's also caused by a certain fatigue with the outside world.

I think this is going to be a significant challenge for U.S.-European relations under any party, and we may see countries that, in recent years, have lamented the various unwisdoms of American leadership, calling anew for American leadership and receiving little answer.

So I think that's an important background condition, which isn't really considered enough. The second background condition is one of more continuity, which is that U.S. and European issues, issues in transatlantic relations are now really issues beyond Europe. They’re about the Middle East; they're about Darfur; they're about the food crisis; they're about global finance, et cetera. It's always about what the U.S. and Europe can do together beyond Europe.

And this is, I think, both good and bad for U.S.-European relations, as we've seen in the past few years.

In the U.S., Europe is essentially viewed as a solved geostrategic problem, the great geostrategic problem of the 20th century, but this is a new century.

And this implies that, as has been mentioned, that there's a lot less attention to Europe in the campaign as an issue in and of itself. We just don't talk about the EU, and perhaps we should care, but we don't.

But there is, at the same time, more attention to the U.S. image in the world and what we mean by the U.S. image in the world is largely the U.S. image in Europe. And to what the U.S. can do to motivate European assistance for these issues beyond Europe -- Iraq, Afghanistan, Iran, Israel, Palestine, especially.

And certainly after the last few years, it's understood quite well in both parties that all of these interesting problems we cannot solve alone and that Europe is the key partner.

I guess the last background condition I'd like to point out is that -- I think we've just been

through in the previous few years, especially in 2003, the worst transatlantic crisis in 50 years. Certainly, as has been mentioned, the second Bush term improved relations quite a bit with the governments, but really I would say never with the populations.

Bush is still somewhat less popular in Europe than Satan, and this, quite naturally, does constrain cooperation on the more visible issues. And certainly I think that the most constructive thing that George Bush will have ever done for transatlantic relations is leaving office, assuming he does.

And, you know a lot of, as has been mentioned, a lot of the reasons for that crisis -- Iraq, Guantánamo, climate change, the sort of culture of decision-making in the Bush White House would change a lot under any new president.

Obama would, I think, turn the page on all of them; McCain, on quite a few. But, of course, since the main audience here is European publics, since we've already convinced the governments, the main change really would come from the public symbolic and stylistic change I think that Obama or Hillary represents, to a much greater degree.

Europeans, I think, except Krzysztof, seemed to be in a very sort of very full throated Obamania, if I pronounced that correctly, and I think that this is -- this provides a real opportunity.

It implies that there will be a honeymoon, which will create some early opportunities for somewhat dramatic actions, if we can seize them.

Of course, as with any honeymoon, a certain amount of disappointment is inevitable. But it is not necessarily fatal to the relationship.

So, with that in mind, I'll highlight two issues in transatlantic relations, which are likely to come up early and which I think highlights the big difference between the candidates. I don't think that these are maybe the most significant issues in transatlantic relations, but they're the ones where the outcome of the election maybe matters most.

The first is Iraq. It's interesting -- we -- we don't really talk about Iraq in transatlantic circles anymore. We have a sort of agreement to disagree, where we agree, the U.S. agrees not to ask for Europeans for help, and the Europeans agree not to offer it.

(Laughter)

MR. SHAPIRO: And I would argue that, although this has not created any friction in the past few years, this has not been healthy for transatlantic relations and is not sustainable under a new president.

Fundamentally, transatlantic relations, if they are to be the core alliance for the U.S. and Europe, they have to work on the issue which matters most to both sides. And the issue that matters most to the U.S. and the issue that will matter most to the new president is clearly Iraq.

There is also a critical link between Iraq and Afghanistan, the issue that the U.S. and Europe are working -- the most contentious issue that the U.S. and Europe are working together on, which is -- comes through the availability of U.S. troops. If there are U.S. troops -- need to be sent and sustained in Iraq, they’re simply not available for Afghanistan. There are some pretty hard limits there.

Obviously, there's a big difference between the candidates on Iraq, which, I think, is going to be a highlight of the general election. But neither, I think, will accept the agreement to disagree, and both pose challenges to the transatlantic relationship.

Obama has called for a slow, responsible withdrawal from Iraq over the course of about 15 months. This will create security problems for Europe. And, as a result, Obama will be asking Europeans to step up and to help fill the void that would be created by those withdrawals.

He will not accept the argument that this is not a European responsibility, because Europeans didn't start this war. He'll probably point out that he didn't start it either.

Similarly, he may -- he may do what I call Iraqize the Afghan war, and what I mean by that is that the Iraq War benefited more impressive coordination among the military forces and among the civilian forces when it ceased to be truly a coalition operation. It became easier to handle. And this is a sort of temptation, I think, for American leaders.

In Afghanistan, NATO is clearly a benefit, but it is also a cost, especially in the short term, because it is so difficult to achieve coordination and so difficult to get everybody on the same page and there are so many ministers and parliamentarians visiting.

There will be a temptation, especially if American forces are available, to ease NATO out of Afghanistan, and this, of course, will not be healthy for transatlantic relations.

On McCain's side, he will pay much greater attention to Iraq, and this will put huge, but opposite, pressure on Afghanistan, which he will clearly ask Europeans to step up to in more forceful terms than Bush did at Bucharest. This has been demonstrated an unpopular war in Europe, and it's unclear whether European governments are ready to answer that call.

If you look at the way that McCain talks about Europe—he talks about—as Gary said, he talks about Europe very frequently, but he always says when we make this call, Europe must do this; Europe must do that. And he’s making quite a few demands on Europe, not, in my view, unreasonable demands, but, nonetheless, not demands that Europe is necessarily ready to answer.

The second issue, I think, which will be important in terms of differences is Russia. Russia has also been pretty quiet in the political campaign, and policy under Bush, I think, toward Russia has

really been in flux, as they've sort of tried to take into account the new realities in Russia without repudiating their past policy, and as frankly Iraq absorbed their attention.

I think that this is -- the Russia issue is likely to see the biggest discontinuity between Bush and McCain. Clearly, when McCain looks into Vladimir Putin's eyes, he doesn't see his soul. He sees the KGB.

MR. BENJAMIN: And a billionaire.

MR. SHAPIRO: Yeah. I think he would -- I think McCain has been very clear that he would take a very hard line position toward Russia, and push Russia on a lot of fronts -- on missile defense, on NATO enlargement, on Georgia, on energy issues.

Obama certainly is no shrinking violet when it comes to Russia, but the main difference, I think, is that Obama is more convinced that engagement with Russia in multilateral and bilateral institutions, such as the G-8, is key to getting them to conform to Western desires.

McCain would prefer to exclude them from organizations like the G-8, or to create new institutions, like the League of Democracies, that

don't include them, because this would seem to reflect a belief that Russia simply obstructs or perverts these institutions when it's a member.

And I think this difference has big implications for transatlantic relations. Of course, as Krzysztof was implying, Europe is not terribly coherent when it comes to Russia policy either, and -- but to simplify only slightly, the Obama approach more closely parallels the Western European approach; whereas McCain more closely parallels the Eastern European approach, without being paranoid.

I think this means that Russia will present in either case very significant challenges for transatlantic relations because no matter which of these people is elected president, he's going to adopt a Russia policy which will inherently divide Europe. And so, thank you.

MR. BENJAMIN: Well, thank you very much. Jeremy will be giving part two of his presentation at the Improv tonight. I wanted to ask a few questions and then we'll open it up to the audience.

First of all, Gary, do you agree with Jeremy's view on the Russia issue? Is that a potential

flashpoint—did he characterize the Senator's views well?

MR. SCHMITT: Well, what—yeah, potentially, it could be a flashpoint. I think Senator McCain's made it clear that if we had to do it over again, I don't think wise people would now sort of have Russian in the G-8. I mean, the G-8 is meant to be an institution of cooperating democracies and, you know, market economies of a certain size, and Russia fits neither of those descriptions.

Now, that said, you know the G -- Senator McCain has made it also perfectly clear that he's waiting to see how the new government in Russia moves forward on its policies.

And the second thing I would say is that -- on that front that, again, Senator McCain understands the G-8 is not something the U.S. dictates to; that it's a, you know, it's a cooperative effort. He certainly would try to convince members of the G-8 how do try to construct a, you know, more coherent policy towards Russia, but I don't think he'd dictate such a policy.

And then finally, I just -- I would say that, you know, again, that one can judge the wisdom of a

Senator Obama approach to Russia, you know, whether it's good or bad -- I mean, it could be either. But I would -- I think Senator Obama will wind up very much in the same place most American presidents are after they attempt to sort of do these kinds of discussions. They'll wind up having to push much harder than maybe perhaps their European partners would want.

So I think the truth is that both Senator McCain and Obama will wind up somewhere -- this -- you know, slightly different than where they began rhetorically.

MR. BENJAMIN: Any of the other panelists want to chime in on this or if we move on?

MR. FREEDMAN: Well, I agree. The Russian issue shouldn't be seen simply in terms of soft Europeans and hard Americans. I mean, I think there's quite a lot of hardening with European views about Russia; you know, just to talk in Britain, you know, we've had an assassination take place on our shores, using pretty disgraceful methods. We've actually -- there are good methods for assassination, I'm not sure.

MR. BENJAMIN: They do get high points for inventiveness.

MR. FREEDMAN: Yeah, they do. I mean, in the

-- it was a route that very few governments would even think of using.

I mean, this has led to some quite difficult interchanges with the Russian government. Putin appears as quite a scary figure. Now, he's moving out, but is he moving out? What are the opportunities for playing a different game Medvedev, because I don't believe, myself, that you can have a new -- that sort of power sharing arrangement last for very long, in a stable way, however much people might think that when they set it up in the first place. I think that there's just inevitable institutional tensions will develop in Russia, said that there may be opportunities there.

But I -- I think that within Europe there is considerable wariness about where Russia is going. I would say the major flashpoints -- we can argue about energy pipelines and so on, but the major flashpoints will be Ukraine and Georgia. And a lot there depends on how the Ukrainians and the Georgians play this.

But, you know if there is pressure to get people to join NATO, new countries to join NATO, you know, you will then be reminded that alliances are

formed prewar, because you're talking about countries where serious conflict with Russia is possible.

So I don't think these are trivial strategic issues that could well face us over the next few years with regard to Russia.

But the wariness about where Russia is going I think is pretty widespread within Europe.

MR. BENJAMIN: It is pretty widespread and it’s interesting if you think of the timetable that if the Ministers don’t clear on Ukraine and Georgia in December for a map, then the next president, you know, potentially could have something very big on his plate in the first three months of his term.

MR. FREEDMAN: I don't think the Europeans are ready to clear on that yet.

MR. BENJAMIN: I agree. Krzysztof, you—it looked like you had something to add.

MR. BOBINSKI: I just wanted to say that this—that this Putin, Medvedev situation doesn't bring -- I don't think it brings that much change, but it gives you an excuse to start a new dialogue and to start talking.

And I have a feeling that in Moscow, they would to actually improve relations with Europe, and I

think that some -- an effort should be made. Ukraine—well, Georgia, of course, is a problem. I think Ukraine is so busy trying to work out what it really wants that it's not going to go into anything terribly confrontational.

And I think you're right that the—well, the Germans certainly aren't going to accept this map business in December, so that's something that has to be worked through.

But I think, as with the European Union, where you have this sort of change, where you'll have new officials next year, that these are all opportunities to maybe start something new.

MR. BENJAMIN: Larry, I have another question for you. We tend, on this side of the Atlantic, to think about the issues that we are going to be focusing on in the first six months and on those that we need help. But if you talk to Europeans, then you often get the sense that what they want to see the U.S. moving on early and consequently is this, fulfilling my obligation here.

MR. FREEDMAN: I'll bide my (inaudible)—

MR. BENJAMIN: Yes. On the Middle East again, and I was wondering if you could give us a sense

of one or more European mindsets on what the U.S. needs to do in the Middle East, in the first year of the new presidency to either rehabilitate its image or elicit greater European cooperation? What are the -- what is the transaction going to look like? What are the requirements here?

MR. FREEDMAN: Yeah, I mean, first, I mean, Afghanistan has been mentioned, but actually that is—if anything is the most pressing issue at the moment from the U.K. point view it's Afghanistan. Making Afghanistan a success is absolutely crucial for everything else that goes -- I should have said that before.

On the Arab-Israel thing, you know, the Palestinians are in such a mess that there is a degree of skepticism about what can be achieved at the moment.

Now, it's hard to quarrel with Annapolis framework. It's hard to quarrel with the things that Bush is saying about the need for a Palestinian state. It's hard to quarrel with trying to warn against violence on the Palestinian side. It's not really helping matters; encourage the Israelis to be a little bit more thoughtful and sensitive and so on, but there's a sort of a deep sense of gloom and despair as

to where this could lead.

Blair, in his new role, has come up with some quite interesting ideas, I think, on economic development in the West Bank and creating zones of economic opportunity, but this, you know, is one small thing.

So the issue is going to be Hamas, which I realize -- I mean, even if one has ever spoken to someone from Hamas, one is tainted. And I think it's a very tricky issue, this Hamas issue. First, there's lots of conversations going on with Hamas, indirectly—

MR. BENJAMIN: As the French have indicated—

MR. FREEDMAN: And the French have indicated that—

MR. BENJAMIN: We won't ask you, Pierre.

MR. FREEDMAN: -- the French have said that, you know, we're not negotiating with them, but you have contacts. And that's fine. You need contacts. You need to understand. And, of course, Hamas is not a single entity. Hamas is -- there is Hamas in Damascus; there is Hamas in Gaza, there is Hamas in the West Bank, there is Hamas in Europe and in terms of people who will come along and try to you—I mean, there's lots of different Hamases around, and they say

different things, and it's not quite sure how productive a negotiation would be.

I think the challenge is going to be to find some way of developing a unified Palestinian voice that can deliver, and deliver governance as well as nonviolence. And we're such a long way from that; that this sort of sense of despair I think about where the Arab-Israeli thing is going is very deep.

My own view, which is -- I say it's my own view because I haven't found anybody yet who agrees with me -- not because I'm not speaking for a campaign -- is that this will -- that the conflict will have to be truly internationalized at some point; that is, you will need some sort of trusteeship to provide governance, to get a flowing and possibly to provide security in some way or another for both sides. That's such a big step to take that everybody is naturally reluctant to contemplate putting themselves in that sort of position.

But what I -- but I think the old formulas of land for peace, and, you know, they're there. We know what's involved, but there's absolutely no credibility on delivery at the moment. So I don't -- I don't think this is -- I mean, there is -- there will always be a

European view that somehow if only the Americans put enough pressure on the Israelis, you will get the big concessions from the Israelis and all will be fine, but I don't think people really believe that much anymore.

MR. BENJAMIN: Well, there does seem to be a debate in Europe about whether or not Europe should mimic more America's strategy of deepening its relationship with the Israelis as a way of getting leverage.

MR. FREEDMAN: You actually have with Sarkozy, Brown, and Merkel three remarkably pro-Israeli European leaders, all of whom have taken—I mean, you know, I was at the Israeli bash for the 60th anniversary, and both Miller (inaudible) and Gordon Brown turned up.

I mean, I think that there is a greater readiness to sort of work with the Israelis rather than just to assume it's all the Israelis' fault. However, if the Israelis don't find—you know, leaving aside, you know what we think about it -- if the Israelis don't find ways of easing the pain on the West Bank, the Israelis will still be architects of their own misfortune still there.

MR. BENJAMIN: Gary, you—

MR. SCHMITT: Yeah, I mean, I don't disagree with anything that was just said, but I would also just say that I actually think in the Arab world right now the real focus, the real concern, is less the Palestinian issue than simply Iranian influence in the region.

MR. FREEDMAN: I agree with that.

MR. SCHMITT: I mean, I think when most Arab governments in particular look around at the Palestinian issue, they see Iranian hands now in Hamas, and they see it in Lebanon. And I think, in fact, if we wanted to sort of resurrect our credibility in the region, it's going to be a joint effort to make sure that the rest of the Middle East understands that Europe and the United States are on the same page when it comes to Iran.

MR. BENJAMIN: I think that’s a good point. I would actually throw open for the panel the further possibility -- you know, we were talking about essentially things that go bump in the night on the anticipated crisis, but at least one potential crisis can be anticipated and that is in the first three or four months, you know, the Iranians declare -- or intelligence provides a view that Iran is reaching a

failsafe point in terms of the development of a nuclear weapon, and that's going to light a fire under leaders on both sides.

MR. FREEDMAN: You might have a new national intelligence estimate.

MR. BENJAMIN: I'm going to leave that up to Jeremy and to ensure here are none put out. But would you -- where would you put this on the—on the list of things that really could cause rough sledding between allies in the first few months? Obviously, it's going to depend a lot on who's in the White House. Jeremy?

MR. SHAPIRO: I'm sorry. You're asking me. I guess I wouldn't put it too high. The – I think that there aren't really, you know, again, it's a big difference between the candidates, but I don't think that there are a lot of options if they reach that failsafe point.

I think both candidates are going to be -- both -- any potential president is going to be attempting to avoid having to make that choice. This is particularly true while the U.S. is still involved in Iraq.

I think there's been -- you know, every few months I get a bunch of calls from Europe saying, you

know, is the U.S. about to attack Iran. And every few months, I say no.

Eventually, I'll be wrong, but I don't think that's for a while yet, and I think the reason is that when it comes to nuclear program in terms of an issue vis à vis Iran, the U.S. is a little bit -- is a little bit stuck while they have effectively 150,000 hostages in Iraq.

And I think that this is something that the military, the U.S. military, has been very clear about. And I think that for any president to undertake a major initiative against Iran without the U.S. military on board in a sort of wholehearted way would be, to put it mildly, a politically risky move.

The -- for me, the more worrying scenario vis à vis Iran is what we've seen in the past few months, which is that the U.S. military in Iraq starts to conclude that the Iranian influence in Iraq is so maligned and has reached a level of animosity to such an extent that, in fact, these are no longer hostages. They are now victims, and so any action against them is justified.

And I think if you see a U.S.-Iranian military confrontation in the next year, it will more

likely be against Iranian action in Iraq than over the nuclear program.

MR. BENJAMIN: Did you want to add anything to that, Gary, are --

MR. SCHMITT: Well, the only thing I would sort of make this a little bit more complicated is that it may not be the United States that acts. It could be Israel that acts, and the question, again, for trans-Atlantic relations is what's our reaction going to be to Israel taking that step.

I mean, I have absolutely no idea what the Israelis are planning or not planning, and certainly have no access to what they're thinking, but I must say that the last couple -- I would say the last two months the number of Israeli statements about the time period being shortened has been increasing.

Now, they may be doing that because the, you know, this is the end of the Bush administration, and they're trying to put pressure on the situation, or, in fact, they could believe that, in fact, the timeline is racing ahead before, you know, we can get our act together to come up with a tough enough policy to change Iranian behavior. So, again, it may not just be the United States that has an option here.

MR. FREEDMAN: I think the Israelis are cautious too about what they can do. I mean, they're worried about it, but I don't think they're cautious. I mean, I think they would hope last September's effort against the Syrians was eloquent, but that was—you know, but what was interesting about this is the Israelis tried to keep that quiet so as not to inflame regional tensions rather to increase them. I think the Israelis know this.

But, look, we may have a big crisis over the next few weeks in Lebanon. I mean, it's--you know the situation in Lebanon is very poor. Even before we get to the next administration, we may be trying to work out how to rescue the Siniora government, if it is possible, and what to do about Hezbollah there, which will draw in all sorts of countries in ways that could be quite bloody and nasty. There could be food riots in Egypt. I mean, there's all sorts of things that are potential in this region that may introduce the issues in a different way.

But I think, you know, the Lebanese issue really requires a lot of attention. That relates to the Syrian issue if we don't tend to talk about, but my guess is if the question of who you talk to comes up

first, it will be the Syria rather than -- I think that's right -- rather than Iraq.

MR. BENJAMIN: Look, let me just put one more question out for the panel, and then we'll open it up to the audience. I'd like to start with our European guests, and I'll ask you first, Krzysztof. The League of Democracies, Coalition of Democracies, Alliance of Democracies how's this playing, this being one of the few issues in foreign-policy that's getting a lot of air here. How is this playing in your part of Europe?

MR. BOBINSKI: It's not really playing, actually. It's not on the screen. We've been there once before. We did the big conference with all the democracies in Warsaw. It was at Madeleine Albright's idea, and I think that was a big conference that actually then they all went to South Korea. And what happened to them after that, I don't know. Where they are now –

MR. BENJAMIN: They've actually been kidnapped, and they're doing movies for Kim Jung Il.

MR. BOBINSKI: Maybe they're still traveling. But—it's—it hasn't seemed to have gone anywhere, and if it's that kind of idea, then, you know, it's been done.

If it’s an idea to sideline all the institutions that we have at the moment, and I don't think that that will raise much enthusiasm, actually. I mean, it's nice to have democracies helping each other and working together as such, but actually an organization which excludes others, you know.

MR. BENJAMIN: Larry, do you—

MR. FREEDMAN: I—on this one, I mean, we’re maybe watching different media elsewhere, but all of this I agree. I mean, I think it's -- it's not a controversial issue to say that we should be nice to (inaudible) democracies -- it doesn't. But the real challenges of foreign policy is how you deal with non-democracies. And, you know, that's where the interesting issues lie. And I don't -- and I think we’re rich in institutional frameworks. We're not short of places to have a conversation, and issue a communiqué. A lot of the interesting stuff is still going to be bilateral, small groups of nations, I just don't see any appetite or interest in this other than as sort of a, you know, a rhetorical theme about, you know, the goodness and greatness of democracy and how it's a better way of government, to which we could no

doubt I'll sign up, but it doesn't solve any particular foreign-policy problems for you after that.

MR. BENJAMIN: All right. So, in other words, you, and by extension, all right-thinking people in Europe, don't buy into the argument that there is enhanced legitimacy when democracies act together and it's a way of getting around a cumbersome and often bulky UN system.

MR. FREEDMAN: but, you know, at some point, you've got -- first, do you think Russia is a democracy or not. Big question. Because they think they are. So is that the basis for excluding Russia from decision-making? Either it is or it isn't. If you think you can bring Russia in, then you've got China, and another interesting question.

And, you know, if you want to solve some of these problems, you're going to have to work with the Russians and the Chinese, whether it's because of the Security Council or not. For better or worse, the UN Security Council has a degree of legitimacy. I think the other problem is -- and it's sad in a way, because I think there is a lot of truth in the cause that democracy, as a word, has become a bit like peace was in the old Soviet rhetoric. It just gets used to much

and thoughtlessly, without necessarily considering the conditions which make it possible; and, therefore, in a way has become discredited as a cause. I think this is an enormous shame. (Inaudible) sort of cynical pleasure. But, you know, you can see, you know, the treatments of Bush when he made this sort of little plea for democracy in the Middle East the other day. I mean, they need it, but the cause has become discredited in some sort of ways.

So I think the rhetorical side of the democracy theme needs to be used with a bit more care over the coming years without ever forgetting the principles behind it.

MR. BENJAMIN: Gary, it’s inevitable. You have to weigh in on this.

MR. SCHMITT: Well, I mean, on the question of its Russia a democracy, I would sort of say would the EU led Russia in and, if not, then it's not a democracy. But no, look, I mean, the devil's in the details, and if it's just a talking club and why -- the one that basically get started under Secretary Albright, then, yeah, it's kind of pointless, so it doesn't matter what the institutional, you know, sort of framework is and what the particulars of the tasks

are and how it's organized and, so it could be a great idea or it could not be one.

But, on the other hand, I also would just say, I mean, there's a kind of common wisdom that sort of says, look, we need Russia and China to help solve these other problems, and by having a League of Democracies that they're on the outside of, we are creating a dynamic where, you know, we're not going to get that cool operation.

There's some truth to that, but on the other hand I think the truth is we also wind up in the situation where, if we're actually able to pull together a consensus among the democracies about an issue is, then in fact it's easier, in fact, to pressure Russia and China took walk rate on those issues, not less. So as a diplomatic tool actually I think it's more effective than having the Russians and Chinese pick us off one at a time, which they've been able to do.

MR. BENJAMIN: Okay. Well, gosh. All those hands. We don't have a huge amount of time. I'm happy to go a little over because we started a bit late. I would ask that you keep your question short, your introduction shorter, and please do announce your name,

and then make sure that there is a question mark at the end of your statement or question.

MR. PIERRE: Andrew Pierre, Georgetown University. Great discussion, all. Thank you very much. I don't think the name of Pakistan came up in the discussion, or if it did, I missed it. But certainly it wasn't discussed much. Arguably, this could be the unexpected crisis of the next six months or so; conflict within this integration of change in Pakistan could have an enormous impact on all these issues – European-American relations.

Yet, what's striking, as far as I know, there is very little discussion across the Atlantic on the future of Pakistan and how to approach Pakistan. Larry mentioned that Afghanistan he saw as the most critical issue, but it's hard to discuss Afghanistan without putting it in the broader context of the Taliban and Pakistan.

So I'd welcome any remarks on that. And secondly, since Pakistan makes one think of India and since a growing number of people are now of the view that India and China are going to be, you know, the next superpowers, along with the United States, let's say, do you collectively or individually sense any

significant differences between the United States and the European countries regarding policies, economic or otherwise, on the subject of the growth of India and China.

MR. BENJAMIN: Well, Andy, I'm not quite sure why you pointed at me when you said Taliban, but who would like to take a swing at that one?

MR. FREEDMAN: Well, I mean, you're absolutely right on Pakistan. I think it's one of the top issues in British foreign-policy simply because of our own links with Pakistan, and that's where our terrorists come from, or at least where they go to learn their trade.

And Afghanistan is critical, but, you know, part of the -- a large part of the Afghan problem is undoubtedly Pakistan's problem. But there is a lot of wait and see at the moment. You know, wait and see whether some of these (inaudible) stable can arise, whether the new government can find a way of dealing with the tribal areas, whether they can establish a new sort of relationship with Karzai and so on.

And, you know, the good thing about the election was just how badly the religious parties did. So you don't have a sense of gathering crisis that you

had out of the end of last year that was just going from bad to worse. The elections seem to, you know, give them something to work with -- but, you know, to Pakistan, and, therefore, it's hard to be wholly optimistic over the long-term.

With regard to India, I don't think there's great transatlantic differences over India. It's not my sense. I mean, India generally the direction it travels is applauded. It's detached itself almost from the Pakistan issue. It's so much more bigger and more dynamic now. And I think people are, you know, quite happy to work with India as often quite similar interests in dealings -- for example, Afghanistan and Pakistan.

So I don't see that -- I mean, I'd be surprised if that was -- became a big issue.

MR. BENJAMIN: Jeremy or Gary, do you want to weigh in on perceptions of differences across the Atlantic on this?

MR. SCHMITT: Yeah, well, I mean on Pakistan actually, I mean, it's been somewhat my thought the last, you know, sort of since the elections actually this might well be an opportunity for Europe to take the lead; that is, the U.S. hand is somewhat tainted –

and that there's a -- I don't think that will last forever just because that I think the Pakistanis understand that bears a strategic balance that they have to keep.

But, on the other hand, in the meantime, I think, and precisely for the reasons that they are real concerns in places like London about where Pakistan heads or what it does, I do think that there is a chance, you know, with the new democratic government there for the Europe kind of to sort of take the lead in sort of how we deal with Pakistan, particularly since Europe, you know, has got soldiers has got soldiers across the border in Afghanistan, so it's really in their interest not to let this kind of slip and see what's happening.

On India, I agree. I think there's a sort of mutual meeting of the minds. On China, I think the basic policies -- everybody's on the same page, although the U.S., you know, as, you know, strategic concerns that are different from Europe's and those are just going to be, you know, I mean, things that we have to talk through, whether it be the arms embargo or anything like that.

MR. BENJAMIN: Okay. Time is flying. Let's try to keep it short, sir.

MR. COGIN: Charles Cogin, Kennedy School. I, like Lawrence Freedman, have a theory, and it is this: that over the long run transatlantic relations are bound to get better, because of the threat of radical Islamism. I find it a little surprising that we've gone for almost two hours now and the actual term Islamism or Islam has not come up. I'd like to have your comments.

MR. BENJAMIN: Don’t all rush forward.

MR. BOBINSKI: Can I just—

MR. BENJAMIN: Yes.

MR. BOBINSKI: The same as Afghanistan, I think there's a great measure of consensus on Afghanistan; that the fighting in Afghanistan is a good idea. The problem with Afghanistan is that people -- the willingness to fight there are differences in how far people want to get involved in the fighting, the same with Islamism here that we more or less agree, I think, on both sides. And if we could take -- if we could defuse the Iraq situation, where we don't agree and haven't agreed, then I think more attention could

be paid to their issue. And were not mentioning it, because we agree.

MR. BENJAMIN: Well, if I can chime in here, I'd say I think that we agree on tactical issues, but we haven't had the strategic dialogue on how to deal with nonviolent Islamism. I know what we need to do to isolate more effectively radical Islamists, because our policy too often has had the consequence of actually stoking the issue and certainly giving them a sort of narrative boost in terms of the occupation of Iraq and the like.

And so I think that that's actually an interesting part of the agenda for the next four years. Sir?

MR. CHASTAIN: Ken Chastain from the Army staff. A quick question. I thought you did an excellent job of covering a lot of the transatlantic issues. But I noticed one thing wasn't mentioned -- the Balkans. Do you consider the Balkans solved? Or do you consider it a powder keg that could be blowing up in the next few months even before the election?

MR. BENJAMIN: Okay, Jeremy.

MR. SHAPIRO: I don't consider any issue solved, and especially in transatlantic relations I've

noticed that none ever actually disappear. I figured this out when we got a delegation from the Parliamentary assembly of the Western European Union that nothing in Europe ever really goes away.

I think the reason that the Balkans don't come up very often is because I think what we were trying to highlight here and -- is -- was -- transatlantic differences. What we saw, for better or for worse, because you can think a lot of different things about the policy in Kosovo recently is a really startling degree of transatlantic unity on the Kosovo issue recently. There was really no appreciable dispute within the transatlantic community on recent moves in Kosovo, although there were a few European dissenters. In fact, they, in fact, did not raise a ruckus in any way and did not trouble the waters. They just stood aside.

And I think that this is, to some degree, an indication of what some people have been pointing out, which is that as the world has gotten a little bit more troubling in the past few years, the transatlantic partners have all most instinctively reached out to each other, as they've become more frightened.

And the Balkans, which was a very difficult issue in the 1990s, trans-Atlantically, it's still a difficult issue on the ground, but it was a very difficult issue trans-Atlantically, is it as much anymore. And, although I would anticipate that the transition in the Balkans might be quite difficult in the years to come -- obviously, the Serbian elections are confusing and perhaps troubling -- I don't anticipate it being a huge issue in transatlantic relations.

MR. BENJAMIN: In the back.

MS. OZYURT: Ahu Ozyurt from CNN Turkey in Washington. This is probably for Jeremy specifically, but any of you but might be willing to address.

Knowing that the European Union will be hard to unify on any issue, in case of an Obama presidency, do you see any specific countries or any leaders coming to the forefront and becoming sort of specific allies in creating a mutual partnership with Senator Obama President involved?

MR. BENJAMIN: Jeremy, we're talking about getting in trouble.

MR. SHAPIRO: Yeah, in Obama advisor school never to answer hypothetical questions. And, I mean, I

think, the basic answer is I don't know. I think that any American president is going to have a fairly practical approach to Europe and to the partners that are there. The -- I think that, as both McCain and Obama have said, they favor European integration. They want a strong Europe that is capable and willing to work with the United States on a bunch of issues. I think it's less clear that one exists or that one will exist.

And the U.S. can hardly be more integrationist than Europe, which means that if there are partners on, especially on specific issues where there is a, let's say, an imbalance of interest within Europe, and the United States, I think, under any president, will remain willing to work with those partners that present themselves.

And I think what we've seen over the past few years is that on some issues, the EU is a very effective partner. On other issues, certain subsets or particular countries are effective partners. And the U.S. has worked with all of them, and I think that will continue.

MR. BENJAMIN: Okay. Well, there are lots more questions. I'm afraid that we are running out of

time. Larry Freedman has—he has to go talk to people about his book, A Choice of Enemies: America Confronts the Middle East.

MR. FREEDMAN: Good price at Amazon.

MR. BENJAMIN: Good price at Amazon. Pump up his numbers. Good to get those stocking stuffers early. And I want to thank him, Gary Schmitt. Jeremy, I'm not going to skip you this time. Jeremy Shapiro. Krzysztof Bobinski. Thank you very much for a very lively and informative conversation.

(Applause)

MR. BENJAMIN: We will now take a short break. I think we'll reconvene at about five after to start the next panel.

(Recess)

MR. VAISSE: Okay. So I guess we're going to get started.

So, my name is Justin Vaisse. I'm a Senior Fellow here at the Center on the U.S. and Europe. And I will be chairing this second panel on the French presidency of the EU which, as you know, will run from July to December of 2008. It is the twelfth time that France is holding the rotating presidency since 1957. But, of course, it will be a first for Nicolas Sarkozy.

Sarkozy, as you know, divorced a French woman and married an Italian woman recently.

MS. BINDI: And what a woman!

MR. VAISSE: I think we can all agree that no French president before him had gone to such great lengths to demonstrate his European credentials.

MS. BINDI: But a king did. Don't forget Caterina de Médici.

(Laughter)

MR. VAISSE: And as you may know, as well, Federiga, Prime Minister Francois Fillon's is British. And so he is also clearly very devoted to the European cause.

(Laughter)

MR. VAISSE: If the personal is political, then I guess we can be confident that this team is off to a good start.

If you're not convinced by my argument, the good news is that we have today people on the panel that are much more qualified than I am to tell you about the prospects for the French presidency. And also, one precision, the reasons we entitled the panel "Sarkozy's Ambitions for Europe," rather than just "the French presidency," is that I have noticed in my writings that whenever I would put "Sarkozy" in the title, people would read or go to the website and read. Whereas, when you put "EU," people would tend to flee.

(Laughter)

So it's more like a marketing tool rather than anything else. Because this panel will really be about the EU in general.

So let me introduce the panelists we have today.

Pierre Lévy is Director of the French Policy Planning Staff. Pierre is uniquely qualified to tell

us about how the French presidency is being prepared for two reasons, at least.

First, he has held important positions on European affairs at the Quai d'Orsay before heading the Policy Planning Staff. And, second, the Policy Planning Staff is currently at the heart of the redefinition of French foreign and defense policy under Nicolas Sarkozy. The livre blanc -- the white paper, or the white book -- on national security, and the livre blanc on foreign and European policy is an exercise that is currently under way, that is almost finished. And the Policy Planning Staff has taken a very active part in this exercise.

So Pierre will tell us about the context and priorities of the French EU presidency.

Next to Pierre is Petra Pinzler. She is the -- she was, until very recently, the Brussels correspondent for Die Zeit. And she is now back in Berlin, but she's still covering European affairs. And she will tell us about the view from Germany and the view from Brussels.

Federiga Bindi is Director of the European Office and Jean Monet Chair at the University of Rome Tor Vergata. And she's currently a Visiting Fellow at the Center on the U.S. and Europe with us. And Federiga is a great specialist of the EU and a great colleague, as well. She will focus on the view from Italy and from the sort of EU institutional point of view, as well.

For a number of years Gideon Rachman used to write the Charlemagne column in the Economist which, as you know, focuses on Europe. He has now gone global, and he's currently chief foreign affairs columnist for the Financial Times. He will offer comments from a British -- and I would say from a sort of longer term perspective.

Last, but not least, Irena Brinar, here on my right, from the University of Ljubljana, where she teaches European affairs, will close the round of comments. She will not only offer the perspective from the new democracies of Europe but, more specifically, could tell us about the current Slovenian presidency, which she knows a lot about, and what has been

accomplished so far, and how France and Slovenia have cooperated on current EU issues.

So, basically the way it will happen is that Pierre will present on the French presidency and will speak for no more than 10 minutes. And the others for no more than eight minutes. And then Pierre will get a chance to answer the most vicious attacks that he may receive from the panel.

Then I'll, in order to avoid a democratic deficit -- when you're having a panel on the EU, what you want to avoid is democratic deficit -- I will very rapidly open the floor to the public.

So, without further ado, I leave the floor to Pierre.

MR. LÉVY: Well, thank you, thank you very much.

First of all, I have my own disclaimer. I'm like Gary and Jeremy -- I'm not waiting for the Obama McCain campaign but I'm waiting to prepare a great Europe for the next U.S. president.

But, more seriously, my disclaimer is that I have two brains. One is the official one -- the Quai

d'Orsay one -- and the other one is the policy planner. And it's up to you to see where, to make the distinction, when I talk. But the idea is really to share with you some thoughts -- not only to present what is the EU, the EU coming presidency. And I think that's the flavor of the interest of such an exercise in such an expert audience.

And I congratulate you for the sense of, you know, sexing up the question. Because I think it is very important.

Second personal remark: you mentioned, very nicely, my past. A few years ago, I would say, I would have never thought being asked again to talk about the French presidency, or even to be involved in the French presidency, as I was in the cabinet of the European Minister Pierre Moscovici between 1997 and 2002, and therefore I was deeply involved in our presidency in the second semester in 2000.

And so, were still nearly alive in December. We were a bit bitter, because, you'll remember, the Nice Treaty, which was not considered as a nice treaty -- even if it showed that, you know, when you look

backwards it shows that the treaty has been effective to make Europe work.

And so I would say I will share with you this experience. And then there was supposed to be no more French rotating presidency, as we would have the constitution. But you know what happened. And here we are again.

And, once again, it is supposed to be for the last time. I'll say normally -- yes, and I'll come back to that, talking about the institutional framework.

And today, of course, I will speak about our priorities -- but briefly, because I think you've read many speeches already from my authorities presenting the broad line. And I found more interesting to present, to explain how we're going to work, what we want to achieve, our ambitions, what are also the limits of our action. And also to share with you some views about the state of the EU and the world which are reflected by this presidency. Because I think this is of utmost importance to understand, the presidency is not something which is abstract. It is at a time of

Europe of the world, and I think this is a key element to understand.

First of all, concerning the priorities, I would like to, you know, first of all, to -- of course, always a presidency is introduced, is explained through the priorities. But, in fact, a presidency is the combination of three trends or dynamics.

The first one is continuity. This is extremely important, to carry on the work which is going on.

The second one is innovation -- that is to say, to bring new impetus, to launch new initiatives.

And the third one is, I would call, reaction or anticipation or what is unexpected, what falls on the hide of the presidency. I remember 9/11 under the Belgian presidency, the Iraqi war under the Greek presidency. So that's important.

And so I would say a lucky presidency is also a good one, and vice versa.

And I remember Mitterrand's speech at the European Parliament in 1995, presenting our priorities, and saying "they will seem to you banal." In fact,

because he wanted them to be banal in the fact that what is of utmost importance is this continuity. But at the same time he said there is some specific approach, some specific flavor, a French flavor. And I think there is also some in our program.

Last remark before getting into the substance of our priorities, there is a huge difference between our presidency and some others, which is the fact that it's not identified to one negotiation, or one single issue. For instance, in 1999, we had the -- again 2000 -- the treaty under the French presidency, enlargement, with the Danish presidency in 2003, the treaty with Germany in 2007. So that's a huge difference. And it's different -- it makes it difficult also to explain, as you don't have one single issue.

Another thing which is important to understand, that is a presidency is the worst time for national interests. And that's what people don't -- sometimes forget. I mean, the good presidency is a presidency which is able to build confidence, to make member states work together. And I think confidence is of utmost importance in the current context.

So what are the priorities? I will mention four priorities, and some -- four main priorities. And I'll get back, then, to the second part of my presentation, which are the contexts and the state of the EU.

First of all, sustainable development, climate change and energy. There you have this illustration of what continuity means. A whole -- we want to reach an agreement on the climate/energy package in line with the objectives agreed at the European Council in March 2007. And it is important very much to -- there is a whole legislative package to reduce greenhouse emission by 20 percent and other things like that. And it is extremely important to get a political agreement in December, and perhaps all the texts, formal approval, later on.

And there's no need to underline the fact that it is important for the EU to be a model in that field. And there are key three elements, which are the elements of competitivity -- because it's important that all this keeps us, our economy, competitive, or our industry competitive -- the question of

sustainability, of course, and the question of security.

And there is also, in this item, the question of energy security, with a report that has just been published. And that's also important.

Second priority is the question of immigration and asylum. This is also extremely important. You can see rising concerns in many member states of this question.

It is difficult because, of course, we touch there on the subsidiarity, different tradition, the question of national identity. And the idea is to, is really to get, to reach an agreement on a pact on immigration with a balanced approach, and also to have a coherent approach concerning already what is being done. Enhance border control -- how can we make also legal immigration a success, both for our economies, our countries, and also countries of emigration. Implementing effective treatment of illegal immigrants. Building a comprehensive approach concerning asylum -- that's very important.

The third priority is European defense. I will spend perhaps a few minutes on that, because it is very important.

We are 10 years after St. Malo, in 1998, and a lot of things have been done -- institutions, more than 15 operations. And so this is a top priority for us.

Let's me mention some examples. The European security strategy from 2003, we want to update it. Work is being done to integrate new threats, to assess what has been done since 2003. That's a very good document, some sort of corpus for CFSP and ESDP.

The question also that we -- the key question of capability, first of all, the capacity to mount an operation. We believe very much that the EU has to have all the possibilities to do that, including to have its own capacity to conduct things, conduct operations. But the idea is really not to duplicate (inaudible), but to have something more enhanced. And the question of capability, military capability and civilian capability, which is also extremely important.

And I would mention the climates -- you know, I don't like to talk about the return of France in NATO because we never left NATO. But I would say the renovation of NATO and the French attitude, and that creates a very conducive climate to reach some agreement.

Fourth priority, the question of the common agricultural policy -- one should make a distinction between one, I would say, issue, which is the so-called "health check," which is to see what minor adjustment has to be made between now and 2013, and what is the long-term review and think and reflection on what should be the cap from 2014. That's very important.

And you see, with what is going on, the crisis. It has some, I would say, ambivalent effects on the debate, because for some people it shows that it's extremely important. For some other -- so, you know, so it's the classical debate is very much revived by that. But that's a very important thing.

Some other key points to mention: first of all, the importance of external dimension. We have 10 summits, we have 50 ministerial meetings. A lot of

meetings, a lot with great Asian dimension with ASAM, China, India and so on.

The question of Union for Mediterranean -- that's also a flavor of the French presidency. We will have a summit on the 13th of July in Paris, with all member states and countries of the south -- and the question, also extremely important, how to prepare the implementation of the Lisbon treaty so that it comes into force, hopefully on the 1st of January, 2009.

The question of the appointments, trying to think about the future appointments, the joint external service. And this is a good transition for my second part, very briefly, on the context on the state of Europe.

First of all, I mentioned the institutional issue. I would say that, you know, the ratification process is going on. We have ahead of us the -- there is a good hope ahead of us, the Irish referendum on the 12th of June. I would assess this situation on the positive aspects and some negative aspects.

The positive aspect is that we are about to close a cycle of more than 10 years of negotiation.

And so we're able to look forward, we're able to concentrate on the substance. And therefore there is a lot of expectations toward our presidency. And so I would say the ingredients for strong dynamics are there. And there is also a good conjunction of political cycles in Europe with the stability in Germany, in Italy, in U.K. in Spain.

But it is also a disadvantage because, first of all, everybody is extremely nervous about any issue which could pollute this question of ratification. We're all exhausted by this institutional debate. We want to get rid of it.

And so even now, some of our key partners are more relaxed, but that's a huge difficulty for us, because it prevents you from taking a strong initiative.

And so also the fact that we are in a transitional period with the European Parliament, with new powers from 2009, election in 2009 -- in June 2009 -- so this is not very easy.

Second aspect of this context is the international agenda. I would say, I would underline

first, differences in political dynamics. That's very important. Of course, there's no need to underline what's going on here with the coming election, which is extremely important, of course, for us.

There won't be any summits, but all what we do we believe it's extremely important for the future of our relations, and the idea is really to present a Europe in working situation, able to deliver a key partner. Because it has been said again this morning, we believe we are the key partner in that respect.

Sarkozy, President Sarkozy's stance, has a very positive effect on the EU, on the U.S., too.

Russia, we are also in a difficult period with Medvedev-Putin adjustment. It's a top priority for us to put the negotiation of the new agreement on track.

Second elements, there are crises -- I want to elaborate on that -- Middle East, Iran.

Third element, the question of the methods. That's very important. First of all, it's an incredible, you have an incredible number of groups to manage. I will even have my own meetings of 27 policy

planners. Secondly, the Franco-German Couple, it is very important for us. It's of key importance. Very important, also, to work with U.K., and also to have an inclusive approach today -- and it's striking, and we have debates about that in our white paper commission. We tend to reassess bilateral relations in the EU. It is very important. Any country is very important.

And so, in conclusion, I would say that Europe is in transition. It doesn't -- it shows how difficult it is for us to go forward. It shows also the importance of the French -- of the success of the French presidency after good coordination also with the Slovenian presidency and a good coordination with the coming presidency, with the trio.

And, of course, EU won't change from, won't come from night to day in a few months. I would say there is a huge paradox, which is that huge expectations for EU. I do believe that EU is, more than ever, very relevant when you look at the issues everywhere. But at the same time, we are faced with a lot of very critical questions, I think, about what do

we want to do? How can we go forward in terms of more integration and enlarged Europe?

And so we won't answer to these questions in six months. But I think it's very important to be on the right track.

MR. VAISSE: Thank you very much, Pierre.

I now give the floor to Petra Pinzler from Die Zeit. The floor is yours.

MS. PINZLER: Yes. First of all, thank you very much for having me here. I have to say that, because when I was a Washington correspondent a couple of years ago, I liked very much to come to Brookings, not just because the luncheons were so good, but also because you provided me with some food for thought all the time.

So, first of all, thank you for that.

And I think it's settled that I don't have to disclaim anything. I'm not advising anybody. The only thing I might have to say before going into substance is that my spontaneous instinct as a journalist is to kind of ask, call into question, whatever Mr. Lévy has just told us because he's a government official.

I will try to abstain from that at least for a moment, and highlight what I think, and try to focus on where I think Europe is at the moment, what Europe should be -- where Europe should be getting in a couple of months, end of 2008, and perhaps how many bottles of champagne I will bet on that the French presidency will be able to push Europe into the same direction. But that I will leave for the end.

My Brussels colleagues, just to tell you that, they are very much looking forward to the French presidency, because think it will be very entertaining.

(Laughter)

MR. LÉVY: It's a compliment?

MS. PINZLER: I'll leave it that way.

Where are we? I have to say, I think, after a couple of years of institutional quarrels, we are all tired of talking about institutions in Europe. I can tell you that no reporters in Brussels want to talk about treaties any more at the moment. They're done with it. So everybody, I think, is keeping his fingers cross that the Irish will vote for that treaty and that we can then put it aside and really talk issues.

Has the Elysee Palace picked the right issues for the month to come? I think generally yes, they have picked the right ones. As Mr. Lévy just said, they can't pick one big issue. It's not like in the German presidency, where you had climate and the constitutional treaty and nothing else. They have a couple of more things to be done.

He mentioned defense, NATO and EU, energy, immigration, a bit of other internal stuff and then, again, institutional things, the set-up of the new union.

I think all those issues are well picked. I'm not sure, though, whether they will guarantee a successful presidency.

Mr. Lévy told us about what he thinks makes a successful presidency. I would pick a couple of other characteristics, or ingredients, for a successful presidency.

First of all, I think good preparation is quite important. You have to prepare very well what you want to get done in those six months. And he already highlighted some of the problems that the

French presidency definitely has. Nobody really wants to tackle any issue now before -- the Irish haven't voted on the constitution. So it's quite difficult to prepare big steps when no other government wants to talk about those issues, not even in quiet, in backdoor rooms.

I think the second ingredient you need for the presidency is at least one or two show-off issues, like the German presidency had it with the Reform Treaty and the climate issue. But it's not always up to you whether you can have those during your presidency. And when Mr. Lévy mentioned the defense issue, I think it's a very important one. I'm not sure whether it will be the show-off issue.

The third ingredient I think is luck. You need lots of luck. Lots of presidencies went into totally different directions because of events that nobody could foresee.

And I think the fourth ingredient which is a very important one is personality. We all, in Europe, love to talk about institutions, but we all know that personality still matters. And the way personality

comes in with the French presidency is one which might be very entertaining. We all know that President Sarkozy is quick, he's decisive, he's spontaneous, he's entertaining. He has a lot of fantasy.

(Laughter)

He loves initiative. I'm not kidding. These are all very good parts of a character. And you could even say they're very American. Maybe he's part of American for Europe. Because in Europe, some of these ways of acting are rather a downside. Because the Europeans, as you know, they love long debates on the issues. They'd rather have post-modern presidents. Because when you look at the people that were successful in having a European presidency, you had different personalities. You can mention Juncker, you can mention Schüssel, Rasmussen, all coming from small countries, so not having the ability to impose themselves as much as leaders from big countries can.

And you could also mention Merkel who liked quite a bit to consult all the time, to only decide after long debates, to have everybody included. Maybe she acted differently because she was a woman. In the

end, I think what only counts is that most of the people who had to decide whether the presidency was good or bad finally said she fulfilled something.

With M. Sarkozy, President Sarkozy, there is a danger of alienation. We had it already in the preparation of the presidency with the Mediterranean Union, where the German government had the feeling that they weren't consulted enough. And we had some friction between Merkel and Sarkozy, between Germany and France. Both sides are arguing "we are over that, we are back to those good old times of friendship," but you still feel that the two personalities don't go along as well as others did before.

Let me leave that aside, and let's stick for a moment to the assumption that Mr. Sarkozy puts aside, controls himself, puts aside part of his spontaneous reaction, and then focuses on the issues that he wants to (inaudible) for.

First of all, defense was already mentioned. Let me just add a couple of things.

I think defense is the right issue to be fixed. We have lots of ideas of things that could be

done, not only on capabilities -- there's the idea of a common EU defense budget, of one headquarters, of training troops of other countries, having a kind of Erasmus program, where military
from one country will be sent to the other. In the end, it's the basic idea of getting Europe more together on defense, and thus improving the defense capabilities. I think this is very important.

And as important as dealing with the hard-core issues is the fact of getting the strategy right. I think it's due time to work on the European defense strategy again. This morning, in the press panel, I think it was Gary Schmitt who said we need a common strategic vision between the U.S. and the EU. First of all, we need one in Europe. There are quite a few issues, as you all know as well as I do, where we still disagree. I'm not quite sure that we won't solve them within the half-year to come, but we definitely have to work on them.

And I think the French presidency is more, better suited to do this than any other because of the fact that he's trying to get not only the EU but also

France closer back to NATO and back to the EU. I think this president is more U.S. friendly than a lot of presidents before him, and he's also more European than lots of them. And getting this together -- should I speak louder?

MR. VAISSE: No, it's just a device to remind you that your time is --

MS. PINZLER: I think the fact is -- I'll just try to speak louder and ignore it -- the French presidency is trying to get France back into the structure of NATO is a good sign, which might help not only the NATO relationship but also help the relationship between the EU and the U.S. Because for, I think, quite awhile we had the impression on this side of the Atlantic, on the American side, that whenever Europe did something on its defense, on its common defense policy, it was against NATO. But when the French presidency tries to get France back into NATO, at the same time improving European defense capabilities, I think this could be a good starting point for also getting those two institutions back together.

There's still a lot of problems to be solved -- not the least Turkey, who is trying to prevent us from doing this. But they're all solvable.

So, defense, I think, is also the core issue which could get the EU and the U.S. together, more together, during the next months to come -- even though I also think, as we are heading for elections in the U.S., we won't have any show-off things there.

There's a lot of work to be done in the underground, which the might help us in the time to come, in 2009, maybe to solve some of the problems and some of the frictions that will become, dealing with Iran, dealing with Iraq, dealing with Afghanistan. I think France might lay the ground for solving -- or at least, going into the same directions on some of the issues.

MR. VAISSE: Thanks, Petra. Do you have a word in conclusion?

MS. PINZLER: Yes. Just to conclude on that one.

I don't go into all the other issues. I think energy is also a quite important one, because

energy -- if the EU gets the energy issue right, we will then be able maybe to do something with the U.S. together in 2009, heading for the Kyoto follow-up.

And the final issue, I think -- and then I'll stop -- is the institutional one. I'm becoming, again, a good European, talking about institutions.

I think France has the chance to shape the new image of Europe, thus picking, together with the other governments, the new faces of Europe: the president, the foreign minister. I think this will be quite important task to fulfill.

The question with the champagne -- I'll just stop here. I'm not going to actually -- somebody told me you're not allowed to bet in Washington. Is that right? Is betting illegal?

MR. VAISSE: I won't comment on that.

So, I think that's a good transition for Federiga. The floor is yours.

MS. BINDI: Thank you very much, first of all, to the panel.

Now, I would -- I do agree with some of the things you said. I do disagree with others, especially with what Lévy said.

Well, I think that, first of all, the good news is that, with all due respect, the next French presidency cannot be any worse than the 2000 presidency. I mean, I know it gave birth to the Nice Treaty but, in general terms, I think it was one of the worst ever managed -- but not because it was (inaudible), because of the presidency itself. If you compare it to the 1989, for instance, which was a completely different presidency, which really gave the feeling that Europe was going on. Because this is also, in certain times, what you are supposed to be.

I mean, there is some very different account of, especially, the last -- of EU council, and how that was managed by Chirac. And we well know that Chirac had a problem with his lifelong ally, which was Mitterrand -- and, you know, who is going to get the place in the Pantheon.

Sarkozy doesn’t have this problem. So he doesn’t have to compete with someone who comes in the

past, and I think he can focus more on the future. And this gives good prospects of success for the EU presidency.

I would also not completely agree with the fact that the presidency is the worst time to push forward national interests. I would rather say that it takes a skillful presidency to gracefully push forward his national interest. But one of the reasons why the presidency was finally not sacked, in the end, with the Treaty is that the states do have an interest in running a presidency. And I, in a sec, I will point out some of the French interests in doing that.

But before I do so, I would like to point out something else -- that under the new rules, the presidency has changed. I mean, there was already the fact that the current presidency would consult with the past president and the future presidency. But now we are in a situation which, under the trio presidency, there has to be an agreement -- an agreed document. If I understand it correctly, the agreed common document will be for France, Czech and Sweden will be presented

on the 27th of May in Prague, and will have to be adopted by the Council afterwards.

And this, by the way, worries me because, as you may know, the presidency -- the trio presidency is not organized in the sense that you have this big member state, the small member state and the medium member state together, northern, southern and eastern one. And, in a way, it lacks a criteria which is, of course, a criteria you can't spell out, which is pro-European and anti-European member states. For instance, the 2011-2012 trio presidency worries me, with Poland, Denmark and Cyprus -- for one-and-a-half together, can we do lots of damage --

(Laughter)

-- at least to those which truly believe that Europe should further integrate, like I do.

Now, because I -- going back to the interests, because I was raised with bread and comparative politics, I had fun doing a little chart which you can find at the exit when we are finished, comparing the priorities of a free presidency under the trio. Now, I warn you, it's a very sketchy thing which

I did for my own purpose, but I thought it could be useful. So don't look for elaborate things.

Now, if we look under geographic -- and this, the usefulness of this is that it highlights some schizophrenia in the trio presidency. Because if you start with geographical priorities, Sarko has clearly made out that one of the geographical priorities, one of the things he really wants to do is this Med Union -- which, as an Italian, I would strongly welcome -- and which is going to be started as a process on the 15th or 14th July, as you said, with a meeting. But, if you look at what -- the Czech Republic doesn't say much about that. Three of them on the country want a strategy for the Baltic Sea -- hmm? So France will start the process, but then it will be in the hands of the Czechs and the Swedish to take this further. And, as I understand, also despite the fact that the Council gave the green light to this Sarkozy project, on the other side, in the Commission, you have different opinions on this. Barroso favors, for a number of reasons, which should also be tactical vis-a-vis his

future in the European Union, Ferrero-Waldner, for instance, really said that she's against it.

So it will be interesting to see how the French will maneuver this during their presidency, and the rest of the trio.

If we see -- then, if we see, for instance, other economic interests -- we well know that the major interest for France historically has been common agricultural policy. Sarkozy, in his speech in February, clearly said, "Why should we wait 2013 to reform common agricultural policy? We should start it together." This is, of course, forthcoming. But this is, of course, clearly a very gentle way to put agriculture policy onto the French agenda. Which suits well because, as we speak, actually, the Commission should unveil it's Health Check on Common Agricultural Policy in their meeting today.

So it's a gracious -- this is a good example of the gracious way of using the presidency to push for the most important interest for France and remember -- hoping that will not lead to a crise de la chaise vide once again.

But if you look at two other members of the trio, you'd see that both the Czech Republic and Sweden are very much in favor of free market -- including common agricultural policy. So on the one side, Sarko says, "We need to protect the European products" -- which, in my mind, makes sense. At the moment the U.S. says the same thing. But on the other side, the two other members of the trio say, "We are pro-free market in agriculture." So that, again, will be interesting to see what it gives birth to.

I understand that the agreement has already been found on employment growth and transport, which is good. An agreement which is very important has been found already on a Kyoto agreement, which you mentioned before and the (inaudible) meeting in December. So the three are agreeing already on this.

It will be very important that the rest of the Union sticks together. And, if so, then the Union really has the possibility to talk with a united and strong voice on the international stage -- which is also something that the Swedish presidency highlights when they talk about external relations, they very much

include the debate on environment, and so on and so forth.

On the other side, if you look at energy, energy is a priority for all three members of the trio, France, Czech Republic and Sweden -- but the position is very different.

As we know, there is, on this issue, energy market, European energy market should be finished to be liberalized. But on this issue we have, on one side, France and Germany, who are against unbundling -- I hope I pronounced it correctly. And then you have other states -- and followed by six other states, so we have eight states which are against unbundling in the energy market, and versus the other states. And, in here, Sweden and Czech, I understand they are more in the other side.

And the Commission proposed a new idea based on a German-French compromise, which was rejected by the Parliament on the 5th of May. So, again, it will be interesting to see how the French will maneuver on this issue. A new proposal will be coming on the gas

market as a step forward, to see -- to promote an agreement, at the same time, their own interests.

Immigration seems to me -- the European Pact, or something -- easier to achieve, which is somehow surprising, if you think how much immigration was a topic member states didn't want to give up their powers on just a few years ago -- hmm? If you think that on these kinds of issues we invented the "third pillar," which was (inaudible) pillar, and then that was "commuterized" as we say, and then under the new treaty it will be a qualified majority voting. But it's rather -- this is rather astonishing.

So Justin is saying that I should be stopping. So I will quickly go to the other points I wanted to make.

One big issue is institutions, but most of all is the transition to the new rules, but also who gets what under the new European Union.

Now, Sarkozy says he wants to close an agreement on who's going to be the president for the -- the new EU president, so to say, and the high representative, and so on and so forth -- by December.

It looks very unlikely to me. Because, as you well know, this is a puzzle. And the puzzle will start with who wins the European elections. Because whether -- if, assuming that the EPP Socialist Agreement in the European Parliament stands again, who gets the majority will get the first president. And that will determine, in turn, the Commission and the presidency of the Council.

As I understand, Barroso is trying to understand whether he wants to be the president of the Commission or the president of the European Union. He's trying to understand which one will have more power.

Blair seems out. Rasmussen seems out. Solana is unlikely to be willing to retire. He has a Socialist government backing him, so he will be around for some time more.

There are a few people which -- like Gutierrez -- could have been a good candidate, but it seems Barroso (inaudible) is not.

There are a few evergreen ones, like Giscard D'Estaing would be one, or Amato could be another one,

just in case of -- you know, in case of a crisis, you always go to the wise old man. Someone named the former Czech president, but it seems to me that is (inaudible).

Almost last point -- which are going to be Sarkozy's likely partners? You correctly mentioned that there is a problem of personalities -- I mean, within the European Council, especially, the personality problem, it is a major issue. I mean, in many cases agreements were found or not found because of personal relations between people.

Now, in Italy we do have -- so I see that with Germany, although it's a very important issue for France, there will be a sort of variable geometry, so to say -- better agreement among ministerial level, and maybe more difficult relation at the top level.

I foresee quite a good relation with Berlusconi -- I'm closing. I'm closing -- quite a good relationship with Berlusconi, not the least because they're very similar kind of people, in the sense of spectacularity and entertainment.

(Laughter)

And I want to talk about the Italian priorities, but I can go back in the new Italian foreign press (inaudible), but I can't go back into this.

MR. VAISSE: Thank you very much, Federiga.

Gideon, the floor is yours.

MR. RACHMAN: Thanks very much.

Well, rather than concentrating on the details of the French presidency, which Pierre and others are much better placed than me to discussed, I'd like to use my time to try and discuss how France now views the European Union, and the kind of attitudes and dilemmas that will underlie the French approach to the EU over the next few months.

I have to take the broad perspective because I actually left Brussels in 2005. But I have very fond memories of the place, particularly of hospitality offered at the French Embassy, or permanent representation. And it was at a meal there that a kind of rather peculiar image, or symbol of the European Union struck me. As you would expect, they have an extremely good chef there, whose specialty is soufflé.

And you not only eat this soufflé, it's kind of given a lap of honor before it's put down on the table. And eventually the chef put the soufflé down in front of a colleague of mind, George Parker of the Financial Times, whose job it was to actually stick a knife into it.

And as he did it -- and there was this sort of hissing sound and the thing collapsed a little bit --

(Laughter)

-- the French ambassador leant towards me and said, "Now you see the true brutality of the British."

But it did strike me that this soufflé was quite a good symbol of the European Union, because it was this sort of magnificent French construction, full of hot air which the British were constantly trying to stick a knife into and deflate.

And, in a sense -- obviously, it's a cooperative venture, the European Union, but one shouldn't underestimate the extent to which it's also a

kind of arm-wrestling match, with people trying to gain control of the agenda.

And the Franco-British struggle was one that I followed with great interest. Because I think that for really a long time the French and the British have represented two quite different views of what the EU should become.

The French, although they have a sort of Gaullist tradition, have been the people who have pushed political union in Europe as a political project really from the beginning, from Monet, to Schumann, to Jacques Delors -- the British have really never been comfortable with the idea of a political Europe. They've always been comfortable with the idea of Europe as a market, and have tried to convince themselves that that's essentially what it's all about, and all this political stuff is really not -- either not happening, or never going to happen, or not serious.

This has become increasingly difficult for the British to align -- for them to stick to. But really, over the years 2000 to 2005, these two projects, the British Project and the French Project,

were advancing kind of next to each other and, to some extent, in competition. So the French were pushing, along with the Germans, deepening of the European Union, and their project was the constitutional convention, and the writing of a constitution.

The British were pushing widening of the European Union, the enlargement of the European Union. And although these projects were not explicitly antagonistic, there was an element of antagonism between them.

The constitutional convention was fascinating to follow. It was quite deliberately seen as a major statement of political union, and of the arrival of Europe as a major political player. And I don't think it was a coincidence that the Frenchman, Valery Giscard D'Estaing was put in charge of it.

And he had very big ambitious, both for the convention and for himself, and tended to liken himself to Washington and the Constitutional Convention, the Philadelphia convention. In fact, at one point, at a difficult point in the negotiations, he turned to somebody I later spoke to and said, "Look, I know this

is hard for you, but you've got to picture yourself on a statue on horseback, because that's what's going to happen when we've written this constitution. You'll go down in history."

However, at the same time, while the kind of horseback project is proceeding -- the British and others are pushing the widening of the European Union. And Britain had mixed motives for this, part of them sort of quite noble -- you know, the belief that it was Europe's destiny to include the countries of the former Soviet Union, to spread peace, prosperity, et cetera. But there was also another agenda, which was to make political union much less feasible -- the belief that if you had a Europe of 27, it was going to be much harder to have a unified political union, and also the belief that a union of 27 countries would be much harder to be dominated by the Franco-German couple, which had traditionally kind of set the tone in the EU. And I think the British felt that, you know, in an EU of 27 that wasn't going to be so easy.

And I think you got a presentiment that that was probably right in the run-up to the Iraq war, when

France and Germany come out against the war and are shocked and appalled, openly, when, you know, it's not clear that Europe is going to follow their lead on this -- and Rumsfeld's famous distinction between the new and the old Europe originates in that split.

So, enlargement then happens in 2004. You have the big-bang enlargement which enlarges the EU from 15 to 25 countries, and it's now 27.

Then a year later the constitution is written, but there's this remarkable event where France, in a referendum, votes to reject the constitution. And I think that was quite closely related to the previous year's enlargement. I mean, debating precisely why the French voted no to the constitution is a kind of popular pastime. But it seemed to me a symbol of the "no" campaign was the famous Polish plumbers. And I think what happened was that it was the combination of the French unease with enlargement combined with the idea of a single market. The French felt, okay, we can have a single market amongst countries with similar income levels, but what's going to happen when you have these Polish

plumbers who are willing to work, you know, far more than 35 hours for not very much money?

And all these concerns came together, crystallized, and the French voted no -- which then put French European policy in a bit of a mess.

Now, Sarkozy's done a masterful cleaning up job in the sense that he came in as the new president. He rescued a lot of the details of the constitution through the (inaudible) treaty, which is now called the Lisbon Treaty, and which, unless the Irish say no -- which they may well do -- but if the Irish do vote yes, we'll get this treaty. And lot of the kind of details, nuts and bolts, that were in the constitution will come in anyway.

However, I think that the rejection of the constitution of the French and Dutch referendums is still a moment which will have marked the EU. Because I think it's placed a huge question mark over the underlying vision of political union. I mean, we've heard from a number of panelists, "Oh, people are sick of talking about institutions." I'm not sure that's

true. I don't think people in Brussels are ever sick of talking about institutions.

(Laughter)

But I think that they are -- there is a sort of feeling, "Look, we've probably pushed this as far as it can go for now. We've had this near disaster with the rejection of the constitution, and the political project of political union has to be put on the side for awhile."

But I think that there are still big questions about what France wants from the EU which are left behind from this debacle. I'll enumerate them briefly.

I think there's a question of what is France's real attitude to enlargement now? Sarkozy has talked quite positively about bringing in countries even like Moldova, but the French -- and the Germans, actually -- are very explicitly opposed to letting Turkey into the European Union, and yet we're continuing to negotiate with Turkey over their accession to the EU. There's this kind of huge ambiguity which has not yet been resolved, and which is

crucial to Europe, because it's really this big strategic question to the European Union: what do you do about Turkey?

I think there's a bigger philosophical question: does France still really believe in political union as a project for Europe? I mean, what does "political union" mean? That's a subject for a whole other conference.

But, broadly, this question -- Federiga said, "I believe, you know, in integration, and deeper integration. That's where we've got to go." Do the French really still believe that? I'm not sure.

Then, I think one of the reasons they're not so sure about political union, because they've realized that in an EU of 25 no single country is going to be able to impose its kind of broad philosophical view of what this political union should be doing, but they might have things imposed upon them.

That's because the Franco-German motor, the Franco-German couple -- which was incredibly effective in providing leadership and direction to the European Union -- probably doesn't work anymore as the lead in

the European Union. But then, if so, well how do you project French interests? Do you kind of try to include the British? Well, they're not terribly reliable. What do you do with the Italians? The Spanish? The Poles? Could you have a kind of directorate of big countries running the EU? Maybe an informal directorate -- but how does that work? That's another big strategic question.

I think there are big questions over France's attitude to the single market. Do they really believe in this thing that Jacques Delors helped to create in the '80s? Sarkozy is, again, paradoxical on this. He's a big liberalizer at home, but when it comes to the European Union, he's talked quite openly about Europe being "too liberal." He's talked about introducing a "community preference," which is essentially, as I understanding, erecting new tariff barriers around the European Union to try and protect it from the forces of globalization.

These are really quite radical ideas for the European Union. It will be interesting to see if the French push them.

But I think if the French are confused -- which is some small satisfaction to the British -- it doesn't mean that the British are victorious, because the French Project -- the political union -- advanced far enough to put the British at the margins of several key EU projects that the British felt "this is just a step too far for us, we can't join them."

So the British aren't members of the single currency -- most importantly -- the Euro. But we're also not members of the Schengen border-free travel area. We've opted out of the justice and home affairs provisions of the new Lisbon Treaty. And that gradually has meant that it's at least arguable that Britain isn't really a proper full member of the European Union. And that was a very powerful argument when people started floating this idea of a Blair presidency -- Blair is taking on this new job of President of the European Council -- a lot of people in Europe said, well, you know, you can't really have a Britt as president of the European Union anymore, because they're not in the most important projects.

Now, that's a big diplomatic problem for the British, if they want to try and lead Europe.

So who does that leave as a potential leader? I'll just -- I'm coming to my close.

There's Germany, obviously -- geographically, politically, economically at the center of Europe. But I think there's a problem for the Germans in that they are cultivating a special relationship with Russia, which makes a lot of Central Europeans uncomfortable, and places a question mark over potential German leadership.

So we'll come back to France. Now, France has been the traditional leader of the European project from Monet onwards. Going into this French presidency, it seems to me that from what Pierre had to say, the French have no lack of energy and ideas. They still have plenty of ideas about Europe, but they're little ideas. It seems to me that France no longer has a big idea about what it wants out of the European Union.

MR. VAISSE: Thank you very much, Gideon.

Last, but not least, Irena -- the floor is yours.

MS. BRINAR: Thank you very much.

First of all, I would like to thank the organizers for inviting me here, because this is my first time being at the Brookings Institution, and I'm really glad for the invitation. Thank you very much.

As was already said, I'm going to speak about the Slovenian presidency as the kind of predecessor of French presidency.

First of all, for those of you who might be interested in wider background of Slovenian presidency, there is available a chapter outside, in the book.

So, the Slovenian presidency -- first of all, I would like to point out that Slovenian presidency should be viewed in the framework of trio.

Trio is a new mechanism -- as Federiga already mentioned -- the trio presented as three countries which will harmonize the programs for the 18 months. And Slovenia is at the end of this trio.

And second, the trio should be far from "troika." Troika is another mechanism in the field now, in the field of foreign security policy. Trio is

now a new mechanism in the field of continue to -- to guarantee the continuity of the presidency.

So, Slovenia, as a part of this trio, it is, first of all, you might say that Slovenia is between two engines and two big countries, which are on one side Germany at the beginning of this trio, and then on the other side, France at the beginning of the next trio.

What does it mean for Slovenia? I would like to say that this is a kind of uncomfortable position for Slovenia because of being among two big countries with a very prominent, with a very clearly defined interests and national interests. There is not much left for Slovenia to be in the forefront of the European agenda.

And so that also -- just a short example of how it’s working between two big countries, two weeks ago Slovenia is chairing its -- having to commission a delegation, went to Baltic States just to reach the harmonized, the compromise of those three Baltic States in favor of very clearly German interests to build up the pipeline from Russia to the European Union.

Today, just, it seems to me, two hours ago, Benita Ferrero-Waldner, the Commissioner for Foreign Affairs, announced and presented this Mediterranean Union project, a project which was launched by President Sarkozy last year. And the project which was a little bit -- so it was harmonized with Germany at the end of last year, at the end of when the negotiation of the Lisbon Treaty was talking place.

So, it shows that Slovenia is just between Germany and France in this project of the presidency of the European Union.

Second, what I would like to point out is that Slovenia is -- well, it was agreed in 2004, that Slovenia would be in this trio. It is not thanks to Slovenian, let's say, special achievement in this project. All that Slovenia went in the last 10 years, through very tremendous process from the negotiation process launched in 1997, to being a member in 2004, and being -- introduction of the Euro in 2007, and being a member of Schengen agreement.

So it was very -- in the last 10 years, Slovenia went through very exhausting and very tiresome

process, which has (inaudible) all the energy of Slovenia was available in those 10 years.

And so 10 years ago nobody would think about it that Slovenia would take a presidency in 10 years' time. So it has happened in 2008.

And I must say that, you know, for the small country that Slovenia is to be an inheritance, it is a big project -- although that we cannot compare it to the presidency with a historical decisions like being a member of the EU, being a member of the European Monetary Union, being a member of Schengen, because a presidency is not a kind of historical project prominent of -- well, a historical project for the country which takes place, the presidency, it is, for example, being a member of the European Monetary Union.

And Slovenian people, they take this project as such. So they look at the project of the presidency more than a project of -- it's a kind of technical coordination of daily matters at the European level, and less than the kind of historical project being very important for Slovenian affairs and for Slovenian citizens.

And you know that the presidency -- some presidencies were more known than others. So we know the presidency as a (inaudible) Nice, Lisbon. And the Slovenian presidency, maybe it will be known as a presidency that was leading by the first new member state -- if nothing else. Because of all, most historical decisions which was in the program of this presidency were already done by Germany and by Portugal. And Germany finished this kind of reflection period, started with the Austrian presidency 2007, and Germany just make a big leap forward in this respect. And after that, Lisbon completed with the negotiations on the Lisbon Treaty?

And what's left to Slovenia? Not much. Just completed it, you know.

And, you know, the first priority was to ratify the Lisbon Treaty. Okay, Slovenia ratified it in February. But, you know, it cannot be a kind of judged as a kind of achievement for Slovenian presidency because it should be ratified, this Lisbon Treaty should be ratified by all 27 member states. It

is not -- so all these 25, 27 member states would not ratify, we cannot blame Slovenia for that -- you know?

And if we look at this --

MR. VAISSE: Wrap up, please --

MS. BRINAR: -- process, you know, in five months, from January, less than half of member states have already ratified this Lisbon Treaty.

And I'm not so optimist in this respect, that the Lisbon Treaty would be ratified by the end of the year -- especially because of some rumors are taking place that some member states are not going to ratify it by the end of the year, just because to save some tasks for their own presidency -- for example, the Czech Republic would like to share, would like to take the presidency, the old ministries or the old councils, not only including the Council of the Foreign Affairs, because otherwise, if the Treaty was taking place by the 1st of January, Czech Republic was not chairing, was not taking place of the presidential country of the Ministry of Foreign Affairs, because this would be a kind of new mechanism of heading by the High Representative for Foreign Affairs and Security.

So we will see what will happen by the end of the year, but this will happen in the French presidency.

Second, the priority was defined by Slovenian presidency in the framework of this 18 months presidency, was the second priorities were defined in the framework of so-called “inherited priorities.” “Inherited priorities” means that, you know, that some tasks should be done, nevertheless who is, which country is taking place the presidency. And these two priorities were the Lisbon Strategy, which is something different than the Lisbon Treaty. This was a kind of evaluation of Lisbon Strategy and, for the next three-year cycle, and this energy and climate change package.

And all these two tasks were already fulfilled in the March European Council -- although, you know, that somebody or some actors in the international arena, they were not so very satisfied with the Slovenian presidency at this March European Council because they judged, so they said, that Slovenia was not very ambitious in this respect.

So the fourth priority is Western Balkans. Western Balkans is something that Slovenia -- and this is the only priority that Slovenia put our own, let's say, national interest into the European agenda, because with the Western Balkans Slovenia put this area back on the European agenda after this, let's say, decade of different, more or less -- sometimes more and sometimes less -- successful attempts of intervention of Europeans and other interventions in this area.

I must say that, in this respect, sort of concerning the Western Balkans, Slovenia does not fulfill all the achievements -- neither the Slovenian -- so, neither the Slovenian expectations nor the expectations of Western Balkan countries. And especially because of the older -- our attention occupied by Kosovo -- now occupied by Kosovo and Serbia, and there is not much left for other two countries, Bosnia-Herzegovina and Macedonia. And those two countries really need our -- kind of support of the European Union.

And then, finally, the final project is intercultural dialogue. This is something which is

been adding as a fifth priority because it was the Year of Intercultural Dialogue announced by Council of Europe.

So if you look at the achievements of Slovenian presidency, if somebody should say the glass is half full and half empty. But, you know, the Slovenian presidency should be evaluated, as I said, in the framework of all three presidential countries in the term of 18 months. That's the first thing.

The second thing is that as a new country, it was already known at the beginning of the Slovenian presidency that Slovenia couldn't get a kind of bad mark for its presidency, because this would not be a good sign for them, other new member states in the role of presidencies.

The third thing is that, you know, at the European level they are quite satisfied with the Slovenian presidency, as well as at the national level, the government is also very satisfied with it. So its own achievement and people, they do not have a special opinion concerning the presidency and achievements of Slovenian achievements of presidency.

The more critical are the NGOs. NGOs, and especially environmental NGOs, they are very critical towards Slovenian presidency because they do not fulfill -- they consider that Slovenia did not fulfill all the obligations of this negotiation of the climate and energy package.

MR. VAISSE: Yes, let's gang up on NGOs.

Thanks very much, Irena.

I promised Pierre that he would be given a couple of minutes just to answer, maybe, the soufflé -- or the comments on the Nice Treaty. And then we'll give the floor to the public.

MR. LÉVY: Well, thank you. There's a lot to answer. And this debate shows, first of all, that you can be entertaining and efficient at the same time, to deal with Europe.

I don't want to go backwards too long, because we're here to think about what's going on forward.

But, you know, to come back to what Federiga said -- you saw me a bit nervous. I mean, my scars are --

MS. BINDI: I say provocations, you know --

MR. LÉVY: -- yes. You know, my scars are not bleeding anymore.

MS. BINDI: (inaudible)

MR. LÉVY: I'm very relaxed about that.

But, really, that's what I said in my presentation: the presidency is the reflects -- the mirror of the state of the EU. And I remember very well, at that time, at the (inaudible) European Council, you know, after the fourth day or third day, we had the choice whether to close everything and say, "Well, we don't have any agreement," or to have an agreement, which was -- the result, as I said, it has been working quite well, I would say, in the last years.

Secondly, I don't know if you want me to answer on political union and all this. Perhaps at the end? Or -- as you wish.

MR. VAISSE: Probably move to the public and then -- I'm sure you'll find a way to answer a question and then sneak that in.

MR. LÉVY: Okay.

But I think we see very well also in this debate, in the compliments and the critics, I mean the huge ambivalence of what, you know, we represent, and how Europe works. Because I've been very much involved in the Franco-German relations and, you know, it's clear that on one hand there is some fear that, you know, there was some fear of directoire, or directoire with the U.K. But on the other hand, you see member states expecting us, and coming to us -- I remember, you know, in the corridors of the Council, "What are you doing? Are you going to reach an agreement?" -- and so on.

So this is -- I mean, you have to work, to set the impetus, but in an open way, to set the dynamic. This is necessary more and more in a Europe at 27.

Same thing when we talk about the return of France in Europe. I remember very well the ambivalent reactions of other member states saying, "Well, at least now we're going to be able to move." And the others said, "Well -- " -- a bit reluctant, or fearing what we could bring.

And, in fact, then we come back to a huge key question, which is a question of leadership.

I do believe in leadership. And, of course, sometimes it's uncomfortable for others, but why should Europe be boring? I mean the key question is really to have the political will, then you see how it matches with the huge bureaucracy.

But I think Europe is dying precisely from this lack of political will. And to come rightly -- I will elaborate on what is the French vision of Europe a bit later on, if you can wait, if you're not too impatient.

(Laughter)

But, really, to come back to what Gideon said, I mean we talk about "political union" and "political Europe." I would say that, you know, it reminds me -- first of all, you have to -- what does it mean?

I think it's a mistake to think, when you deal with that, that on one hand you have political issues -- security, defense, and so on -- on the other hand, so-called "technical issues" -- single market.

The big question is to make, to put policy, political influence in Europe.

And it reminds me, really -- I'm sorry, you know, to quote -- usually, when you deal with Europe, you quote Victor Hugo, or Jean Monet or Jacques Delors. I will quote Jean-Luc Goddard -- you might be surprised.

(Laughter)

But, you know, he was asked, "Master, master, you make political films." And he said -- he got very angry. You know how he is. And he said, "Not at all. You understood nothing about what I do." And he said, "I do films politically."

And I think this is a very good distinction. Because I think we should build Europe politically -- you know, the sense, show to people that there is a leadership, that there is a political command, and not that we go on like that under the rein of technocrats.

MR. VAISSE: Excellent. Thanks.

So we have now 20 minutes to take questions.

I will start with you, Tony. The mic is coming your way.

MR. SMITH: Tony Smith, French-American Foundation.

I have a question for Pierre Lévy about one of the priorities which you listed for the French presidency, specifically the defense initiatives. I agree with Petra Pinzler that this is potentially one of the most important initiatives that are before the French presidency.

However, it seems to me that there is one aspect of it that has not been touched on by you or by other members of the panel, and that is the U.S. reaction to these initiatives.

I think it's not too unfair to say that the history of European defense initiatives with the context of transatlantic relations has been one of the U.S. paying lip service to these initiatives and then, when we come down to the details, being much less welcoming. Typically, the U.S. will exhort the Europeans to do more, and then when the Europeans say they will and start taking action, the U.S. says, "Well, slow down." "Don't put that headquarters

together just yet." And "Don't develop independent forces -- " -- and so on down the line.

Now, the U.S. Ambassador to NATO, speaking in London recently, was quite -- unusually -- forthcoming and welcoming to the Sarkozy suggestions. But this administration will change, as you know, shortly.

So I'd like to get your reaction to how you think the United States will react to a strong push on the part of the French presidency for a more independent European voice in defense matters.

MR. VAISSE: Pierre?

MR. LÉVY: Right.

First of all, it is our responsibility. I mean, even if the U.S. might have a more positive approach, or if you have less misunderstanding, it won't be sufficient. I mean, the question is: how much are we able, you know, to make the relevant efforts. And that's the key question for us.

I didn't mention, because I wanted to be short, but in our program we have many other issues. You mentioned some of them.

But, for instance, there is something which is a bit technical, but which can be very promising, which is called -- charter positions in the Lisbon Treaty of so-called “Permanent Structured Cooperation.”

The idea is to have some -- a whole set of criteria, and then to have an inclusive approach to boost the capacity of some member states which have the will to do more -- for instance, the ability to work in a multinational framework, the ability to project themselves. So we’re working on that, because I think it is very, very important.

Very rightly you mentioned Victoria Nuland’s speech, and also President Bush’s speech at the Bucharest Summit. This is important in the sense that we tend to overcome, you know, a lot of debates in the past about competition between two institutions, and so on. And we’ve been accused, also, in the past, to have sometimes thoughts in the back of our minds -- whether right or wrong -- you know, to build something against the U.S., or to build something against NATO.

On the contrary. We’ve always said it’s very complementary. I do believe, or imagine, that’s a key

thing to remember, is that NATO and the EU, they don't have their own means. So they have to rely on national capacities.

So when you boost national capacities, you can use them, whether in the framework of NATO, EU or ad hoc format. So I think that the EU framework -- which is close to the countries -- is a very good one to make the relevant effort. But it's going to be extremely difficult, and it will take time. When you look at the figures, it is very -- it is a bit depressing.

MR. VAISSE: Thanks, Pierre.

Cesare?

SPEAKER: Thanks, Justin.

I have one question and a half for the panel.

And I'll move from something that Gideon Rachman mentioned -- the existence of a de facto core group inside the EU. That there is the EU -- really, the Euro group, the Schengen, the justice and internal affairs. And he mentioned that from the British point of view, of Britain being outside this core group.

Let me raise the question about the importance of this group, seen from inside.

Does the statement -- that I tend to agree with -- that, on the whole, the institutional debate has gone as far as it could go apply only to 27 countries, as I believe, but might not apply to the small core group of the countries? Shall we have some developments at these limited number of countries?

Which brings me to my half question. One part of this group is related to the common currency. Now, it has happened -- and I'm struck by the fact that this was not mentioned in the discussion -- that over the last few months, this common currency has gained some global relevance, is one global reserve currency.

Is this having any consequence on the issue of the organization of this core group? This is the half question.

Thank you.

MR. VAISSE: Thanks. So, I guess Gideon, and then if someone else on the panel wants to address the question.

MR. RACHMAN: Yes.

Well, I mean, during the debates on political union and close integration, one of the kind of semi-threats which was always hung over the British was, “Look, if you don’t cooperate, or you don’t go along with it, then smaller groups will integrate more quickly.” And I think that’s -- you know, it may just be a statement of fact rather than a threat.

But it’s interesting that actually it hasn’t happened much up until now. But that doesn’t mean that it’s not going to happen -- whether driven by a kind of theological attraction to the idea of political union, a belief that it’s only possible in a smaller group. Or, as you suggest, by necessity as the Euro becomes more of a kind of global currency, might that have political consequences which will more or less compel the Euro group to integrate more deeply? And that was one of the views at the foundation of the Euro, that it would take on a kind of internal logic of its own.

All I would say is that -- I mean, I think it’s entirely possible for either functional reasons or deliberate decision reasons, there will be deep integration on the Euro zone. It’s been predicted for

quite a long time now, and it hasn't actually happened. And that may be for a reason -- partly because, I think, even within the Euro group there are quite important disagreements about what should happen, what this distinct integration should look like. So that you can see the Germans quite unhappy with some of the things Sarkozy has said about the European Central Bank, some of the things that the French have said about the political direction of the Euro.

So -- yes, in a way it would be logical. But first they've got to agree on what needs to be done. And I don't actually see signs of that agreement. In fact, on the contrary, I think the kind of implicit disagreements about what the Euro should mean politically, and how it should be managed, are now becoming more explicit, rather than the reverse.

MS. PINZLER: Yes, I want to come from another angle.

I think the core group is stepping ahead on some issues, some of the important instruments that you have at the moment.

If you think about Schengen, Schengen pushed for a couple of issues on not only integration, on working together on policy matters. Just take the Euro. I think we lack a kind of political, economic leadership on the Euro -- especially in times like now, where the currency is becoming more political.

I think that the U.S., for a long time, has understand that it's currency is also a political issue. Europe doesn't have this yet. And one of the reasons is that even during the debate on the treaty, they couldn't agree on how this Mr. Euro should look. Should it be Mr. Trichet, or should it be Mr. Juncker, who was heading the Euro group? So there was a lot of dispute on that issue.

But I think they will have to do something on that one. The more important the currency becomes in this world, the more political it becomes. But we are not there yet.

And the last point -- coming back to the core group, the German foreign minister recently had a conference in Berlin -- it was two weeks ago, mentioned the European army, and the reason of having a European

army. And the interesting thing about this was not that he said this is some kind of illusion, we'll have it in 50 years. But he referred to the Euro, basically saying, "Look at the Euro, which was also a vision 20 or 15 years ago. And we have it." -- thus meaning that the European army can be something -- again, a core group can go for. Not that it will come next year or in five years, but it's something we can go for. And the new treat allows this -- allowing the core group, as Pierre Levy mentioned, to do certain things.

So I think some of the more important integration issues that we will see coming in the years from now on will be pushed by core groups within the EU.

MR. VAISSE: Federiga, you wanted to add something?

MS. BINDI: Yes, I will share very similar views.

Because on the one side, one can see core groups as a threat then to a European tradition, they will be more of the classical Italian vision which, from many points of view, I will share.

But, as Petra said, many issues will only move thanks to core group. And on the other side, there will be less dangerous, so to say, because with 27 member states, there will be so many viable geometry alliances -- you know, if you only mention the few which were mentioned together, common agricultural policy and European Central Bank, Med area, Baltic area -- there will be all different kind of alliances around these issues. So, in a way, they will compete each other, the different groups.

MR. VAISSE: Thanks.

Sir? Question? Could you briefly introduce yourself?

MR. SIDAR: Sure. Thank you very much for the great panel. My name Cenk Sidar. I'm with the American-Turkish Council.

Mr. Lévy just mentioned the importance of continuity principle in making foreign policy priorities.

How could -- in light of this foreign policy principle, how could we explain Sarkozy administration's unwillingness, and efforts such as the

Mediterranean Union, to diverge from the full membership status, full membership process of Turkey, in spite of giving full membership status in 1999 -- and also, maybe more important, the promises given to Turkish nation?

Thank you.

MR. VAISSE: Thanks.

MR. LÉVY: Well, President Sarkozy's position concerning Turkey is well known. I won't elaborate on that.

But, what is important to keep in mind is, first of all, that we have decided to let the process go on. And that's very important. And we are -- this will go on under our presidency. I think there are already (inaudible) open for negotiations.

The process will go on. We don't know what will be at the end of this process, which is long. I'm not -- personal remark -- I'm not sure what the Turks could choose at the end of such a process. I'm not sure if they know what will come of this process.

But, so, that's extremely important, to keep the process on track.

Second remark -- there is, concerning the Mediterranean Union -- of course, we had to explain the concept to the Turks, because they were nervous about that. And they are not part of the Barcelona process, as you know. And so we did the right explanation, and now the Mediterranean Union is on track -- after long discussions which are well known.

We might be criticized for our approach. Again, I find this vision of, you know, the political well -- but at least we had a debate. We had a debate. We've been able to get rid of some routine of the Barcelona process. I won't be as critical as some are about the Barcelona process. I think we had good achievements.

And a lot of difficulties we had come from the partners of the south. I mean, what is the border which is the most closed? In our -- one of the most closed borders on our planet is the border between Algeria and Morocco. So they have also to make the proper effort.

But I would say that now the process is on track but, again, we've been able to move things in a good way.

Third remark -- you probably know there is a project of institutional reform -- constitutional reform in France, with many aspects. And one of it is to change -- I don't want to be too technical -- Article 88.5, which was introduced at the time of President Chirac, to have a referendum on any new membership. And it was very much criticized because, right or wrong, a lot of people said this is specially targeted against Turkey.

And now the idea -- which is, I think, a very good one -- is to suppress this provision, and to replace this by a possibility to have a choice between a two-thirds vote in the parliament, or a referendum. So I think this is very important, because it opens the way to a choice which is a responsible political choice.

So what is important is to keep, again, the process on track.

MR. VAISSE: Okay, I will give one word to Irena, and then we'll group a number of questions.

MS. BRINAR: Four sentences.

I would just like to say that this Mediterranean Union, it's really a unique attempt of the European Union to establish a kind of integration outside of it's, let's say, borders -- you know? And this is a kind of top-down approach, you know? It's not the kind of approach coming from bottom to up, you know, that somebody would ask, to pose the question of those countries that are willing to join this union, this kind of union.

And, beside that, I would say that, you know, the European Union replaced the usually established this neighboring policy by this European -- but this Mediterranean Union, instead of to offer those countries in the Mediterranean, around the sea, better -- let's say some other instruments to improvement of this cooperation with the European, based on this Barcelona process.

On the one side -- on this other side, I would say that it should be a kind of the same measures

as was established with AFTA countries through European economic area.

MR. VAISSE: Thanks.

I suggest we group the last three or four questions, and then I give a chance to all members of the panel to answer -- or not to answer -- the question.

Sir?

SPEAKER: Hans (inaudible), German Embassy.

My question is on the French idea, French vision of Europe. And it goes to Pierre Lévy.

What actually is the difference between Sarkozy's concept of Europe and Chirac's idea of a Europe-Puissance, which is about Europe playing its role in international politics?

And, as a follow-up, again, there's obviously a link between European defense -- and French emphasis on European defense and NATO. How do they relate, the two of them? Sometimes I believe there's a priority on European defense, and one is the means to the other.

MR. VAISSE: Thanks.

Any other questions?

No? Everybody's eager to go to lunch.

Yes, there is one. Krzysztof? ?

MR. BOBINSKI: Just a quick one to Federiga about -- you mentioned the trio of Cyrus, Denmark and Poland, and you were worried.

What is it that worries you so much about Denmark?

(Laughter)

MR. VAISSE: Okay -- no more questions? Then we'll turn to the panel for the final thoughts, remarks, conclusions.

Maybe we'll start with you, Pierre, and then going all the way to here.

MR. LÉVY: Well, first of all to answer to your question, and to Gideon's question about vision of Europe, which is very relevant.

I would say that we have a lot of discussion about that in our white paper, the Commission, and the idea is really to send a strong European message.

At the same time, you have to see how the landscape looks like. And you mentioned, Gideon, the "no" vote in 2005. I think it revealed the crises, or

at least questions, more than it triggered the crisis. In other terms, there are questions in a lot of member states. Even -- I have a lot of German friends who would tell me that if they had had a referendum in Germany, it wasn't sure people would have voted "yes."

So I think these questions are there. They will be there for quite a long time. And you don't answer it in one day. I think you answer it by doing things.

And up to a certain extent, I do believe today that the context is perhaps much more favorable than it used to be. You might be surprised. Because it seems to me that we have behind us a lot of theological questions which in the past prevented us from going forward.

First of all, the question of the institutional shape of Europe. You remember the debate we had between Fédéralistes and others. I remember very well Joschka Fischer's speech in 2000 at the Humboldt University, and he talked about, you know, a federation of nation-states -- which I think, it's the

Delors expression -- I think there's no better expression to describe how it is.

So I think today there is much more consensus, even between France, Germany and the British -- sorry, I don't want to offend you --

MR. RACHMAN: I'm very offended already.

(Laughter)

MR. LÉVY: -- much more consensus, in the sense that we don't want an intrusive Europe, we want a Europe which adds, which brings added value to what we do.

European integration is not for granted anymore. And so this debate is behind us.

I think the debate, also, about Europe-Puissance is up to a certain extent behind us. Because nobody -- we see that we need -- it's a very technocratic expression, I hate it -- but we need a global Europe. We need to fight against proliferation, we need to fight against terrorism. We need to be efficient to intervene in crisis management. We need to be able to rebuild states.

So the debate whether we should be a great Switzerland or a great, you know -- or being, trying to be more active on the international scene. I think it's behind us from a theological point of view -- which doesn't mean we are able to do the things.

Last, positive developments, relationships with EU, also it used to be, for a long time, a theological debate: are we building something against, or aside, or with? Today, for many reasons, I think there are much more convergences, much more confidence.

So I think the ingredients are there -- which doesn't mean it can work. Because there are efforts on both sides.

Last remark, if you don't mind -- I think to build -- concerning the vision of Europe -- we are totally convinced -- I speak there with my hat of the white paper -- we are totally convinced that our future, the future of France, is in Europe, without any doubts. And we have to do the proper things. And the proper things are, I would say, on a few directions.

First of all, concentrate efforts on all what deals with the economy, because this is the core business of Europe, a single market, and so on.

Secondly, defense and security. This is a huge responsibility -- also, internal security.

And then work to give some sense of identity of what could be a political union.

MR. VAISSE: Thanks, Pierre.

Petra, do you have a comment?

MS. PINZLER: Yes, I have problem. You're causing me problems with myself, my image as a critical journalist -- I agree with most of what you just said.

So let me just briefly say something to the vision thing. It was what the German Chancellor, Helmut Schmidt, one of my bosses, because he's the editor of Die Zeit, who always used to say, "Who has vision should go to the eye doctor."

And I think he's right to a certain extent. I think all this debate of "vision" and "institutions" which we Europeans love so much, we have done it for quite a while. What we should talk about now, and what we should focus on are issues.

And I find it very interesting that the debate that we had this morning -- which was supposed to be to talk about the elections and the transatlantic relationship -- talked a lot about Iran, Iraq, Afghanistan, the real issues that are out there.

And I think this is what we should focus on. This is what I hope Europe and the U.S. will focus on.

Because, in the end, I think it was Mr. Juncker who recently said Europe has stopped people to dream about the EU. I think he's certainly wrong. There's no way people should dream about the EU. The EU and the U.S. should tackle the problems so that the people can dream about something else -- about their lovers, about whatever's out there.

Thank you.

MR. VAISSE: Thanks, Petra.

Federiga?

MS. BINDI: I'd like to respond to Krzysztof's remark.

Now, in 1992, in La Monde, Plantu made a wonderful cartoon using Shakespeare and said -- and

there was a Mitterrand saying, “(inaudible) de Denmark.” So that would be a little bit my reaction.

Seriously speaking, from a technical point of view, a presidency can decide to delay or to accelerate items by staging meetings on the agenda. So three countries which -- and I go back to this -- are notoriously anti-European, or at least have been very vocal against European integration in a row can seriously delay a number of processes. And this worries me.

And, although there have been improvements with the last government in Poland and, I understand, also with Cyprus. Both Poland and Cyprus have been very vocal in vetoing a number of issues.

And I think there is a fundamental misunderstanding on this. I mean, entering the European Union means giving up a part of sovereignty. I mean, there is no way out. You can’t be in the European Union, and not (inaudible) sovereignty. You can’t be in the European and vetoing everything, because if everybody vetoes everything, we are stuck. So there is a limit to this.

And this is not, from what I understand, from how negotiations are going in the Councils -- this is not what really happens with Poland and Cyprus, I mean. And so I'm pretty worried by that.

Historically, we have seen the presidencies balance each other. And I think in this case, we might, indeed, have a problem. And I hope it will not be the case, but we might, and I'm personally worried. I hope to be proved wrong.

MR. VAISSE: Gideon? And then we'll end with --

MR. RACHMAN: Yes.

I mean, I think this question of are the Danes worrying is quite an interesting one. I mean, a less worrying people I think I've never met. But I can see, from the European perspective, they have been blocking, because they've tended to vote "no." But the reason they voted "no" is not, I think, that the Danes are unusually Euro-skeptic, it's that the Danes have unusual constitutional arrangement. They have referendums.

And as Pierre discovered, you know, countries that regard themselves as very pro-European, when they actually ask their people, they can get a bit of a shock. And, unfortunately, I think the European Union's reaction to this has not been to say, you know, "What does this tell us about what we're doing?" It's not terribly popular to say, "My God, we've got to stop having referendums!"

And so the whole Lisbon thing has been constructed so that people can say, "Oh, well, this isn't very serious. We don't have to have a referendum on this, even if we did promise we were going to have one in the constitution, because this isn't a constitution -- " -- although it bears certain similarities to it.

And, as a result, it sort of worked, in that only the Irish are going to vote on this.

But I don't think it solves the EU's fundamental kind of legitimacy issue, it just disguises it. And it may be that the disguise can work for quite a long time. But one suspects at a certain stage, unless the EU kind of works out a new way of dealing

with this, it's going to come back, this legitimacy issue.

Because, again, just to finish on something Pierre said, you know, these issues that were regarded as technocratic, and not very political, in fact are political. The single market turned out to be highly political in France. Defense is highly political.

And if you're having decisions made on a European level in a way that populations are not yet comfortable with, I think that is a fundamental problem for the European Union, and one we haven't yet worked out how to solve.

MR. VAISSE: Thanks.

Irena, the last word?

MS. BRINAR: (Inaudible) 2011, yes?

(Laughter)

MR. VAISSE: Any other conclusion? No?

Okay -- well, so now that you've been patient, I can reveal where the food is. And the food is, of course, in the lobby just next door. But remember that you have places to seat in the room after that, the Zilka Lounge.

We'll reconvene at 2:00 p.m. for the last panel, so be on time, and bon appetite.

(Applause)

MR. PIFER: -- and today with this panel we want to talk about what Russia wants. How the West, and there may be some different perceptions shared between the two sides on the Atlantic but how the West perceives what Russia wants and what the West then sees as the appropriate policy responses. What we're going to do is have each of the speakers talk, offer some

opening remarks for about eight or nine minutes and then open the floor to discussion.

And let me briefly introduce our speakers. First we have Hans Ulrich Klose, a longtime social democratic member of the Bundestag, former Mayor of Hamburg. He has occupied a number of leadership positions including the former Chairman and now Vice Chairman of the Foreign Affairs Committee.

Jan Petersen, a longtime conservative member of the Norwegian parliament, former Norwegian minister from 2001 to 2005, now the head of the Defense Committee and the Vice President of the NATO parliamentary assembly.

And our third speaker will be Strobe Talbott, a longtime journalist with Time magazine and author. He was in the government during the Clinton administration. He was my boss for while as the coordinator for the New Independent States and then Deputy Secretary. And he now heads a small Washington think tank.

I won't do the fourth bio, because unfortunately Mr. Peskov our Russian participant was

unable to make it. But what I thought I might do is offer just a couple of comments to start the discussion to frame it about what Russia appears to want. And of course it's an interesting time now where we're going through this transition, were two weeks now into the presidency of Dmitri Medvedev and we're still trying to sort out what this means in terms of power a relationships between the Presidency and the Prime Ministership.

But it is probably safe to say that least for the near term you can expect continuity. That was a big hallmark of the way the Kremlin tried to manage the transition and from the point of view of many in the inner circle in Russia continuity makes sense because the policies of the last four or five years from their perspective have been successful. So what we have seen over the last four to five years is an increasingly assertive Russian foreign policy which to a large extent reflects the fact that Russia today, primarily due to a growing economy has greater wherewithal to pursue that policy.

And let me offer five things that the Russians appear to want. First, they seem to want to have the freedom to order their domestic, economic, and political institutions according to their wishes without criticism or unwanted advice from the outside world. We've seen this in terms of the democratic structure, while you've seen the democratic space in Russia contract when they talk about managed democracy, sovereign democracy a common thread seems to be that it's up for Russians to decide.

A second point would be a significant degree of influence in Russia's immediate neighborhood in the former Soviet space and some degree of acceptance of that on the part of the West. So you've seen the pressure on Georgia- Abkhazia, the push back by the Russians against NATO membership action plans for Ukraine and Georgia. Cooperation in the Shanghai Cooperation Organization, which appears to be motivated in part by a desire to limit the possibilities for Europe and the United States in Central Asia. Russia is not trying to rebuild the Soviet Union, but it

certainly was influenced and in some cases deference to its interests on key issues.

Third, Russia wants a seat at the table when major European and global issues are being decided almost irrespective of whether Russia can contribute something to the issue at hand. But this is part of the respect that Russia sees as due itself as a great power.

Fourth, I believe Russia would like to have a better relationship with the United States and with Europe, but a relationship in which there is accommodation by the West of Russian interests. And without that accommodation it's probably going to be difficult to improve those relationships.

And then finally, the Russians seem to want an ability to expand the participation of Russian companies, business entities in European and global markets, particularly in the energy sector. And this brings a number of questions: how ready are the Russians to play by international economic rules, will there be reciprocity in terms of involvement in the Russian market, and will the Russians be tempted to

exploit these sorts of economic entities for political purposes.

The last observation I would make is were I in Moscow, and this may reflect my inability to put myself in the Russian mindset, but were I in Moscow I think the primary security concern I would have would be radical fundamentalism and its potential impact in the North Caucasus or Central Asia. My second concern, and I would call this a threat but more of a challenge, would be how do you deal with a rising Chinese superpower with which you share such a long border? But when I look at what the Russian foreign policy elite talks about in terms of security interests, they seem to be focused on NATO and the West as a threat in a way that is hard for me to understand.

So I'd toss it out as a bit of, maybe the confusion that we're seeing in Russia now and one of the things that may make it a bit more difficult for us to understand how the Russians are looking at us in the United States and Europe.

So with that introduction, Mr. Klose I'll turn it over to you.

MR. KLOSE: Well thank you very much. I would like to make two remarks at the beginning. I'm not here to take over the part of Russia and the second one; I did not actually come to participate at this conference. I came over here to participate in the 25th anniversary of annual meetings between the Congressional Study Group on Germany and the Parliamentary Group on the U.S. of the German Bundestag.

To mention the second one is valuable because this grouping that holds meetings every year, once in the United States and once in Germany, has been working ever since '83 and it has also been meeting and working in times when the relations between Germany and the United States were kind of difficult. Exactly when I started chairing the German group in 2002, and there were a lot of difficulties but it showed during our meetings that it makes a lot of sense to continue with what I call parliamentary grass root work. Kind of doing personal networking, building up personal confidence, having the possibility just to grab a telephone and call a colleague in Congress or call a

good friend in the Administration and ask hey what's going on over there and why are you doing this one and not that one?

I think that from a European point of view it would make a lot of sense to establish that kind of relations also to Russia. Russia is a big country and don't forget it, it's a European country. It's very close to us and of course everybody knows building up stability on security aspects in Europe is much better to do it with the Russians that against the Russians. And besides there's another big point, when you talk about foreign policy you always are in the middle of talking about values and stressing moral virtues and looking at the realities of the world.

From a European point of view you have to keep in mind the following, there's a growing dependency in Europe on Russian energy supplies. Europe, the European Union as a whole depends to around about 50 percent on Russian energy supplies. Germany, it's a little bit less. It's about 35 as far as oil is concerned and 37 in natural gas, but a growing tendency. But you should keep in mind that there are,

I believe, six member states of the European Union who depend 100 percent on Russian energy supplies.

So like it or not, looking at these realities we have a necessity to find a term of cooperation with Russia and we invest a lot of effort trying to make Russia a reliable, accountable partner which is difficult enough. It is difficult because to overstress it, you could say that Russia although it has gained strength lately, nevertheless is a country in decline. I mean look at this huge country, biggest country in the world as far as territory is concerned, but if you look at the demography of this country it is an absolute catastrophe.

Russia in 1950 had a population of about 100 million inhabitants. Then it grew up until the year 2000, up to 153 million. Right now they're close to 143. And the year 2050, we know they will be a little bit below 100 million. And connected with this natural demographic development you have a huge inner Russian migration going on. Millions of people are moving from Siberia, this vast area where you have all these natural resources, they're going into European Russia.

And you have a lot of empty space in Siberia, but you have a lot of countries down south of Siberia where you have a lot of people living and there's a lot of push coming from these areas into Russia.

So if you take this and go a little abstract from the current development of energy prices you can see that Russia is a country that is facing enormous problems. If you, for example, look at the military strength of this country those generations who come up and could serve in the army are very limited, about 650,000 a year and maybe 10 percent of these are fit for doing military service. So the normal conventional military strength of Russia is not growing up, it's becoming smaller and smaller. And the reaction in the surrounding of Russia is accordingly, if you talk to Chinese politicians from eye-to-eye, I don't mention any names so I can tell you what they are telling me. They say Russia, huh. That's the reaction.

So my first point would be not to demonize Russia. What we have witnessed the last years is to some extent a consequence of the fact that for the normal Russians, the years after the end of the Soviet

Union was not a period of liberation and of progress, it was a period of decline. And especially the times of President Yeltsin, that in the West were considered to be the democratic years, were the real bad years of Russian decline. Outsell all the riches in Russia in a form of corruption of the family that was beyond all you could really accept. So people in Russia tell you, okay if you consider this Yeltsin period to be democratic, away with democracy. And for the majority of the Russian population Putin did exactly what they wanted to happen, stabilize the situation, kind of correct the situation and to balance the power of the oligarchs and so on, and so on.

I have a lot to criticize with this development during the Putin years. My biggest point by the way is how they are handling the media. That's the biggest point of concern. But if you would ask the population in Russia and there was a poll published, I think a week ago, that's said that 63 percent of the Russians rather wanted to have an authoritarian regime like the one of Putin, than democracy the Western style Yeltsin example. So that's the situation.

If you are taking all of this together, I believe a wise attitude would be to try to get as many political, personal, civil contacts as possible to Russia and Russian society. Using every opportunity to try to understand Russian foreign policy interests and discuss with Russians making them clear what their foreign policy interests really are. And if you start doing this you will find that there's a lot of very convincing reasons for Russia to go along with the Western world instead of going along with China and other countries because they need assistance. They cannot solve their security problems. They can't solve their economic problems without Western assistance. Their economy right now is natural resources based. Their technology is far behind. Who could give them a chance to catch up in technology? Catch up in modern management of economy.

So I believe we should try to find possibilities to get the Russians out of the corner instead of cornering them. And looking at the present situation, I have to admit I don't know Medvedev personally. I have met Putin several times. Medvedev

is not a KGB man; he's an academic from Saint Petersburg. He has been responsible in the late years for inner reforms in Russia and he has made some speeches during the election campaign in Russia and during inauguration that I found were remarkable. Making speeches doesn't mean he's going to implement what he has been saying, but if he would start to implement it would be a good thing for Russia.

And I personally feel we should give this guy a chance to win a power bases in this twin system between the President and Prime Minister. And give him a chance and if he wants, help him to do some of these reforms.

Now my last remark, I sometimes have the feeling when I talk with my American friends about Russia that the difference in perspective was not only geography but it also was time. My impression is that Americans have a strong tendency to expect good results in the shortest possible time. I didn't expect Russia to become a democratic country like Western European countries or the United States of America within 25 years.

I thought that two generations, 60 years, probably three generations would be a realistic time perspective. Where should all the democrats come from? They never had democracy and I didn't see in Russia a guy like Konrad Adenauer that we had in Germany. And we had a lot of people who had experiences in running a state on a democratic and lawful bases, nothing of that in Russia.

So I believe that the Russians need a lot of time and we should decide to assist them to become an accountable country. And I hope that whoever is becoming President of the United States, which is a tough question and all of the Europeans are interested, actually everybody in Europe is convinced that we should participate in the election.

This President of the United States is so important for the development of the world that we should have a vote in this one. But I think we should discuss this question very thoroughly because also for us it makes a lot of good sense to try to win the Russians over to become an accountable partner for the

Western world instead of cornering in pressing them into an opposition position to the Western world.

Okay that's it. Thank you.

MR. PIFER: Jan.

MR. PETERSEN: Thank you very much Steve. I would like to say a few words as a Northerner, Northern European. As you may know my country is not a member of the European Union, which means that our agenda is set by partly by our bilateral relations with Russia and perhaps to a larger extent than a lot of other European countries by our membership in NATO. But not being part of the European Union means that all the discussions that go on in the European Union will not really translate into a discussion in Norway. So my perspective might perhaps be a slightly different one.

One more difference is important, like Russia we are an exporter of oil and gas. We have high hopes for our major oil company being given the sizable part of the developments of the Shtokman field. And we have still a problem with Russia not having solved the delimitation offshore. We still have 177,000 square kilometers we disagree on and those are important

square kilometers. We guess we will may find oil and gas under the sea bed.

One further element which distinguishes us from most other European countries, we have a common border with Russia. Not a very long one, but still a common border which is by the way also a Schengen border.

We very often hear from Russians that they are concerned about moving NATO up to the Russian border. Actually along our border NATO and the then Soviet Union, now Russia, had met for the last 60 years and I dare say this is the most peaceful part of the Russian border, which is something that my Russian friends seldom do respond to.

But after the fall of the Soviet Union we have been able to develop a very, very promising people-to-people relationship across that border. In the Cold War years we had very, very few border crossings. Now I think around 100,000 people cross that border every year for tourism, economic activities, cultural activities, whatever, trying to

develop more of a relationship we had before the revolution.

We see the Russians resuming flying Cold War bombers along the Norwegian coast. We do not perceive this as a threat, but it is a language which I use which means that we certainly do use the same language and we will in a few years time have a very modern fleet up North and replace our F-16s. As I said, we don't think this is a threat but we prefer to speak more less the same language.

And we have a special problem which might come up and that is a Svalbard Archipelago, one-seventh of Norwegian territory which is Norwegian territory but according to the Svalbard Treaty people and companies from the treaty countries have the right to equal access to the islands, which means that we have had a sizable Russian population at Svalbard for many, many decades. And it was quite interesting to see that the Russians now have started on a very thorough evaluation of their presence in Svalbard and that is probably going to lead to more and not less, fewer Russians up North.

But what is important is that, I mean when it comes to the flights along the Norwegian coast, their presence in Svalbard, whatever, they are behaving according to international law. And actually, our relationship is a very good one with very, very few problems. Once in a while a few, but not really very important.

So on the one hand we can say that this is a very positive relationship. But then we look into Russia and see what is happening and I think most of us find that the developments are going in the wrong direction. Stability is one question, because we all say that because of the high oil prices and the successes of the last few years the regime will be rather stable and the leadership is extremely popular and will probably go on and go on.

But when we look at the figures it might not be that certain. Obviously the oil and gas production has peaked. We now see a fall in the production four months in a row. The inflation is rather high. The growth is not impressive when you compare with other post Soviet countries. I think they are number 12 in

15. And when you look to infrastructure, health services, whatever, I mean this is certainly an area for worry. And then they have the level of corruption which is certainly a major, major problem. And this means if things continue to do well because of high oil prices, things will probably be fine. But it can easily turn for the worst and what happens when an emerging middle class get disappointed.

After all we saw last week, or was it the week before, a few thousand people started marching in the streets because of problems in their daily life. I mean, this means that we can say you really never know. This is worrying us. Democracy, the rule of law, transparency, press openness, relations to neighbors; all these things to relate seriously worry us.

This presents us with a rather strange picture. Bilaterally everything is fine, but when we look into Russia we are worried and I think this can be summed up by saying the following, so far so good. And that's my assessment.

I have several more minutes, what do we do? Actually I belong to those who think it is important to

try to engage the Russians, bring them in, being as active as they can and I certainly agree with Klose on that one.

But somehow I also feel that I have a slightly romantic idea about this, because if you, I mean, how is the Russian response to this? I'm in many ways rather disappointed. We would, for example, love to work more through NGOs but the new law puts a lot of question marks. It might not be a problem, but it will leave a lot of room to maneuver to the bureaucracy. With the limits on foreign investments, the business environment, the WTO is still not in place, the reaction to the proposed law to oversee elections monitoring, I mean all of these things suggest that engaging with the Russians might be a one way street.

So it leaves me a little bit puzzled. But it is important to move ahead with internal reforms and I think they need to be rather far ranging if Russia is going to go in the right direction.

Then just before I wind up, a few things on foreign policy and maybe this is because our agenda is shaped by the NATO agenda. I would love to compromise,

I mean, bringing them in, try to find some middle ground. But what I consider all of the outstanding issues, I mean let's face it, it is really that we can compromise on. I mean the issue like Kosovo, where there actually was no alternative to what has now happened, less than helpful. Let us look to the issues like the missile shield or the expansion of NATO. Actually the very reason they probably have for opposing this is the very reasons that we can't accept namely that they have to give up the idea that they have some kind of a backyard. And I think that is an idea which we had to be very firm on things like that. And stop playing games with Georgia, I think, is a very, very important message for us to get across.

One of the problems with Russia is that unlike a lot of other nations they haven't really confronted their history. They haven't really asked the questions why do they have the problem with the Balts? Why do they have the problems with other countries? And until they do that, I'm afraid that we will not be able to move forward as much as we would like to move.

Where does this leave me? Actually, I haven't got the slightest idea. I still prefer to be a romantic, but I think we must be prepared for some rough rides in the years to come. Thank you.

MR. PIFER: Strobe.

MR. TALBOTT: Thanks Steve. I realize that I'm all that stands between a discussion with all of you and three excellent presentations. And I say three advisedly because I thought Steve, your framing of the issues was terrific. I was struck as you went through your list of five desiderata answering the famous Freudian question only about Russia. You could have put more less the same list forward about the Soviet Union twenty years ago with changing just a few words which says something about the relationship between continuity and change.

The one answer I would come up with or emphasize here given how much otherwise comment you've heard is the following. What does Russia want? Russia does not want to go back to the Cold War. Russia does not want again to be an autarchy. Russia wants to be part of a globalized world, but once that globalized

world to accept it, Russia, on Russia's terms. I think that, maybe is the essence of the Putin, and I stress Putin, world view.

The challenge for us, the rest of the world but very particularly the transatlantic community is overtime to persuade, which is to say to get our Russian interlocutors to see that it won't work unless Russia in some meaningful sense is prepared to be part of the globalized world on its terms. Now that presents a particular challenge for the United States because we, which is the say our government, must be careful not to be saying Uncle Sam is telling you what you have to do. It has to be an argument that is made and accepted in the context of the rules based international order with the United States unmistakably being seen to be not only part of that order but accepting all of the rules.

That I think goes to an issue that Klose touched on which is on all of our minds, and that is the nature of the transition of leadership under way in Russia today. And interestingly there is almost as much curiosity about who is really going to be the next

President of Russia even though somebody was just inaugurated in that post as there is who is going to be the next President of the United States.

I spent a day in Saint Petersburg last week and I'm an unreformed or lapsed journalist to spend a day in a country means you can write a story about it. And I'm with you. I think that there is the potential there for shall we call it managed continuity and managed change and for exactly the reasons that you say. And it isn't just generational, and it isn't just a significant difference in Mr. Medvedev's alma mater, his institutional roots. It's also the point that you made about what he has been saying. And not just what he's been saying just a couple of years ago but what he's been saying fairly recently with a new emphasis on rule of law and what we must watch very closely and will watch very closely, is whether he means that in terms of the way in which the Russian constitution is either observed or observed in the breach.

Which has implications, by the way, for one area that you identified for worry and that is what's happened to the Russian media. But whether it also has

implications for the way in which Russian foreign policy is conducted.

And I think one reason to reserve judgment on the conventional wisdom that Medvedev is just a puppet or a clone of Putin's, never mind how he got the job. We all know that and that's an objective of fact but it has to do with the constitution itself. The Russian constitution invests an immense amount of power in the office and person of the President. And that power is not like a coffee table or a credenza or a bookshelf that can be moved two miles across town to an office in the White House. It stays in the Kremlin.

I was there last week just as the new team was being unveiled and of course the new team around the Prime Minister was very similar to the old team around the President and much was made of that. But give them time and that's in line that George Kennan used about the Russians in general 50 plus years ago. I would say it is a bit of wisdom that can be applied to these two gentlemen now and particularly the new occupant of the Kremlin.

I want to pick up, basically two points about

Russian foreign policy playing off of something that Jan just said. I'm glad that you reminded us of what you're Finnish neighbors, but I think all of you in the North call the Northern Dimension of EU policy, which I think in the '90s and to some extent in recent years as well has been little appreciated by a very, very valuable aspect of European which is to say EU policy towards Russia.

A series or a kind of Matryoshka doll arrangement of sub-regional organizations intended to promote cross border cooperation and integration.

I had a chance in the '90s to see quite a bit of that at work and it was really quite impressive. It was probably just as well that it didn't get a lot of press, it was maybe more effective as a result. There needs to be more of that. And it needs to get more attention and support of the right kind from the next U.S. administration.

Not least, by the way, because it plays into what I think it is a crucial part of the dynamics of what's going on in Europe and indeed to some extent in Eurasia. And that is that post Cold War new

institutions and post Col War adjustments to old institutions have had quite a bit of modest, but nonetheless promising success in making of that schismatized, two continent land mass, a single community. There's obviously a long, long way to go but there has been progress made and two institutions are at the core of that progress. Both of which your country belongs to and one of which your country belongs to and one of which our country belongs to. And I'm thinking of the EU and NATO. They are at the core of that whole complex that represents machinery that has to be kept running and that means keeping Russia involved.

The last point has to do with an issue that may have come up earlier in the day, but I would like to underscore in its importance and that is the strategic nuclear dimension of Russia's relations with the rest of the world, but particularly with the United States. And what I'm about to say is going to have a kind of "Back to the Future" quality to it. I'm not nostalgic for the Cold War, I'm glad it's on the ash heap of history. But the Cold War did have a saving

grace and that is it stayed cold. And one reason it stayed cold and didn't become a thermonuclear Hot War is because of the institutionalization of arms control and nonproliferation.

And that is a process that began bilaterally and subsequently became multilateral in the context of the Nonproliferation Treaty and that entire enterprise is not in good shape. The institutions are not in good shape, including the NPT. And I would hope to conclude here, that among the first things that the next president does, whatever party, gender or race, that that president will take a page out of the past and make it part of the next chapter of the U.S. and Western relations with Russia. And that means very quickly committing to a replacement for the Start One Treaty which expires in December 2009 that will be a real arms control treaty as opposed to the so-called Treaty of Moscow.

That the next president will engage in a strategic dialogue at some level with, but preferably the higher the better with the Russian government on how to revisit the issue of strategic defenses, which

will definitely of course, call into question what happens at the facilities in Poland and the Czech Republic. But without the resurrection, which is to say the bringing back from the dead of the spirit and substance of the ABM Treaty there is not going to be strategic arms control.

And then also, revisit the issue of the ratification of the Comprehensive Test Ban Treaty so that the United States and Russia can on a bilateral basis be part of the solution to the problem of the unraveling of the Nonproliferation Treaty. I think that would be a valuable agenda in its own right and it would also kind of restore a core that it's been missing for some time in the U.S.-Russian relationship. And the fact that it has a kind of dusty reminiscent quality of the past is not all bad. And not least, because when it had that core in the past it had a lot of support from our European colleagues.

That's it.

MR. PIFER: Thanks very much. Before opening up the discussion let me pose one question because I think all three of you touched on the potential of the

possibility of Mr. Medvedev as President. And certainly he said some very interesting things in the last four months, things that arguably he did not have to say to win an election. The point about rule of law, anti-corruption, separating government leaders from state enterprises. I think one point he made the comment, we don't need to have any adjective before democracy. And there was a lot of rumor suggesting that he was the one responsible for ensuring that the Internet was not covered by the new law on Strategic Sectors. And indeed, he said that the first thing that he does when he wakes up in the morning as he goes to the Internet and that's where it gets as news.

The question I have, it's a two-partner. Is there something that we in the West, in the United States and Europe could do to sort of encourage Mr. Medvedev to assume to a greater role and power, to encourage these tendencies? And if so, maybe we shouldn't try but if you think we should try what should we do?

I'm sorry.

MR. KLOSE: Well, I think it is right now

very much a psychological problem. I believe it depends very much on whether we succeed to give Medvedev the feeling that we having connect hopes with him and we expect him something to do. And I guess the best thing that could happen would be a very close cooperation with a new administration in Washington.

MR. TALBOTT: Yeah, I was going to, while I the was waiting our Alphonse, Gaston and Louie act to end, who was going to speak first, I was just going to quote you and say let's not demonize. First of all let's not demonize Russia because there's no – the Russian bear is never more offensive than when it is on the defensive. And second, I think it flows from what you just said Klose, that we need to be careful in the way the next administration, the next President develops a relationship with Medvedev that we not make it appear that our attitude or our calculation on this side is oh, terrific now we have a much softer leader on the other side because that would just put him in the position of having to prove that he is not.

MR. PETERSEN: Well, just two points. One is that, of course, we need more than words from the new

President. I mean he has to follow up somehow with concrete action. But then the question is what can we do? Well I think it would be quite interesting to see when Western leaders go to Moscow. I mean, who do they meet and for how long? And we certainly need to meet with Medvedev, ask the President and the man in charge; otherwise I guess we will be in trouble. But it would be interesting see how this plays out.

MR. PIFER: Questions? We have a microphone coming. Third row, right here. And if you could just identified yourself please.

MS. ARIUM: Thank you. My name is Anna Arium from the Netherlands. You all are talking about not demonizing Russia, which is a very good thing but don't you think by executing the plan of a missile defense will actually get a reverse reaction from the Russians? Could you all react on that?

MR. PIFER: Can you repeat the question?

MS. ARIUM: The American plan to implement a missile defense in the Czech Republic and Poland will actually invite not a reaction that you want from the Russians. That's basically my question.

MR. TALBOTT: Could I take a stab at that? I think what I hear you're saying has some logic to it if the next administration were to back away from the decision of the current administration with regard to the pouring of concrete and the preparations for deployment of an anti-missile system in central Europe, that would reward the Russians in some fashion for their bullying of neighbors. Have I got you right?

No? Okay. Let's try it again then.

MS. ARIUM: It's the other way around.

MR. PIFER: Going forward with the missile defense, will that not in fact provoke a bad reaction from Russia and get things off to a bad start?

MR. TALBOTT: It already has. Sorry, that makes it easier to answer. I think the decision that is I think has been quite controversial in Europe and by the way in some quarters within the Executive Branch in the United States doesn't make very much sense scientifically, politically, diplomatically, or strategically. And it has certainly been discomforting if not some divisive among our allies. And I hope the next administration, for the reason that you say, will

find a way of slowing it way, way down because one thing I'm convinced of, rightly or wrongly, there are powerful voices in Russia who have convinced themselves that these facilities have the capability not just of being defensive and having virtually nothing to do with a sensible defense against Iranian missiles, but actually have an offensive capability if surface-to-surface missiles were swapped out at some point for the anti-missile system.

Now my guess is that there will be a way of pivoting from the way in which the facilities were originally billed or justified to what would be actually a positive opportunity. And I think that Secretary Gates and Secretary Rice laid the basis for this pivot. Although I'm not sure they would be thrilled to hear me put it this way, I don't want to, well I guess I can't get them into trouble, but in any event I saw their most recent visit to Moscow as being constructive in this regard because they seemed to create an opportunity for the Russians to take what was a thoroughly unwelcome and from their standpoint, threatening development, and see it more as an

opportunity to open up dialog between not just Russia and the United States, but Russia and NATO over cooperative missile defense which has to be part of the discussion in the strategic dialogue going forward.

MR. PETERSEN: Well, actually as a European I do not have a problem with the missile defense and I do not think that we should see this just as an American thing. It is now after the NATO Summit in Bucharest, I mean this is something that quite a lot of other Europeans also subscribe to and none of those governments having a problem, including my own government, really made this a big issue in Bucharest.

I think part of this is that the size and the numbers, so just that the Russian counter arguments are really not all that convincing. And I think this has a lot to do with where the interceptors and the radars will be constructed in the former Russian backyard. I think that is more or less a problem. With all of the suggested cooperation, transparency, I think that this is something that shouldn't be allowed to develop into a major problem vis-à-vis the Russians.

Actually, I believe that there is a rationale

in a world where nonproliferation is, well perhaps not breaking down, but I think we can be pessimistic most of us. I think it really has a rationale behind it, so I'm really not that worried and I don't think that this should be perceived as a major transatlantic problem as some do. Now all the NATO countries really have subscribed to the idea in Bucharest.

MR. KLOSE: Well, I do have some problems with the anti-missile program, both installations in Poland and in Czechoslovakia but not for the reasons that I hear from the government in Moscow. Because saying that the installation of these ten anti-ballistic missiles would change the intercontinental balance between the Russians and the Western world. It's nonsense. I mean the Russians have, I would guess about 2,000 intercontinental missiles and to say, to tell the world that the balance of power would be changed by installing ten anti-ballistic missiles in Poland sounds a little bit funny.

I believe that behind the Russian argument is something else. That's a psychological problem for the Russians. You have to keep in mind that immediately

after the time change of ’89 and ’90, NATO and foremostly the United States made a promise to the Russians that they would not push forward NATO installations into the former Warsaw block countries.

Now the anti-ballistic missile system is not a NATO institution, but the Russians don’t make a difference between an American institution and NATO and also ever since we have not had more bases of NATO in these countries but we have more NATO countries that formerly belonged to the Soviet Union, all were part of the Warsaw Pact. It started with the Baltic States and continue with Bulgaria and Romania and now we’re discussing about Georgia and the Ukraine and for a lot of Russians who are still kind of caught in the categories of Cold War feelings, they have the idea that they’re kind of surrounded on both sides. In the north and in the south by NATO and American installations and they are reacting to this.

Is there substance behind that one? No, I don’t believe there is substance behind it and I would say and underline, yes there must be a natural right of all countries who wish to become a member of a NATO

alliance. However, take a look at this from a Russian point of view.

You mentioned the situation in Russia, somebody did, and in Ukraine. I mean take this example, Vice President Cheney going to Lithuania, making a speech, praising the Rose and the Orange revolutions in Georgia and in Ukraine and then continuing to say, and this now must continue in Belarus and in Moscow. Could you imagine how this is perceived in the Kremlin and what it means for a man like Putin, especially when Vice President Cheney continues to Kazakhstan stands up to praise the great democratic progress that has been made in Kazakhstan?

I mean, I don't want to criticize the present government, no, not really. The one thing that we are learning, trying to do foreign policy is to learn to look at the problems of the world including your own with the eyes of the others. If you can't do this, please keep that a foreign policy. Please. And I think we should work on this point.

MS. FRITZLER: Thank you. Bethy Fritzler from (inaudible). I actually have two questions, one

for the panel and one for Mr. Talbott especially. You, all three, seem to have lit the fuse in common. But unfortunately, what you just told us seems not to be the overwhelming majority view of how to look at Russia neither in Europe nor in parts of the U.S. when I talked to Eastern European friends they think we should do with Russia in a very different way and just over the lunch break I spoke with an American friend who said how can the German government be so appeasing towards Russia?

So my question is what has to happen to make your view of a common view within the EU and within the U.S. and can we forge a common transatlantic view on how to do with Russia? And then the question for Mr. Talbott especially is what you just suggested what the next president has to do after he gets into office, is this your wish list? Or are you sure this will happen even if, not Mr. Obama, the Republican candidate gets into office? Do you have any insight on that?

MR. KLOSE: Shall I start with the last one?

MR. TALBOTT: Sure.

MR. KLOSE: -- translating about the first

one?

MR. TALBOTT: You're going to start with the last one?

MR. KLOSE: Yeah.

MR. TALBOTT: Okay.

MR. KLOSE: Well, I'm a parliamentarian okay? And I'm not government and I'm a social democrat. I always keep saying to 60 percent, the rest is liberal and conservative. Well listening to the wording of the candidates in the presidential campaign, I heard as a common denominator that all of them decided in the future to be, to some extent tougher vis-à-vis Russia than the present government has been.

I don't know exactly what it means. I have an idea what it means in case you have a President McCain because he made some announcements in this respect in the Munich Security Conference, not the last one, the year before, suggesting that President Bush should not participate in the G8 meeting in that Moscow should be ousted from the G8 because they don't belong to this grouping.

I would say, okay, if tougher means that we

really take care of what is going on in Russia, I don't have anything against it because there are some points that need to be criticized. However, I would like to see all possible presidents not to make it a public affair. If you really want to change things and influence people and at the same time win confidence, you have to talk to these people from eye-to-eye. My personal impression is that lately in the Western world we have had a change of policy styles.

We're talking about human rights, but we are talking more because of our own public that tell to show them that we're doing something about it without looking whether or not we achieved something for those who really need progress in human rights. So I would say, yes, I accept what I hear. I don't like all of it, but I hope that some of them mean yes we will be clear cut on Russia, but we will not make it a public campaign in finger pointing.

MR. TALBOTT: I might just say a word and attempt to answer your question. Of course, it's a wish list just I put it in little bit differently. I would say it's one citizen's hopes and recommendations,

I wouldn't put it forward if I thought it was completely unrealistic. And I might add I wouldn't put it forward if I didn't think it was realistic no matter what the outcome of the election. I mean one of the ways to look at this extraordinary drama that you have an opportunity to cover here in this country and this is obviously a subjective judgment on my part is that the United States has a happy problem.

If you look at the cast of characters and I won't enumerate names of candidates that we had six or nine months ago and see that it's boiled down to these three, they are all sitting senators. They have all demonstrated either by their record or certainly by the way they've been talking on the campaign trail that they are moderates. That they will reach out to the other party. And while I would differ with all three of them on particular issues, I think we've seen plenty of examples in the past where simply the dynamics of our democracy require that candidates take certain positions in order to get the nomination. Certain positions to get elected and then leave themselves some room to amend and adjust those positions when it comes

to governing.

Speaking again just as a citizen, I hope very much that will be the case if a Democrat is elected on the issue of trade. If Mr. McCain is elected, I hope that will be very much the case on the issue of whether to maintain the G8. I think Senator Obama, if I'm not mistaken, has subscribed to or endorsed the so-called Gang of Four proposal with regard to the abolition of nuclear weapons as a long term goal, but a serious long term goal for the arms control process. Senator McCain has not, but what's more significant I think is the identity of the Gang of Four which includes Henry Kissinger and George Schultz as well Sam Nunn and Bill Perry.

And going back to your very first point, maybe I'm not getting around the country as much as you are as a reporter, but I find that there is a great variety of views on every issue in the campaign, notably including what to do about Russia. And there's a lot of receptivity out there for what I see as a kind of common sense view which by definition is what you're hearing from this panel.

MR. PIFER: Up here in the front row.

MS. MATTERSON: Thank you, but my question was nearly answered. I just had nearly the same question. My name is Sar Matterson, I live in Germany and I belong to the same wonderful party like Mr. Klose there.

Yeah, I was just wondering how, I mean, we in Germany we are always heavily criticized for being too close to Russia and even Joshua Bolten, the Chief of Staff of President Bush recently in a conference said that Germany and Russia are too close to each other and working on a very special relationship.

Whereas, if you see the natural resources of gas and oil isn't it good to see Russia as a geo-strategic partner and not demonizing as it was mentioned before always this country seeing it more also as a partner that should be engaged and then during this engagement to achieve some changes and some reforms in this country?

MR. KLOSE: Well, I must repeat I believe that yes, we should try to find a basis for reliable cooperation on the basis of acceptance of rules and we

should follow this line with enough patience. Nevertheless, I believe that all countries in Europe and especially Germany has to keep in mind that if the rest of Europe and the rest of the world gets the impression that Germany is trying to get a kind of a special relationship to Russia, this will lead to some kind of reactions.

Reactions especially in countries like Poland or the Baltic States for obvious reasons that I don't have to explain. And I'm saying this because I feel that German government has always, the necessity of being very careful in this respect. And one thing that bothered me very much in the past was during this unfortunate debate around the Iraq War, was this talking in the media and also in politics of an Axis Paris-Berlin-Moscow.

I mean just imagine for a moment you were Polish and you were listening to this kind of wording, you would kind of get into trouble. And if you take some other points like this Center for Ex Police and the debate all around is there a re-writing of history going on? Take the Baltic line for gas supply that has

been agreed between Germany and Russia by the push of Russia, it was not Germany. But all of this has influenced, you have to take this into consideration.

So I believe what is probably the most important thing is to give, especially the newer members of the European Union, which means the Center, Eastern, Southeastern European countries the, well, the feeling and more than a feeling that they are our foremost and most important partners. They are partners. They belong to the family. That's the first thing.

And the second one is we should avoid everything that kind of pushes them into a corner. I remember during this debate around Iraq, it was the French President Chirac who said that this would have been a very good occasion to just shut up, which was something that these countries in the East will on the side of the Americans really like to hear, were expecting that one.

So if you are pointing with the finger on one side, there are always three fingers that are pointing on yourself. That's really difficult. And we must

tell the Russians that we will act accordingly. They should not get the feeling that they could kind of circum-goal this way of Poland and others.

So my plea is that we should be very open to tell other countries how we are dealing with problems so that we are accountable for them. And that is true not only in our relationship to Russia it is also necessary with our relationship with good friends.

MR. PIFER: Wayne Merry.

MR. MERRY: Thank you, I'd like to ask Mr. Klose to comment a bit more on the institutionalization of European engagement with Russia. Because you haven't mentioned the European Union and we had a long panel on the European Union's institutions and policies and Russia was never mentioned. It's not really doing very well. I mean you can't even resume negotiations on the basic framework agreement with Moscow because of institutional problems in the European Union.

Every major government in Europe practically encourages Moscow not to deal with Brussels. Come and deal with me in Berlin, me in Paris, me in Rome, me in London. You never tell them I can't deal with you on

that, you have to go talk to Barroso or somebody else in Brussels. You never do that. I must say your own government is particularly at fault here because you have a bifurcated policy towards Russia, one from the Chancellery and one from the Foreign Ministry, because you're a Coalition government.

And you know, a lot of the rationale for the inclusion of the former Warsaw Pact and the Baltic States in both the European Union and NATO is that it would give them a sense of security and comfort and would assuage their understandable historical problems with Russia. But in some cases it seemed to do exactly the opposite. It has tended to make them feel now that they can pursue their quarrels with Moscow within the sort of safety of these institutions.

So how would you actually in concrete ways for the new Russian administration try to institutionalize the relations between Moscow and Europe, not an individual country like Germany but Europe? Because as it is now Europe is very much fragmented in its relations with Russia and the whole of Europe is much less than the sum of its parts. And

this puts, not only Europe at a huge disadvantage, but it means that you as the principal economic interlocutor with Russia really are not having much of a positive impact where I think you really could.

MR. KLOSE: You know I love that kind of question because to answer them needs at least a seminar of one week and I'm not sure whether we will agree after this one week because it has always been my impression that for a normal United States citizen to understand the European Union is very, very difficult.

What is the European Union? I mean the European Union is an entity on the basis of international law. We are sovereign states and that makes a big difference. There's no similarity to what the United States of America is like. We the Social Democrats had in our program of 1923, I believe, the demand for the United States of Europe but I'm afraid at least in my lifetime I will not grow up to that one.

We will continue to be the European Union. And the European Union is a kind of a synonym for our constant compromising. And this is especially difficult right now. Why? Because the European Union

has been increased by ten members, 12 lately and with every member to the European Union we have become bigger and weaker. Because with having more members, it's becoming more and more difficult to find a common solution because until today the European Union is kind of a veto community. Every country, even the smallest, Malta, can stop everything. So we are compromising all the time. Maybe we achieve with the Treaty of Lisbon some progress, but I'm not sure about this because we're going to have a referendum in Ireland. And the Irish, I don't know.

Well, they have heads of their own. So I don't know. Now what is the reason why we have these difficulties right now? Because the European Union right now is in, however you put it, in a phase of renationalization. Why? Because all of these countries who just became members of the European Union, the tenth and then the twelfth, they just regained their sovereignty after years and years of not being sovereign. They all knew they would have to accept the so-called key to become members of the European Union, but their readiness to accept more

sovereign rights being transferred to Brussels is very limited. Because they want to live out their sovereignty which I can understand. I don't blame them for that.

But we have now this situation that we have to overcome that situation and it will probably take, my guess would be ten to 15 years until all these realize that being a member of the European Union is a win-win story after all. And that it's good for Europe as a whole. So I don't believe we will overcome these difficulties very soon. But listen, if it takes another 50 years to make progress in Europe, if it's heading in the same direction that we have had the past 50 years that's fine with me.

You can see this especially in the relationship European Union to Russia. We have a partnership and a cooperation treaty with Russia and we have to negotiate a new one, but so far we couldn't start because first Poland opposed negotiations because they have some bilateral problems to Russia concerning meat and some other things. Not unimportant, but not the world really.

Okay. Then finally we had a change of government in Poland, we discussed it with them. We solved the problem. Then we had a problem suddenly with Lithuania. They wouldn't agree that we started negotiations on different points. So that's the situation that we're in. But right now the Lithuanians withdrew their conditions and now we can start with the negotiations. I'm hopeful we will agree, it depends on who is leading the negotiations.

Now your specific nice questions concerning Germany Foreign Minister and Chancellor. Well, I tell you in democracies it happens that sometimes a Chancellor who is Chairman of one party and a Foreign Minister who is Vice Chairman of the other party don't agree on all points. That happens.

And I believe you should not overestimate that. If you look at the German foreign policy of the last, let's say 20 years. The most astonishing thing is, taking the new Leftist Party aside, there's a huge amount of consensus in questions of foreign policy. And that includes the Chancellor and the Foreign Minister. If there are differences, it's not different

in substance. It's only difference in style.

The Chancellor has another background than the Foreign Minister. She was born in Hamburg but she grew up in the former GDR. She has special experiences of what an authoritarian dictator regime would mean. Steinmeier grew up in Western Germany in the Federal Republic of Germany that leads to some differences. But don't be afraid. We continue with a lot of consensus in foreign policy and you will see it.

MR. PIFER: Strobe.

MR. TALBOTT: Listening to an exchange of this kind between a European statesman and I gather from your accent, an American expert on Europe always invokes in me two reactions. One is edification, which is to say I learned a little bit more about how incredibly complicated and often to a frustrating degree complicated Europe and the EU are. But my second reaction, I'm going to put into a category that Jan called romantic and maybe naïve and maybe simple minded. But it is the following; peace. Europe has become a zone of peace.

I'm 62 years old. I worried about a lot of

things in my life. I have never worried about my generation having to do what my grandfather did in 1917 when almost got killed on the Eastern Front in World War I or what my father did in World War II and he came very close to losing his life in Normandy.

My generation has not had to worry about that. And I don't worry about it for my kids' generation or my grandchildren's. I got plenty of other worries. And I don't say this because this is not in the least interesting or useful to probably the Europeans present or the American experts on Europe, but if there's anybody who is not in those two categories here and when I need to understand the EU I go to Dan Benjamin and say what in God's name is all of this about that they are doing now?

But I know what it's all about in its essence, which taking what was a zone of horrendous, unprecedented blood shed for centuries and turning it into a zone of peace.

MR. KLOSE: Right.

MR. PETERSEN: Could I just add one point, because I belong those too back home. I'm not happy

with Norway not being a member of the Union and of course I understand the frustrations about new members coming in and putting their agenda forward, but actually seen from outside in Europe I think the European Union had coped remarkably well with this expansion because it's a big number of countries within a rather limited time and I think you are really handling this as well as it could and it is certainly something that in due time will turn out, I mean it is a remarkable success story already. And it will turn out to be more of a success story in the years to come, so –

MR. TALBOTT: Compliments from two non-members.

MR. PETERSEN: Don't be to pessimistic, that's my message.

MR. AKYUZ: Thank you. Abdullah Akyuz TUSIAD, Turkish Business Federation.

My question is about the divergence of U.S. and European energy policies vis-à-vis Russia. When we look at the U.S. policies we see a concern about the heavy dependence of European countries to Russian gas

and also we see U.S. efforts to support some other alternatives to bypass Russian control. But when we look at the European side we see almost every European country making deals with Russia and there's not much strategic concern or dependency concern apparently.

So in light of what you have been saying in terms of engaging Russia, can we say that this European energy policy is an indicator of engaging Russia and not confronting it? Thank you.

MR. KLOSE: Well, the first thing I would like to say is if you look at those countries who can offer the world energy you don't have too many pleasant countries, Norway is one of them.

MR. PIFER: Good catch.

MR. KLOSE: No, I mean I have to tell the truth. But if I look at all of the other major suppliers and regions, most of them are very unstable suppliers for energy. And most of them are not what we would say democracies from a Western European or American standard that includes Saudi Arabia to take the biggest example.

So nevertheless there is a need for energy

and we have to try to diversify which means those who are producing energy and those who are transporting energy and we are trying to do so also within the European Union because we are talking about different lines. Some of them kind of bypassing Russia, for example when it goes about gas coming from Turkmenistan or Uzbekistan in this area, but put it in whatever manner you want to. There remains a large percentage of reliance on Russian energy supplies.

On the other hand, I mean if we talk about dependency there is also a dependency of Russia on Western Europe because we are those who are buying their energy. And so far they don't have too much alternatives to this. What they want to, they want to achieve Western European technology and they want to participate in the systems of transferring the energy into companies and households and so on. They want to be part of that, distribution is their main word.

And we in, especially in Germany, feel that with caution and with some kind of conditioning we should accept this, to kind of intertwine the two economies, Russian and Western European. This would

probably be the best guarantee for security in the future.

Let me make another general remark. You know one of our European or EU difficulties right now is that we stress the fact that Russia is a European country, but so far we have not succeeded in defining the European role of Russia. And taking such a big country like Russia, you have to define for them a responsible role.

Now I don't want to talk about visions because we used to have a Chancellor who recommended to all people who had visions to go to hospital. That was Helmut Schmidt. I personally believe that the European Union should not exclude the possibility of one day having a member state called Russia.

MR. TALBOTT: -- a state called Turkey well before then I would hope.

MR. KLOSE: I believe this is mostly up to Turkey.

MR. PIFER: And maybe up to Russia, too.

MR. KLOSE: Okay, now we have the whole scale.

MR. PIFER: I think we're almost out of time, but I see a question from Dan Benjamin so I will give him the opportunity to ask the last question of the panel.

MR. BENJAMIN: Well, I'm not sure I wanted to do that but I want to thank the panelists for a very enlightening and it seems to me a gracious panel. And I hear three different flavors of engagement being expressed, but their not very different and I would submit that you could probably find them all at Ben and Jerry's or Häagen Daz or whatever. They're all in the same store.

That is at a level of, it seems to me the long term that I think we can all grasp. The problem is that if you look at the very near term there are a number of bumps in the road which may actually be landmines in the road. Specifically the chances are great that in the fist six months of 2009, which I would say is the window for changing the relationship with Russia or at least when that window opens because of a new American administration, decisions will have to be made on Georgia and Ukraine in NATO.

Now Ukraine may decide it's not ready to make a more formal application, but Georgia, you know, NATO is more popular there than it is here and they will inevitably want to be in. And the Russians at this point are playing, are pursuing a strategy that can be described as saber rattling without any allusions. And it's quite possible that given the trajectory we're on, given the promises that were made a Bucharest. Given the optical advantages to Germany and France of bringing these countries in at the 60th Summit, you know, that's almost a forgone conclusion.

How do we negotiate these two seemingly irreconcilable facts? Accession on the one hand and profound Russian objections on the other.

MR. KLOSE: Well, I mean there's a common denominator for all, in large decisions of NATO. That means the admission of a new country should improve the security situation of NATO countries. That's the common denominator.

Now taking the case of Georgia, the situation is as it is. There are two territory conflicts going on, South Ossetia and Abkhazia and I don't believe that

the majority of NATO countries is willing to get into an immediate confrontation with Russia right now.

The second question I would say, we have had observers in the last elections in Georgia who was oversee observers and their reports have not been altogether satisfying. That doesn't mean that I want to make a judgment on this situation in Georgia, but I believe that the position of the German Chancellor that the door is not closed, but not now was a decision that was adequate to the situation.

In Ukraine the situation is even more different because we know from polls that a majority of the people in Ukraine is fiercely opposing Ukraine becoming a member of NATO. And the third reason I have pointed out already in former times. I think we should, if we talk about enlargement of NATO in the direction of the Southern side of Russia we should at least consider security objections that the Russians might have.

Because going into confrontations just for going into confrontation or for reasons of principle doesn't make too much sense. So let's make practical

steps. Again, let's try to cooperate with Russians and get them acquainted to a new world, which takes times. And then probably this situation will change to the better for all of us.

MR. TALBOTT: I might just say a word that I would hope Steve that you as an Ambassador to Kiev would say something on the Ukraine piece. I just would agree Dan that Georgia/Abkhazia has the potential to blow up in the face of both President X of the United States and President Medvedev in Russia. But more depends on President Medvedev than President X, although a certain amount depends on President Saakashvili as well.

Russia is pursuing a policy that could bluntly be described as irredentism with regard to Abkhazia, but with an awful lot of support from the Abkhaz. And Russia has been doing so with a lot of support from the Abkhaz since the end of the Soviet Union. This is not something that began during the Putin period although he escalated it and exploited it. There's no question.

And there needs to be, how shall I put it?

Degree of finesse between both Tbilisi and Moscow in the handling of this that does not concede the point of sovereignty and territorial integrity, but I think it's in the interest of all three presidents, one still to be determined to keep that from blowing up.

MR. PETERSEN: Perhaps we should remind ourselves that what we are discussing will be the MAP process. I mean the membership is a long term perspective anyway. The question is whether it should be granted in MAP or not, which I think anyway in the case of Ukraine is making quite a lot of sense.

The question the Russians will have to answer is, which they have never answered, I mean satisfactory is what is really the security problem for Russia of the NATO expansion? I mean it's always remained a rather rhetorical responses to that one. And I think those are the questions, I mean, they need to engage in. I've had a lot of discussion with the Russian members of the Duma and we are a very, very long way from really going into a substantive discussion.

It's more about the history, the question of being kept out of the bigger society. Feeling that

they have been slighted, so – but getting down to substance is extremely difficult anyway with my Russian colleagues.

MR. PIFER: If I might just add a word on Ukraine, I think Ukraine now qualifies for a Membership Action Plan in a sense that if you look at where Ukraine is in terms of its political, economic, and defense sector reforms compare that to where Bulgaria, Romania, Albania were in 1999 when the received Membership Action Plans. Ukraine is at least as far along and arguably perhaps further along than some of those countries.

There is the question about public support and I think Ukraine has enough public support now to say yes to a Membership Action Plan, certainly not to an invitation to join. I think you have a situation again comparable to Slovenia and Slovakia, where 1999 the public support for membership was fairly low and it was expanded. It grew during the course of the membership Action Plan.

I was actually fairly optimistic for Ukraine's prospects for a MAP, if not in December then

at the April 2009 Summit following Bucharest but I guess I'm a little bit worried now when you look at the situation in Kiev. Once again, the political leadership there seems to be returning to its favorite pastime which is political infighting which unfortunately has so dominated probably 60 percent of the last two years, that they may not be able to sustain the policy approach and the focus on NATO. They may not get their homework done so when December comes or when April comes this question may be one that gets pushed down the road because of Ukrainian failure to deliver.

I think we have run a little bit over time but let me ask you all to join me in thanking our panel for their time today.

(Applause)

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