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BUSH'S TRIP TO EUROPE: MENDING FENCES OR MORE OF THE SAME?

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P R O C E E D I N G S

MR. STEINBERG: Well, good morning, and welcome to Brookings. We're delighted to have you here today for our pre-trip briefing before President Bush's trip to Europe. We're fortunate today to have with us several people who have experience in pre-trip briefings before presidential trips, although in a slightly different setting, but at least some sense about what goes on in terms of the thinking and planning for presidential trips and the issues before us.

As you know, the president is making a very high-profile trip—which he announced right after the election—to Europe. And to talk about it we have, first, senior fellow Ivo Daalder, who's going to describe the trip and what the expectations are; and then the head of our Center on the U.S. and Europe and senior fellow here, Phil Gordon, well-known to all of you, to talk about some ideas about what maybe should be going on that may not be happening during the trip; and finally, our empty seat here will soon be occupied by Fiona Hill, also a senior fellow here, who's going to talk about the bilateral that the president will be having with President Putin in Slovakia at the end of the trip.

For those of you who don't want to feel like you're being scooped, I just want to let you know that even though the president tried to upstage this briefing, it appears the president's going to name Ambassador Negroponte as his new national intelligence director this morning. So you won't be surprised when you leave the room and that's on the wires.

But back to Europe. Ivo?

MR. DAALDER: Thanks. This is the first trip of Mr. Bush's second term. And the fact that it is to Europe—to Belgium for meetings with NATO and the European Union, then on to Germany for meetings with Mr. Schroeder and a speech in Mainz, and then finally to Slovakia for a meeting with Mr. Putin—it is the first trip and it's an important trip. It is an important trip that will set the tone, in many ways, of this administration's second term.

Let me start with that issue, the issue of tone. Tone is important. It seems that ever since the president was reelected on November 2nd, he has gone out of his way to try to project a different kind of tone when it comes to talking about European-U.S. relations and, indeed, when talking about Europe. It has become now part of the administration's lexicon to talk nice when it comes to Europe. That's different. We didn't have that too often, at least in the first term.

Bush said in his first press conference after being reelected, on November 4th, his opening statement was all about the importance of working with Europe and with partners and friends. He mentioned NATO and the European Union, he talked about reaching out to the allies and working together. He did so again in his inaugural address, which was empty when it comes to the mentioning of all the countries that the State Department, I'm sure, would have loved to have seen mentioned in an inaugural address, but, again, reinforced that the United States and this administration wanted to work with Europe. And he did so, finally, in the state of the union address, once again reiterating that he looked forward to working with Europe on the host of issues that confront us, the United States and indeed the world.

The secretary of state, moments after being sworn in, got on an airplane and traveled to eight European countries as well as to Israel and the West Bank. But she did not go to Asia, she did not go to Iraq, she did not go—aside from Israel and the West Bank, she didn't go anywhere

else. She went to Europe. And of course the president is making his first post-inaugural trip to Europe.

The new tone that this is supposed to underscore matters in the very same way that the tone of the first term mattered. So style can sometimes have a substance all of its own. And we remember what the first term was all about. It was about old versus new Europe. It was about comparing Germany to Cuba and Libya. It was about serving freedom fries on Air Force One. It was, as Condoleezza Rice was reported to have said, about forgiving Russia but ignoring Germany and punishing France. That kind of rhetoric had an impact on the way the United States and Europe dealt with each other. And the fact that that rhetoric is now, like the old Rumsfeld, gone, apparently—although yesterday on the Hill it may not have appeared that way—but at least in Europe that kind of rhetoric appears to be gone for the moment, that's important. It sets the possibility for a positive new direction in relations between the United States and Europe.

So that's point one about this trip. Point two is something that perhaps people have missed in the United States but I don't think has gone unnoticed in Europe, which is that there is a seemingly new appreciation in Washington—in the White House, in the State Department—that Europe can be a good partner for the United States in dealing with the problems that are out there.

Clearly, Bush has learned in his first term that there are limits to what America can do by itself. He only has to look at Iraq, where 85 percent of the foreign troops, 90 percent of the casualties, and 95 percent of the reconstruction dollars are American. He only has to look at how the war on terror has gone to realize that it couldn't have gone as well, particularly with regard to the roundup of al Qaeda leaders, without the active cooperation of other countries. He only has to look at North Korea, at Iran, at Libya, at dealing with the AQ Khan network and the entire challenge of nuclear and other weapons of mass destruction proliferation to realize that he needs allies and partners to deal with those kinds of problems.

What's new is that Bush and his administration are entering a second term seemingly understanding that a strong united Europe is far preferable as a partner than a weak divided Europe. Condoleezza Rice, importantly, when she went to Europe last week, came with the message that, for the first time in this administration, for the first time in four-plus years, underscored that the United States supports European unification, supports European integration, wants a strong Europe to speak with a single voice, was not afraid to be confronted with a strong Europe.

That's different. Before, it was all about dividing Europe by picking out allies individually to create coalitions of the willing among old and new Europe. Now there is at least a rhetorical commitment to say we want a Europe that is whole, that is united, that is strong, and a partner of the United States. And I would expect the president to make this a major theme in his speech at Mainz come next week, the importance of European Union in a way that in fact Mr. Clinton, in his first trip to Europe, to Brussels back in 1994, also emphasized the importance of a strong, united Europe to American policy.

And it is important that the president, who is going to Europe, is making his first stop not—as he did in June 2001—in one of the allied countries that was closest to him—then he went to Madrid—he's going to Brussels. And he's not just going to NATO, which is where U.S.

leaders always go, he's having a meeting with the European Union the very same day—again, underscoring that this administration wants to work with Europe.

That's the good news. Here, however, is the potential bad news, because the reality of the relationship over the last four years—and frankly, over the last 12 years—is such that differences of view on all the major issues have emerged between the United States and Europe. And a new style and a new commitment to working with a united Europe will only buy you so much.

On all the major issues, whether it is Iraq, whether it is Iran, whether it is Hezbollah and the war on terror, whether it is on multilateral institutions to deal with things like war crimes, with climate change—on all these issues there are major differences between the United States and Europe, differences that have emerged over the course of many years, that have been strengthened in part because of the way the relationship has deteriorated over the past four years, but differences that are real, that are going to be difficult to bridge, that reflect different interests, different views of the situation, and different ways of how one deals with the world that are not going to disappear.

On Iran it is clear that the Europeans believe that the only way we can stop the nuclear program is through direct engagement, through a strategy that says if you accept a limit on your nuclear program, we are willing to engage. That's not the administration's view. The administration's view does not believe that one rewards people for behavior that is expected and in fact required under international law, and it doesn't want to engage.

On China we will have a major difference over whether this is the right time to lift the arms embargo. No matter how the arms embargo may be dressed up by the Europeans as a political gesture to Beijing with no strategic importance because the new code of conduct is going to prevent the transfer of weapons and technologies that would make a difference to the balance, that's not the way the United States is going to look on this issue.

On Iraq, the basic difference about whether the war was the right thing to do and what will happen inside the country will remain, I think, a major source of concern.

And finally and most dramatically, the kinds of issues that divided Europe and the United States over the role of multilateral institutions, that's not going to change. The United States is not going to join Kyoto, it is not going to join the International Criminal Court. It in fact will continue to resist having the Sudanese human rights violators, persons charged with crimes against humanity, be tried in the ICC.

On a whole host of issues you will continue to see, to use a phrase that Jim Lindsay and I came up with, a belief that an America unbound is in many ways a better and more secure America, whereas Europe will believe that an America re-bound is what will make for a better and more secure world.

So the real proof of the pudding on whether there is a willingness to translate different tone and a willingness to work with Europe into trying to resolve these issues will come not at this trip, but what comes afterwards. Is the administration willing to actually implement what it says it is now willing to do? Condoleezza Rice came before the Senate in her confirmation hearings and said that the time for diplomacy is now. Well, diplomacy involves more than what the president thinks it—or has said it involves, which is to send Condoleezza Rice out in order to explain America's motives and its intentions. It involves more than what the president said that

he was willing to do, which is to reach out to the Europeans and explain the decisions he had made. It in fact involves sitting down at the table, trying together to define the problems in a way that will allow the people to develop common strategies to deal with those problems.

Is there a willingness to sit on Iran and say let's leave our policy at the table and your policy at the table and come up with a joint strategy, one that is complementary, in order to achieve the goals that we have? Is there a willingness to engage in diplomacy, the give and take that is implied in that word, in order to reach common strategies? That is going to be the ultimate test of whether this trip sets the new course in U.S.-European relations or whether what we're going to see is a feel-good trip that, in the end, does not change very much the way Europe and the United States have related to each other in the past four years.

MR. STEINBERG: Thanks, Ivo.

And now for the answer to what they should do to build a complementary relationship—Phil?

MR. GORDON: Ivo has just talked about what is, in terms of the U.S.-European relationship and the president's upcoming trip. And I will, Jim, try to talk about what could be, or what might be, or, I dare even say, what should be.

I hope that when you all came in you picked up a copy of this Compact Between the United States and Europe. There are some of these outside. I'd like to tell you what this document is, what it means, and how it relates to the diplomacy that Ivo has talked about.

What it is, it's actually a rather remarkable piece of paper. It is a specific, detailed, and comprehensive strategy written in the form of a diplomatic agreement between governments and signed by 61 prominent figures on both sides of the Atlantic—31 Americans and 30 Europeans—many of whom have held senior government positions in the past. On the U.S. side, there are two former national security advisors, a former deputy secretary of state, a former deputy national security advisor who may be familiar to you, a number of other senior government officials, commentators, experts. And same on the European side—several former ministers of defense, foreign ministers, senior officials, commentators.

By the way, on the American side is also a bipartisan group. There are people who have worked for the Reagan administration, the first Bush administration, the Clinton administration, and the current Bush administration. And the point of that group coming together is to demonstrate, contrary to the conventional wisdom that has built up over the past several years that U.S.-European agreement is impossible because we see the world too differently, the agreement on the specifics in this document actually demonstrates that, no, it is possible to reach agreement even on these very difficult strategic issues that we have been fighting about for the past four years.

I think it's probably fair to say that not everyone, indeed probably none of the 61 signatories, agreed with every single bullet point and element in this detailed agreement of 4,000 words. But all of them agreed that the overall outcome of U.S.-European cooperation on these issues was worth some specific compromises within or between issues. And that's the point, that the overall comprehensive strategy of doing this together is worth sometimes sacrificing some specifics rather than just digging in and sticking to your position.

The other point of this document and doing it this way, I think, is to respond to the challenge that Ivo set up, which is to go beyond words and diplomacy and actually make policy commitments. And that's why, when I say what "should be," we think that governments do better. In some ways this document can do better, and in some ways this document is a challenge to governments to do more, because it is very important to start speaking the nice words of diplomacy and reaching out. Already, as Ivo said, I agree, that's a huge step to go beyond the recriminations and accusations of the past four years and do diplomacy and improve the climate. That is very important.

But it's also not enough, because relations and perceptions across the Atlantic in fact have gotten so bad and, frankly, the skepticism facing the president when he goes over there to Europe next week is so high that words will simply not be enough. He'll give an excellent speech about the importance of allies, and it will be sincere. I do think, as Ivo suggested, that the administration has come around to the view that indeed allies are important, legitimacy is important. I think there was a feeling in this country a couple of years ago that we were so powerful that it really didn't matter what the Europeans thought. We were powerful, we were right, there was a new strategic situation after 9/11 that made these issues too important, and by golly, we were just going to go about our business and expect others to follow. And that would be good if they followed, but, if they didn't follow, it didn't matter, because we were powerful and we could get it done. I think we've learned over the past couple of years that it's a little bit harder than that and that what Europeans can contribute on some of these issues, both in terms of resources for burden-sharing and legitimacy in political support, is important.

So we've learned that, and that's why I think the administration is sincere when they say that the time for diplomacy is now and they want to improve relations. But my point is that unless you can go beyond the nice speech, the skeptical Europeans will not be in a position to respond. And we need them to. And it requires compromise and hard decisions from both sides. And that's what is in this document. And the fact that it was signed by so many significant figures on both sides shows that it really is possible across a whole range of things.

In this agreement we cover Iran, Iraq, Sudan, the developing world, the International Criminal Court, the Geneva Conventions, Afghanistan, the Middle East. There are other things that we don't cover. There is an awful lot out there in the world. But the point is even on some of the things where we've had the greatest differences—and by the way, we still have differences on these things—we show that it is possible to reach specific agreements.

Let me just say a word about a couple of those specific agreements, to give you a sense. We can come to some of the other issues in the discussion, but just let me mention three of the most critical ones.

The first is Iran. I'll be the first to admit, I think Iran is probably the hardest issue in this basket now. It's even harder than Iraq, where we're more or less—where we're closer to being on track. On Iran, I'll tell you what we agreed to in this commitment. The deal on Iran would be this: Both sides insist that Iran not develop nuclear weapons and insist that Iran abandon the nuclear fuel cycle, which is to say the reprocessing and enrichment of uranium so that they can build a nuclear weapon. That is a significant commitment because it's not just telling the Iranians don't declare a nuclear weapon and test it, it is saying that we want you to give up the whole fuel cycle.

In addition to that, the United States commits to supporting what the Europeans are trying to do in their nuclear dialogue with Iran. We say that if the Iranians do agree to give up the fuel cycle, then the United States would support what Europe is offering, which is technical support for a civil nuclear energy program in Iran, which is in the Nuclear Nonproliferation Treaty original deal, and give them the right to have that and the United States would support that effort.

The United States would also be open to dealing with the other many differences we've had with Iran over the years, presuming that the Iranians are ready to do that as well.

And then finally, the Europeans would be committing to significant punitive measures to Iran if they failed to agree to this commitment to give up the fuel cycle.

And the point of that sort of bargain, where both sides are giving something, is it maximizes both the carrots and sticks. Because the fact of the matter is on Iran right now, our policies are all failing. The European approach, which puts the emphasis on carrots and incentives, is not working and our emphasis on sticks and sanctions and possible military threats is not working, either. And the problem with that strategy right now, or the lack of common strategy, is that it is impossible to expand both the sticks and the carrots so long as we're not prepared to think about carrots and Europeans aren't prepared to think about sticks.

But if we both get in it together, it's the only way, it seems to me, and it's the spirit of this argument here, to change Iran's incentives structure so that it knows that it really does face consequences, including from the Europeans, if it pursues a nuclear weapons program. They already have consequences from the United States. We already sanction Iran, we don't' trade with Iran, we don't talk to Iran. And they also already get benefits from Europe, which already talk to Iran, trade with Iran, and all the rest. The only way to do this, we think, is to maximize the package of carrots and sticks. Maybe even that wouldn't work, but it's probably better than the current approach, which has the potential for leading to another big U.S.-European split, just like we saw over Iraq.

A second example I'll give from the document is China, which is another looming issue that has the potential of dividing Americans and Europeans. As I think everybody knows, the European Union is considering, or I should probably say is going to lift its arms embargo on China that it imposed after the Tiananmen Square incident more than 15 years ago. And the United States, not surprisingly, is very hostile to this move. It believes that lifting an arms embargo on China would send the wrong signal. From an American point of view, it's the United States and not Europe that is responsible for security in East Asia, that is responsible for security in Taiwan, and the idea that the Europeans, in the view of many American critics, for commercial or geopolitical reasons would start selling weapons to China, where they have no strategic stake, is intolerable. And this really does have the potential to blow up into another U.S.-European crisis.

What we propose in here is a sort of cease-fire on this issue. The United States doesn't respond and retaliate for a lifting of the arms embargo per se. Frankly, the Europeans are going to go ahead with it. But the United States, while still opposing it, would expect from Europe what the Europeans say they're prepared to do, which is to put on a much more restrictive code of conduct which would indeed limit, more than the non-binding embargo that is theoretically there—and present, in fact—the potential arms that could be sold to China. The Europeans

would also insist that China sign the U.N. Convention on Civil and Political Rights, to tie it back to the human rights issue which was the source of the arms embargo in the first place. And the United States would commit, if it's going to retaliate at all, to retaliating against actions by Europeans—that is to say, weapons sales rather than this broad political move of lifting the arms embargo.

One more, and we can come back to all of these in the discussion. But just to give you an example of the specificity that we get to in the document, I'll just mention Iraq. We could talk about lots of the others—climate change, International Criminal Court—but since Iraq is also high on our list...

The United States commits to a contact group including Europeans in key regional states, in which we discuss Iraq's political future and what people are going to do. Europeans commit to devoting, including those who haven't been part of the coalition so far, not to sending troops to Iraq, but to devoting much more significant resources to Iraq. And we have the specific numbers in there—the number of security forces that the Europeans would train, the number of civil servants, judges, doctors, nurses that the Europeans would be involved in training, the billion dollars a year that Europeans would put into construction in Iraq. And again, both sides would be committing to Iraq's political future in that way.

Those are just some of the specifics in this deal. As I say, I hope in the discussion we can come back to the others, but I'll just come back to the essential and main point that we start with, which is that it's very nice that the United States and Europe are now prepared to have better atmosphere and better diplomatic relations. But unless we can move beyond words and actually start agreeing on some of the specific policy challenges out there, we will both fail to overcome the differences between us and, probably more importantly, fail to deal with those global challenges that we all face together.

MR. STEINBERG: Thanks.

Before I turn to Fiona, I want to play a little bit of the usual Washington game here, which is to ask both of you how do you see the personnel changes, in the State Department in particular, affecting the prospects for stronger U.S.-European relations? We have already named Bob Zoellick as deputy secretary—obviously he had a long history, including his role in German reunification. Reports, fairly reliable, that we expect Nick Burns to be coming back as political director, with his service at NATO. Does this make it more likely that the words get translated into deeds? And how do you both anticipate that dynamic developing in the second term.

MR. GORDON: I have some thoughts. I'm sure Ivo does as well. I think Europeans shouldn't get too excited about the personnel changes that we have seen here. I know some of them are, and we've seen lots of articles already, pointing to the very things that you talk about, Jim. But I would just make a couple of points, just to play devil's advocate.

One is it seems to me a little bit strange that Europeans, who I think are excessively hopeful here, see the move of Condoleezza Rice, who was actually the national security advisor in the first four years, if anybody didn't notice, in the period—you know, the person closest to the president in the period that they didn't like our diplomacy, that they somehow interpret her move to the State Department, to replace Colin Powell and Rich Armitage, as a move in the direction of multilateralism, diplomacy, and so on. Maybe. But just on the face of it, the person at the heart of American foreign policy in the first four years going to replace Powell and

Armitage being the sign of some new move toward a different foreign policy, as I say, on the face of it doesn't seem to me to make sense.

Moreover, if you accept that the key players in the first term—I would put it differently. First of all, the president makes foreign policy. And again, if you failed to notice, we have the same president, who hasn't changed his world view. He has a very distinct and clear world view, he's made it clear to the world, he's still the president, and I expect him still to make foreign policy in the second term. And beyond the president, at the next level down, if you accept that the key players in the first term were also the vice president and the secretary of defense, well, they're still there, too, and so are their teams. So the fact that some less senior officials are now at the State Department doesn't necessarily mean great changes.

There are other structural things going on that I think are far more important than the personnel changes, which Ivo mentioned, about the need for allies and some of the rethinking we're doing about that. But if we change our diplomacy, it will be because the president and the other top officials have a different view of that, rather than because they're new people sitting in the top offices at the State Department.

MR. DAALDER: I don't disagree with that, but let me just tweak it slightly in a different direction.

I agree that the president makes foreign policy and I agree that the one person who was the outlier in the first term—Colin Powell is no longer there, so you have a greater unity. But there are two elements to the change that might give Europeans, justifiably, hope of a change.

One is they will now have a secretary of state that, when she says something, it is likely to reflect what the White House wants and thinks. That is not necessarily the case in the last four years, when the secretary of state might be overruled when he came back home on a particular issues. In fact, he was overruled even when he was here. Remember the first indication that things were not going the way that Colin Powell wanted them to go was on the Korea issue back in March 2001, when on one day at the State Department the secretary of state said that we were going to continue the policy of the Clinton administration and move on in negotiating with the North, and the next day at the White House he had to take those words back—as he later said, he was a little forward on his skis.

We're not going to see, I think, Condoleezza Rice out on a limb, being pulled back by the White House. So that when you are dealing with her, as Europeans will, they will know where they're at. It wasn't clear when you were dealing with Colin Powell or Rich Armitage that necessarily what was being told to you was going to eventually be the last word on the policy.

That's one thing. The other thing, that's not unimportant, is that all of the key people on the top are Europeanists by training and by heart. Condoleezza Rice is a Europeanist, now that Europe is a large, whole, and free Europe, including Russia. Bob Zoellick is a Europeanist par excellence, who was the only administration official in the last four years who had excellent relationships with Europe and his counterpart M. Lamy, and knows how to deal with Europe, was intimately involved during the German reunification period. The same is true for Phil Zelikow, the likely counselor, also, although an American history professor, someone who's looked at Europe in great ways. Nick Burns is a Europeanist by training and by profession. The likely assistant secretary, Dan Fried, who in some ways was the most high-ranking person in the previous administration to have actual real European experience, will be there, too.

That's important. It's important to have people in high levels who think Europe. And in the first term, people in high levels did not think Europe. Colin Powell was not a Europeanist. Rich Armitage was not a Europeanist. The assistant secretary for Europe was a Central Asianist. Nothing wrong with Central Asianists, but it wasn't the same kind of perspective that you're likely to get now. And I think that is significant. When the in-box fills up, how will you think about the particular issue is going to have some influence on how you think.

That said, I agree with Phil, foreign policy is going to be driven by a particular world view that the president holds, hold dearly. That world view hasn't changed, so the broad thrust of American foreign policy is not going to change. But the fact that you have these kinds of people in high offices may modulate, particularly if there's a willingness to modulate in the White House, the tone and perhaps even the substance of the relationship.

MR. STEINBERG: Well, I know Fiona would not disagree with the proposition that there's nothing wrong with a Central Asianist. Welcome, Fiona. There's something kind of striking and kind of poignant about the fact that President Bush is going to have yet another critical encounter with President Putin in the heart of the old former communist southern empire. But the old other side of the wall, we've gone from Slovenia in the first term to Slovakia in the second term.

MS. HILL: That's right. Let's hope he doesn't muddle them up.

MR. STEINBERG: Is President Bush going to see a different soul when he peers into President Putin's eyes?

MS. HILL: Yes, that's a very good question. Well, actually, I don't think there will be too much soul-gazing this time around. I think there will be a lot of careful commentary from the White House on that one.

What I'd like to begin with is picking up on Phil's Compact, because if all of you have been flicking through this as you've been sitting here in the audience, you'll notice that Russia is not in it. Russia is no longer a problem in the text, which probably makes us wonder why we're talking about Russia at all and why in fact are President Putin and President Bush going to be meeting this time in Bratislava.

Well, obviously, it's a good thing that Russia's not a problem in the text. It's not the Soviet Union and it's not challenging us on every global front, as it used to do in the Soviet period. We're no longer so worried about a first strike from Moscow, from that still formidable nuclear arsenal. We're much more worried about, of course, fissile material from Russia escaping or getting taken into some of the other arenas that we're most concerned about. Thank God, Russia's not Iran, it's not North Korea, it's not Iraq. And sometimes it may seem that it actually has some positive roles to play on some of these issues.

But clearly we're still concerned. I think there is a shared concern on both sides of the Atlantic, in Europe and the U.S., about recent trends in Russia. I don't think it is at all overstating the obvious to say that we can't really continue with business as usual in the relationship with Russia because there certainly have been a lot of recent trends that could certainly take a turn for the worse. And there are multiple different scenarios about what could happen in Russia at this point.

But this is also why Russia is not so much of a problem, because I think Europe and the United States, actually, on this particular foreign policy issue, are on the same page. We're not deciding about whether there should be a different approach, say, towards Iran, we're not quibbling about whether we should have different mechanisms. We've got the same, shared, opinion that the trends are negative and that we're concerned about the potential clashes with Russia in its neighborhood, which is of course now Europe's neighborhood with the expansion eastward of NATO and the EU.

At the same time, both the European governments and European institutions and President Bush are under considerable pressure from their own constituencies about taking a firmer stance with Russia on the areas that we're most concerned about.

And in that respect, of course, the changes that we've just been talking about here at the upper levels of the U.S. government are also significant, and they put, in fact, Russia in a slightly different place from where the Bush administration would have wanted it to be. Not only did President Bush gaze soulfully into President Putin's eyes last time in Ljubljana, but we also have a secretary of state in the form of Condoleezza Rice, who is not just a Europeanist, she was an expert on the Soviet Union. And the one European language that she speaks fluently is in fact Russian. So no matter what, it's going to be uppermost in Condoleezza Rice's mind that Russia remains an issue that she is committed to even if ,of course, she has an increasingly large portfolio—well, pretty much the same large portfolio she had before.

So the question, I guess, on everybody's minds is will there be something new from the Bush and Putin meeting in Bratislava, will there be a new emphasis in relations? I think possibly the new emphasis is the way that we should look at it. Well, we've also go to bear in mind that we, the United States, have considerable limitations now in dealing with Russia precisely because it isn't the Russia of old. We don't have the same interaction with Russia as we did when it was the Soviet Union, we don't have the same set piece interactions in terms of arms control or the other discussions about areas of concern. But also, it's not the Russia of the Yeltsin period, when Russia was a debtor state -- when in fact the whole process of reform in Russia was largely financed and guided out of Washington, D.C., in conjunction with the IMF, the World Bank, and G7 partners.

Now Russia is something very different. Russia is very close to paying off all of its loans to the IMF and the World Bank. In fact, Russia could very soon be a lending nation to both of those entities. That means that there's not the leverage that there was before in terms of trying to encourage domestic change. If you remember back to a decade ago, when we were having similar tussles with Russia on issues like troop withdrawals from the Baltic states, what happened then? Washington, D.C. would try to call up Moscow and say, well, what about that next tranche of the loan that you were expecting? Perhaps you might reconsider that stance on the troops coming out of Latvia or Lithuania. We can't do the same now in the debate that we're having with Russia about troop withdrawals from Georgia that Russia committed to in 1999. So our mechanisms are a lot less than they were before.

Another mechanism, foreign investment. We had a great deal of discussion in the late 1990s about how this would be the ultimate carrot for a closer relationship with Russia and for encouraging Russia to move forward on economic reform. Well, we've just had a statement from the Russian Natural Resource Minister, Yuri Trutnev, that Russia isn't really all that keen on foreign investments, including in the oil and gas sector, that in fact the only major investors that

can buy stakes in Russian natural resources, the oil, gas, or the strategic minerals, have to have a 51 percent Russian ownership.

That also, then, raises a series of questions, because the growth of the Russian economy since 1999 has meant that most of the really large Russian businesses are flush with cash themselves. Part of this is, of course, related to the growth of oil production and then high oil prices. But basically, the situation is not the same as it was before. And although we've got a lot of investment at the lower levels of the Russian economy, in the service and consumer sectors, especially from Europe, in terms of the United States, U.S. trade with Russia and U.S. foreign investment in Russia is about the same as U.S. trade and investment with Costa Rica and the Dominican Republic. So we're not going to be able to use that as much of a leverage with Russia.

So this is where, actually, I think that the fact that this meeting is taking place between Bush and Putin in Europe rather than in the United States, is actually pretty significant. Because in the final assessment, it's really Europe which is going to be where all the action is for Russia in the future. And although the United States' leverage may have dropped with Russia, think about just for a moment the relations between Russia and Europe. Yes, they're tense, just as they are with the United States. But all of Russian oil and gas flows towards Europe. That actually gives Europe some considerable leverage, too, as the major purchaser of Russian oil and gas, and in fact Russia is locked into a series of negotiations with the European Union about the possibility of increasing its exports.

Russia, of course, joined the Kyoto Protocol, not because of the U.S., for obvious reasons, but because Europe is having debates with Russia about Russian pricing domestically for its gas. So in a way, you could see Russia being leveraged there by Europe on things that Russia wanted.

The vast majority of Russian businessmen and tourists. They flow into Europe. If you think about the situation in most European capitals now, you'll find many Russian oligarchs and businessmen with their second houses or sometimes their first houses, not to mention purchasing European and British soccer clubs. The fact that most of the Russian elite's children are now educated in Europe, primarily in London. I mean, this isn't just to be facile, but there's an incredible development now of networking between Europe and Russia. Even the small country of Finland, right next door to Russia, has 300,000 Russian visitors a year, many on multiple entry visas.

And there's a very tight meshing of trade. Fifty percent-plus of Russian trade is with the European Union and will be set to increase as the European Union enlarges, because if you include Turkey into that mixture, again, Turkey's is one of Russia's major trading partners.

So the relationship with Europe is increasingly important. And the size of Russia's economy, and in fact Russia's population decline, also dictates that, inevitably, in spite of all of the tensions we see now, Russia will continue to move towards Europe. The bulk of the Russian population live, actually, within European Russia. The population to the east of the Urals and Siberia is declining. And in fact, with Russia's population decline overall, one fun fact to bear in mind is that there are more Turks under age 5 now than there are Russians under age 5. So if you start to do the math and project out over several decades, Russia's population is not going to seem that alarming from the European perspective 20, 30, 40 years from now. Russia is going to

be the sort of size of a present-day Germany or a present-day Turkey. And if we think of Europe embracing Turkey, it's not preposterous to think, many decades down the line, of a similar embrace, where in fact Russia does become part of the Europeanist circles for many of us.

So I think that this is an opportunity and, really, a recognition that in many respects the U.S.-Russian relationship also rests within Europe. And if indeed we are getting a new emphasis in U.S.-Russian relations, it can only come if there is a common voice with Europeon Russia. Russia now values many of the relationships that it has that involve many of our key European partners. That's NATO. The relationship with NATO has changed dramatically. Russia actually sees this as a positive relationship now, quite in contrast to how it did in the 1990s. The G8, obviously, is a very important institution for Russia to belong to, and there are many ways of using the G8 process to work directly with the Europeans as well as our other partners, like Japan, to push Russia to recommit to the commitments it had already made in joining these institutions, to be able to enable us to cooperate more closely.

We don't have to have a confrontation with Russia and make Russia the kind of problemthat we have to write about in our Compact with Europe. But I think together with Europe, if Bush indeed seizes the moment here in a Europe trip in which the European Union is firmly in spotlight for once, I think we could actually have something different and not just a feel-good meeting.

MR. STEINBERG: Fiona, in the first term, the cooperation and the kind of strategic alignment over terrorism sort of was the dominant factor in U.S.-Russian relations, and it certainly appeared to be the rationale for subordinating a lot of the other issues that might otherwise have been on the agenda. How important is that terrorism cooperation today, and how much will that feature as part of what goes on between Putin and Bush at the summit?

MS. HILL: Well, we have a bit of a different slant, unfortunately now, on the whole terrorism question with Russia. We did have some fairly productive cooperation in Afghanistan in particular, but I think the relationship on counterterrorism has foundered since that juncture. And in large part, that has been, unfortunately, because of Chechnya. And I think recent events on the ground in Chechnya and the North Caucasus show that we now have a shared problem in trying to help Russia to deal with its terrorism problem around Chechnya.

Clearly, the events in September of last year, the horrific terrorist act in Beslan, and then the continuing reports of increased counterterrorist activities by Russian forces across the whole of the North Caucasus—if any of you have been watching this closely, there's been a series of raids that the Russian interior ministry troops and police have had to carry out in neighboring republics to Chechnya, in Dagestan, Karachayevo-Cherkessia, Kabardino-Balkaria. Putin has had to appoint a special envoy in the person of Dmitri Kozak to the region to try to deal with the problems there.

They're finding it very difficult to find a formula for stabilizing the North Caucasus. And I think there is a real risk that the next target of terrorism from the North Caucasus could indeed be against a Western target within Russia itself, in Moscow. The fact that we've seen terrorist attacks against metro stations, against major public sites, and also against civil aviation related to the war in Chechnya, I think, means that we cannot afford to avoid this problem anymore. And again, it's something that we need to work on with the Europeans closely. Proportionally, the largest number of asylum seekers in Europe last year were in fact from Chechnya. This is a

problem that we all share. It's something that we've ignored for a long time. And I think we have to start working with the Russians to create a momentum for helping them to deal with that problem, which is not entirely I think what we had in mind when we were trying to engage Russia in our counter terror operations.

MR. STEINBERG: Okay. Well, let's turn to the audience. As usual, we have microphones somewhere. When the microphones come to you, if you could just identify yourself and ask your question.

QUESTION: You've talked about the Bush administration wanting to have better relations. Can you flip it and talk about the other side? In Russia, is Putin angry over the U.S. position on Ukraine? Is he under pressure from the elites to be more anti-American? And in the rest of Europe, most of them made no secret of wanting Bush to lose the election. Are they under pressure from their publics to maintain that position, or do they want to improve relations?

MS. HILL: Well, Putin was the one European leader who made, actually, his preference for President Bush very evident before the elections. In large part, that's because the Russian government has been quite comfortable about the relationship with the Bush administration. They've found themselves in a place where, at least for them, the administration was predictable if they took Bush at face value. And in the larger scheme of things for Russia, the relationship with the United States has not been problematic. It hasn't been a major confrontation.

The problem is there are issues like Ukraine that you raised. All the flashpoints in the U.S.-Russian relationship are very much concentrated right on Russia's borders. And there's a great deal of ill feeling now among the Russian elite, quite an anti-American sentiment that has been rising, and it preceded, in fact, the events in Ukraine. It's been, you know, very much linked to this perception of loss of position—the expansion of NATO, then the expansion of the EU—and there's certainly the feeling that the U.S. has not had to take Russian concerns into consideration when crafting its policy.

Now, on Ukraine, the debate in Russia is a bit complicated. On the one hand, there are those who say, well, we need to push back even harder as a result of this failure. But there is also a great deal of discussion, on quite high circles within Russia, and also within the Russian press, about how the Russian government itself made a huge mistake in Ukraine in trying to manipulate the elections in a crude and obvious way, and that this, actually, should be a lesson. So you're getting, in fact, a jockeying now for influence over where to go next. And we in the West in the media also really did play up the pro-Western leanings of Viktor Yushchenko, who in fact is not pro-Western at all, but a very pragmatic politician who, when he was Ukrainian prime minister, indeed had quite a productive relationship with Russia.

So this is going to be a process that I think can work itself out. But there is still the risk that some circles in Moscow will want to hit back. But again, if the U.S. and Europe work in tandem and keep clear lines of communication on Ukraine, there's no reason why this should continue to be a point of contention.

MR. GORDON: Maybe I'll just say about the Europeans, as I said in my opening remarks, it's clearly an uphill struggle. It obviously varies among Europeans, but I wouldn't say that there's this desperation to repair relations, that they're willing to do whatever necessary to do it. Some are more uncomfortable than others with the recent tensions and more keen to put them in the past. But I think it would be a mistake to assume that the Europeans are so keen to get this

tension behind us that they're going to be willing to say, oh, okay, you say some nice diplomatic things, let's put these differences aside.

And I'll just give you an example. I mean, think about a lot of key issues recently—you know, we've all been talking for four years about American unilateralism. Think of European, call it unilateralism if you want, or at least assertiveness. Think about the issues that we've disagreed on. The Europeans have not exactly been lying down and saying have it your way.

The Kyoto Treaty that somebody mentioned. It came into effect this week. The president of the United States declared it dead three years ago, and the Europeans said, no, it's not dead, we're doing it. The International Criminal Court, we said this is a bad idea, we're against it, it shouldn't happen. Well, it did happen. It exists.

Iraq. We said we're doing this, it's important, there's a U.N. Security Council resolution, let's go. A number of the Europeans said no, we're not going. And they're still saying we're not going and we're not paying.

Iran. We've been cold toward the European nuclear initiative and dialogue with Iran, telling them it's not going to work, it's a bad idea, and so on. They're doing it, and they've been doing it all along without asking for our permission.

China arms embargo. We say this is a terrible idea, what are you guys doing, you can't do that. Well, they're going to do it.

So Europeans in general are not exactly acting like they are so uncomfortable with tensions across the Atlantic that they're going to give on all of these issues. They would like to put the tensions behind us, and that's why, as I've suggested, I think there are some deals there. But it will require more than just saying, okay, we're prepared to put the differences in the past, now please support us on all the issues that we've been fighting about.

MR. DAALDER: Let me just add to that. It would be a giant mistake for the president and the administration to think that the Europe they're going to be dealing with is the same one as they ignored for the last, what—when they started ignoring it four years ago. Europe has changed in dramatic ways. One, is its assertions. It has stood up and said we don't care, frankly, whether you disagree with us, we're going to do it anyway. And all issues that Phil put forward.

Second, Europe is larger and more united than it has been in a very—than ever. It is on the verge of adopting a constitution that will give it an even stronger voice in foreign policy and a more united voice than it has in the past. Europe learned something from Iraq, which was that when it is divided, it doesn't get anywhere. Even Tony Blair learned from Iraq that you cannot try to be just with the United States and ignore the rest of Europe. You have to be with Europe, and then you can perhaps put forward your own point of view.

So you have a Europe that is not at all pining for the good old days. For one, they have a public opinion that doesn't, frankly, want to deal with this president. And that's across the board, with the exception perhaps of the Poles. There are, you know, 60, 70, 80 percent of European publics believe that the reelection of George Bush is a threat to world security. It's a serious—and if you're a politician, which all these guys and a few gals in Europe are, they're going to have to listen to that.

So the notion that seems to be apparent in part of the commentariat, but also, I fear, in the administration, that, you know, we're willing to make some good speeches and we're going to

reach out to you and be nice to you, that somehow Europe's going to be ready to say, okay, let's go back to the good old days—as if the good old days were good old days, but that's a different lecture, a different, you know—come back this afternoon for that one—that's just not going to happen. Which is why, I think, the expectation for this trip is extraordinarily high and the likelihood that something very new and positive comes out of it, I think, frankly, is extraordinarily low.

MR. STEINBERG: Just briefly on that kind of thing, the flip side of that, there is clearly a willingness of European leaders to give the administration a second chance. I mean, you can't listen to the rhetoric of Schroeder with Secretary Rice last week, of Chirac in Paris, and not hear a real willingness to say, look, we are prepared to look past the injuries and the affronts of the first term if you're prepared to work with us. So I think Phil and Ivo are correct in cautioning against the idea that somehow Europeans are now going to roll over as long as we scratch their stomachs, but I also think that there is a willingness, even to their own publics, to say, yes, we are prepared to work with this administration even though you, the publics, demonize President Bush and his administration.

QUESTION: Michael Backfisch, Germany's business daily, Handelsblatt.

Phil, you said that engagement is key in the relations with Iran. That actually would provide that the administration is foregoing the goal of regime change and instead accepting the goal of a change in the behavior of the regime in Tehran. How likely is it that it's going to happen. And do you see any chance of a softening in the ideology factor, considering that the overarching objective is the democratization of the Middle East?

MR. GORDON: No, I don't think the administration will or should give up on the notion that we would like to see Iran be a democracy and support human rights. And that goal isn't going to change, and as I say, it shouldn't change. There's a difference, though, between that and a policy of regime change—which I actually don't think the administration has. I mean, at least the last one, the first Bush term, made clear that regime as something the United States was going to get up and do was not the policy. So as a long-term goal that the president has articulated, that is going to be out there.

The question—and this is a hard question; I'm not saying it's easy—is are you prepared to forego active and current measures to destabilize the regime, to get rid of it, or even use military force against it in order to get permanent and verifiable commitments that they're not pursuing nuclear weapons. One of the hardest things in thinking through the Iran challenge is the fact that it's not only the nuclear issue. It's support for terrorism, it's opposition to the peace process with Israel, and it's human rights. And the question—and I have my own answer, but I think we'd all draw this line in a different place—are you willing to tolerate the regime if they forego nuclear weapons if that means that you're also tolerating, in effect, support for terrorism, opposition to Israel, and a bad human rights record? That's why I think you have to set the bar high and say that you will tolerate the regime if you're really permanently and verifiably ensuring that they won't have nuclear weapons, which is probably the greatest challenge from Iran.

And the reason I am for that, as distasteful as it might be if you're foregoing more active measures to change the regime, is I fear that if we don't take that tradeoff, we could end up with the worst of all possible worlds, where if we just take the most rigid line possible and say we're not even going to engage or deal with them on the nuclear issue and we're not even going to

support the Europeans' effort to engage with them on the nuclear issue, we end up—we still have the terrorism, the opposition to Israel and the bad human rights, but then we have a nuclear weapon in addition.

So I think if it's possible—and we don't know if it's possible—but if it's possible to permanently and verifiably end their nuclear program, it is worth tolerating, and if you want to call it engagement, fine, call it engagement. You're still not abandoning the long-term goal of evolving Iran towards the place you want to be. But I don't see any benefit—you know, you might feel better about it by saying you're not going to do that, but you're not actually evolving the regime. So that's why I'm willing to go that route.

MR. DAALDER: Let me both, I think, disagree or modify that and also disagree with the premise of the question. You will not find in this document the word "tolerating" the regime, for a very simple reason. The notion that somehow regime change and engagement are opposite strategies is wrong. I would argue that the way we get regime change is to engage. And I think the European step demonstrated that the way you get regime change in Eastern Europe, in parts of the former Soviet Union is to engage. That's how you get regime change. The greatest engine of regime change, Javier Solana likes to say, has been the European Union.

So let's not, please, set up regime change versus engagement as two opposites. I would hope that every European government would want a change of regime in Iran. We would all want Iranians to be able to elect their own governments. And that engagement is in fact a way to get there. I would argue not engaging with them is one way to assure that the regime won't change. It was the Nobel Peace Prize winner, the Iranian dissident, who wrote in the New York Times that threats to engage for military action was undermining the cause of human rights in Iran.

So let's not assume that engagement and regime change are somehow opposites. It's frankly the mistake that this administration keeps on making, arguing that you cannot engage because that would sort of justify working with the regime. No, the way you change the regime is to engage. You know, we can have a big discussion of this again, maybe a different seminar on Cuba, on North Korea, on Iran. But I would strongly argue that if you want regime change, the way the administration is doing it is probably not the best way of going about it.

MR. STEINBERG: I would also ask about Libya.

MR. DAALDER: And Libya.

QUESTION: Ed Chen of the Los Angeles Times.

How are the Europeans likely to react, despite the nice words we all expect from President Bush, if he goes there with the attitude that look what the United States has done in Afghanistan, in Iraq; I've just won reelection; the American public's behind me; I have a majority in both houses of Congress—do as I say?

MR. GORDON: I don't think those will be the precise words of the speech. But if you're characterizing a tone that you think you detect, I wouldn't completely disagree. If you remember, when he went to Canada, I think that cycle sort of played out. He gave a very nice diplomatic speech about how it's important to reach out to old allies that we had disagreements with, and then when he got asked at the press conference about his bad image in Canada, he responded with the point that you made. We had some polls—as I said, the polls in Canada say

you're unpopular. He said, we had some polls in our country and they just reelected me to continue on the foreign policy that I've been making.

So that mindset, I think, tends to emerge in some of what the administration says. You remember the Washington Post comment about accountability—"We had an accountability moment. It was the election." But that's not going to be the theme of the speech. He's going to try to go beyond that. But I think the point that some of us up here are trying to make is if you don't want that to be the perception in Europe, that all you're doing is saying come and follow me, you've got to do more than give the speech.

And that's why, again, Europeans who—I think Jim was right to, you know, balance what we were trying to say about European opinion. They are open to this. But they're going to be skeptical. And if it's only the diplomacy, they'll remain skeptical. If—and this is just, you know, imagining, because it's not going to happen—but if he also went over there with binding commitments on the environment—he's not going to ratify Kyoto, but if he said here's what we're going to do on toxic emissions, and here's what we're going to do on the International Criminal Court and stop sanctioning Europe countries, and we're going to support the European dialogue on Iran—just for example—then, I think, Europeans might wake up.

Then—and I'll just end it—the challenge would be, do they deliver? And to be fair to the administration, one of the reasons they're reluctant to take some of these steps in the name of getting European response is that they're skeptical that the Europeans would actually deliver it. And that's fair. But the only hope in getting them to deliver, it seems to me, is to address the policies and not just the rhetoric.

MR. STEINBERG: I think in some ways it's very hard to read where the administration is right now. On the one hand—and I think for all the reasons that both you and Phil said—I think there really has been some rethinking about the value of alliances. On the other hand, you have these unscripted moments like the ones Phil described, but also in Condi's briefing on the plane over to London, a very tough line on Iran, both, you know, talking about it being a loathsome regime and ruling out U.S. engagement before she even got there to sit down with Jack Straw and others, and then kind of walking it back when she got to Europe. And that's why I think it's just very hard to judge right now. The president's very kind of, you know, unqualified statements about freedom in the inauguration speech and then kind of walking it back afterwards. So I think in some ways we're all kind of waiting to see, you know, which administration is really going to emerge from all of this.

QUESTION: Nadia Bilbassy from Arabiya Television. Maybe Philip or Ivo can answer this question.

How do you see the rising tension in Lebanon now as a result of the assassination of ex-Prime Minister Hariri complicating the issue? Because on one hand you have France and the United States cooperating with the United Nations Security Council 1559, and then we have Iran and Syria forging this alliance that happened yesterday. Especially dealing with Iran from a point of view and from an American point of view.

MR. GORDON: I don't think it necessarily fits into the transatlantic context. As you say, there's not a very different European and American view on Lebanon. Indeed, one of the bright spots of cooperation in all of this has been the U.S. and the French on Syria have been quite close, coming together for the U.N. Security Council resolution and taking more or less the

same position. So I don't think that interferes with it at all. The Iran dimension that you mention, as you say, the Syria and Iran ties, uniting to oppose threats—by which they mean us—you know, that's another argument for the administration that says, you know, look what the Iranians are doing—you know, not only everything else that they're doing that has always been on our litany, but joining with Syria, which is being unhelpful in Iraq and now is suspected of undermining the situation in Lebanon, it's a further talking point for the administration to argue that we need a tough line on Iran. But I don't really see it interfering in any way, you know, with the transatlantic—I don't see it as a transatlantic issue per se.

MR. STEINBERG: I mean, I think in some ways, as Phil says, it almost works in the opposite direction, which is, particularly because of the French interest in Lebanon, it is one more reason for the administration to have something to agree on with the French vis-à-vis the Iranian behavior, because there's no dispute about Iran's support for Hezbollah. So I think that there is—in some ways, this has been a kind of curious convergence about sort of seeing it evolve that way that actually gives something for the United States and Europe, and particularly France, to work on together.

QUESTION: Jonathan Davidson with the European Commission delegation. I just wanted to comment and ask a question, if I may, on the remarks you've made about the attitudes of the Europeans to all this.

The impression left—I don't really disagree with anything you've said, but the impression you've left in response to the last two or three questions is the Europeans are going to react to this reaching out by the Bush administration. They'll be skeptical, they'll wait and see; the love isn't yet requited. It's unrequited love. I'd put a slightly different gloss on it and then ask if you agree—because you want me to ask you a question.

I think the attitudes of the Europeans will be very similar. The administration said we want to reach out but the Europeans must reach out. I think the Europeans are saying exactly the same: We want to reach out, we want to improve the tonality. We're not going to roll over and play dead, nor is the Bush administration going to roll over and play dead on any of these policies. So really, the attitudes are actually slightly more equal and equivalent than the way you've just been describing them. Yes, we'll wait and see if there are recipes here for real agreement on really substantive issues. But I think the attitude next week of the Europeans is really going to be we must send very positive messages about the tonality of the relationship and we must try to work together on all these contentious issues to see where we can build strategic partnerships. And on a lot of these issues, there is as much room for agreement as there is room for disagreement, and it's very important that we work together in partnership.

So in other words, the European attitude, I think, is going to be a bit more proactive and a bit more positive than the impression you may have left in response to the last two or three questions.

MR. DAALDER: Let me just, on that—I was struck by Tony Blair's speech in Davos on the climate change issue, in which—the point that jumped out at me was his statement that in order for Europe to work on America's agenda, America has to work on Europe's agenda. In fact, very much in that line. I think what Europeans are going to be watching is whether in fact the agenda is going to be, as Ed said, we've won, democracy's great, you know, we're doing fantastic in Afghanistan, in Iraq, so, you know, just get on the freedom train and everything will

be fine. Or is there a willingness here to engage Europe on the issues that Europe thinks are as important—climate change, Africa debt, which are the two issues that Tony Blair wants to make the pinnacle of the G8; international institutions and their role in managing governance in the world. And that's what they're going to expect. And they're going to put that forward in a very proactive way. I agree completely with you. I'm highly skeptical whether they will get the response that they're looking for.

And at that point, you know, the divergence may in fact be even bigger, because Europe has changed so significantly. It is now willing not only to say we disagree with you, it's also willing to say not only do we disagree with you, we're going in a different direction, we're going to take a different train.

QUESTION: Gary Mitchell from The Mitchell Report.

I want to come back to the Compact and make an observation, to begin with, and lead to a question. The observation is it's pretty clear that a great deal of time was spent and a lot of care was taken crafting the language, deciding which issues to cover, deciding which issues were not in there. My question is how much time in this process did the group spend thinking about who this was really written for? Who is the audience for this? Whose mind or minds do you really hope to change in realpolitik terms? And allied to that, what are your thoughts about where to take this other than to simply issue it?

MR. GORDON: As the person who probably suffered most from the process you just described, let me maybe try to answer your question. I'd say two things. One is I think you'd be surprised how little, relatively little, furious arguments over some of the bullet points there was. One might have expected—you know, it was the premise here that there was transatlantic disagreement—that this just turns into the big transatlantic clash and we say ICC, no way; Iran, no way. These are hard issues and there are disagreements.

But I think what was striking about this and the reason why in actually a very short period of time we were able to both put it together and get such an impressive list of supporters is that people agreed with the overall spirit—that the relationship is important, that it requires more than words, and that it is sometimes worth it to make compromises on some hard positions in order to have an overall agreement. And even though it might be painful to accept this or that on Iran or the ICC, when you look at what you get overall on the things that you care about—so maybe, if you're an American, you're not thrilled with the climate change commitments, but if in exchange for that you get some European commitments on Iran that you think are really important, it's worth it. And that was the striking thing about the process, that the people who supported this believed in that kind of outcome.

And in terms of who it's aimed at, you know, that's always an impossible question on almost everything we do. But I would say that it's aimed at an idea, the idea being that Americans and Europeans simply can't agree on hard issues because we see the world in two different ways and we've grown apart and therefore there's no point in trying to work on these together. It is directly targeted at that idea to demonstrate, no, you know, these serious people are willing to put their names on something that says we actually can agree, and that's what we should aspire to.

MR. STEINBERG: What's important is the point that it is concrete, I mean, that there are actually things that people—it's not just kind of aspirational that we can agree on these things

or broad principles, but there are specific things that you can do. And then, in terms of the audience, the reality is that a process will take place, that we've been talking about today, over the coming months, which is to say can you translate this goodwill on both sides of the Atlantic into better cooperation. And I think we all feel that this gives the people who have to do that some very specific things that they can think about doing. And whether they do it all—obviously they're not going to do it all, but as they work through each of these areas, here is something on which people who have both experience in dealing with the problems and represent a broad variety of political perspectives can agree on, and so it at least gives some groundwork for those who have to translate this into the real work of government on both sides of the Atlantic something that they can begin with.

MS. HILL: Jim, can I make a comment?

MR. STEINBERG: Sure.

MS. HILL: The important point on this is the last thing that Phil just said about this being a set of very concrete issues. Because it gets back to the point that Jonathan Davidson made. Whenever we talk, the U.S. and Europe, about issues—and I can use Russia as an example—there's always an assumption that we're talking about different things. For example, in the hierarchy of U.S. interests when it comes to Russia, there's always the war on terrorism and nonproliferation at the top. With the Europeans, those are on the list, but they're not at the top. They're somewhere down towards the middle or lower down their list, and their's begins with the democratic issues, the economic interactions, all the concerns about the shared-values that are at the forefront of European thinking right now, when it's engaging with the countries to the east. But when you get to the concrete issues, to the specifics of the things that we're most concerned about, they're always the same.

And so what this Compact is trying to do and what this whole discussion is meant to do is to show that we actually have common interests on a lot of the issues. Some are more obvious than others. Like the fact that Russia is no longer a problem. But even on issues like climate change, there area lot of things there that we have mutual concerns about. And so we need to get beyond the crude hierarching of issues to get to the concrete substance of things, to actually find where we have common agreement.

QUESTION: Bob Deans with Cox Newspapers.

Should we assume that there's nothing more that the Europeans are going to do to help out in Iraq? Have the elections changed the dynamic in the kind of way that the president is certain to talk about in Europe? If so, in what way might you see Europeans making a contribution to a new Iraq on a road to democracy, as Bush will certainly cast it? And if not, what will be the consequence, what will be the fallout if the Europeans continue to hold back?

MR. DAALDER: I don't think we should assume anything, frankly. But again, if the president comes and says everything is hunky-dory in Iraq and we want you to contribute to our strategy to implement it, the answer's going to be, you know, good luck, and to go concrete in terms of the Compact. There is a proposal to have a contact group, to have Americans and Europeans and the regional members sit together and jointly decide how one can help the Iraqi government and this process forward. That way, you may get some buy-in; that is, you may in fact get people to say if I have a role in deciding the strategy, then I will also have a responsibility for its implementation.

That, up to this point today, hasn't been the case. The strategy has been decided in Washington. However many times it has changed, it is still changed and decided in Washington. And others are supposed to just deliver in its implementation. You're not going to get people who have disagreed with the strategy, in fact with how we got to this point, to say, okay, there have been elections now, we jump on board. There will be some help for the Iraqi government that otherwise might not have been there from the European Union and others—I'm sure of that. But if you really want buy-in, you've got to have these people be part of the process of deciding how you do this.

And that has been the difficulty, frankly, up to this point. And sure there's been improvement on NATO, trying to do it that way, but it's a more generic issue. How are we, as the international community, going to support the process in Iraq? Who is going to do what? If we sit down and concretely engage in diplomacy, the give and take, to decide how we define what it is that we will do, we will get somewhere. But if we're just going to have the slogan of diplomacy rather than an actual commitment to engage in it, we're just not going to get the kind of commitment that frankly all of us think we need.

MR. STEINBERG: I will say, though, that I do think the election has had an impact. And I think it's had an impact for two reasons. One, the Europeans clearly were certainly predicting a much less-good result. There was a lot of European assessment that the elections were going to be counterproductive, that it was going to increase the instability and fragility in Iraq, and—I mean, some of it was just pure analytic prediction and some of it sounded like, in the back of the mind, almost like, you know, that that's kind of what they wanted to see because they were so skeptical about the whole U.S. approach.

And the fact that this was not only sort of objectively a reasonably successful election but it had such a, kind of the visuals of the Iraqis that are having a chance to express themselves, to determine for themselves, I think made the Europeans feel a little bit uncomfortable about their early skepticism about it and created an environment in which they didn't want to be seen on the wrong side of—somehow begrudging about this really very positive display, at least for the parts of Iraq that were able and willing to vote. And I also think that there is a recognition following the election that there may be some opportunity here to begin a process that everybody has an interest in, Europeans and Americans.

And so I think that the general climate about Iraq is slightly different in Europe. I was just there a week and a half ago, and I just sensed there's sort of a different sense about how the Europeans wanted to posture themselves. Now, that's fully consistent with what Ivo said, which is that it still, in terms of a significant European role, they're going to need to have a voice in helping to set policy as well as being asked to do things, that this is clearly not going to be a situation where they're just going to provide backing for the United States in whatever it wants to do. But I think there is a new attitude. You certainly heard it in Schroeder's comments about what Germany was prepared to do, which was, for him, who after all had been sort of the person who started this whole thing in many ways way back in 2002, a pretty forward-leaning thing in the face of a public which is pretty hostile.

Let's take one more question.

QUESTION: Hamud Zetri [ph], Austrian TV.

On what fields in the Compact, or on what field, do you think it's most likely to reach something like a breakthrough, something like an ice-breaking function from either side, from the American or from the European side?

MR. GORDON: I think the most likely things to be delivered on in the Compact and on the difficult issues is Middle East peace and Iraq—and I'll qualify the latter. But Middle East peace, we really don't disagree anymore, at least in the short term. The Europeans have been clamoring for years. One of the biggest tensions in the relationship was they wanted more U.S. engagement, they didn't think we were engaged, we weren't doing enough for that. And now we're doing it. And it's because Arafat died and not because of any fundamental change, but for whatever reason we're going to do it. The Americans are giving money to the Palestinian Authority and inviting Abu Mazen to the White House and supporting the process and encouraging the Israelis to stick to the road map and withdraw from Gaza and four West Bank settlements. I think down the road you can see problems, but right now there's something want Americans to do, and they're going to do it. And that's a good-news piece and it's going to help the constructive atmosphere a lot.

And on Iraq, while I think Ivo's right about how minimal it will be, Europeans will do something that will at least defuse this as the issue over which we are furious at each other. It will be modest, it won't make a great material contribution, but it will be an acknowledgement that they're now sort of supporting the process. You know, one of the problems in Iraq for the past several years has been an American perception that certain European countries, namely France and Germany, really are almost indifferent about the outcome. They wanted to be proven right about the war and they just weren't willing to help. And that was a source of great resentment, just as the American action was a great source of resentment in those countries. And now, if we can have a sort of *modus vivendi* on that issue as well, where the Americans won't be thrilled with what they're getting from Europeans but we can defuse a little bit, I think on those two issues there will actually be progress on this trip. And that will help.

On all the others, you know, climate change—China is interesting and talks are going on. There's a possibility we'll avoid that clash. But China, Iran, the environment, International Criminal Court, I think it's much less likely that they actually do it.

MR. STEINBERG: Well, thank you all. Thanks to our colleagues for a wonderful performance.

[Applause.]

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