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PANEL 3: THE EASTERN PARTNERSHIP – STRENGTHENING COOPERATION AND
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PROCEEDINGS

MS. HILL: We're going to get started, just because the clock is not running in our favor right now. We have a very packed schedule, agenda, for the day.

I'm Fiona Hill, and I'm really pleased to be here. In fact, this is my first day back at Brookings again in a three-and-a-half year period. And it's very nice to be back at Brookings, and I just started as the Director for the Center for the U.S. and Europe.

And as you can see, we've started with style. And I'm very grateful to everybody who put this on. It feels like, you know, some kind of debutante thing -- from my perspective, anyway.

And I just want to say, as everyone's taking their seats, that we're really very grateful here at Brookings to the assistance that we've had in putting on this conference today from the Embassy of Sweden, the Heinrich Boll Foundation, and also from the Embassy of Poland, which has done a great deal of work in helping us set this up.

We have three sets of panels this afternoon, concluding with the Minister of Foreign Affairs of Sweden, Carl Bildt, who is concluding the Swedish Presidency of the EU, and Radoslaw Sikorski, the Foreign Minister of Poland, and Benita Ferrero-Waldner, also, from the European Commission.

Now, of course, we've had a lot of assistance in terms of our timing, because tomorrow is the EU-U.S. Summit. And one thing I'd like to highlight for your attention -- something that will be appearing soon on the Brookings website -- is that one of our Brookings colleagues, Jeremy Shapiro, along with another counterpart, Nick Whitney, have just published one of the European Council on Foreign Relations' booklets, "Towards a Post-American Europe: A Power Audit of EU-U.S. Relations." Clearly, this will be framing the whole discussion for tomorrow.

But for those of you who would like to read that, I think it's going to be on the Brookings Institution website.

You also should have seen -- hopefully there were enough of them left outside so I don't have to tell you too much about the Eastern Partnership, those of you who want to read more -- a publication by the Polish Institution of International Affairs that gives a lot of information about the Eastern Partnership.

So without any further ado, I would like to get straight into the panel.

We have five speakers today. And in the interest of time, we're mostly going to speak from the chairs -- although our first panelist, Andrzej Cieszkowski from the Polish Foreign Ministry, who is the Plenipotentiary for the Eastern Partnership, is going to speak first of all from the podium.

We also have Vadym Prystaiko, from the Ukrainian Embassy, Mr. Peter Semneby, from the European Commission, who most of you will know from, actually, a couple of guises. Peter Semneby is an expert on energy issues, but most recently he's been the Special Representative for the South Caucasus for the European Union.

MR. SEMNEBY: Not the Commission, the --

MS. HILL: Sorry, the -- (overlapping, inaudible) --

MR. SEMNEBY: -- we have to learn about the European Institutions.

MS. HILL: -- sorry. We have to be very careful about all of these issues.

And you can already see that this is something that all of us here in the U.S. have to do a lot of our homework about. And hopefully, of course, the U.S.-EU Summit will help us on getting all those fine distinctions after tomorrow.

We have Batu Kutelia, the Ambassador of Georgia, who is also on our panel. And, finally, Mikhail Troitsky, at the very far end, who has just literally flown in from Moscow. He got off the plane and came straight here. And he's, in fact, going to try and fly back again straightaway afterwards.

Anyway, so what we're trying to do with this panel is give you a perspective on the aims of the Eastern Partnership, which we will

begin with Mr. Cieszkowski. And then also give you some of the perspective from some of the objects of the Eastern Partnership -- obviously, some of the states to the East of Europe and the borderlands between Europe and Russia -- and how their evolving perspectives are on the Partnership, and also what kind of impact that the Partnership might have in the rather troubled region right now of the Caucasus.

And then we'd also like to ask Mr. Troitsky to give his perspective from the vantage point of Moscow, which obviously has perhaps had a somewhat slightly different view on the aims and objectives of the partnership.

So I will turn over the floor now to Mr. Cieszkowski.

Each of our panelists will speak for about five minutes or so, and then we'll open it up to questions and discussion with you from the floor.

Thank you.

MR. CIESZKOWSKI: Thank you. I would like to express my gratitude to the Brookings Institution for hosting this conference on the Eastern Partnership -- one of the most promising initiatives of the European Union, which may become a crucial instrument in building political and economic stability, as well as democracy and prosperity in the region of Eastern Europe.

I should say that after several months of political work inside the European Union, Poland and Sweden, supported by several like-minded countries -- among them, Czech Presidency at that time -- managed to convince all the European Union members to launch this new policy directed to the six Eastern European states. And, as a result, we've had the first Eastern Partnership Summit on the level of heads of states and governments in May this year, where all the 27 countries of the EU, as well as six Eastern European countries, signed the Joint Declaration establishing the Eastern Partnership.

Indeed, the stability of Europe is not possible without a stable and democratically governed. Eastern European. This is true especially under the present circumstances, when those countries are facing the global economic crisis, problems with energy supplies, and the revival of frozen conflicts.

And why Eastern Partnership is of high importance for the Eastern neighbors of the EU?

The Eastern Partnership aims at reducing the gap in the economic, structural and social development between the EU and the six Eastern neighbors, as well as building a genuine partnership between them. The partner countries will obtain support in their efforts to speed up economic development, to strengthen democracy and freedom, to

enhance their legal and administrative capacities, as well as to build civil society structures.

What's new in the Eastern Partnership, in comparison with the European neighborhood policy?

It's extremely important that the Eastern Partnership has formulated ambitious goals for all the six partners. The Eastern Partnership aims at bringing the Eastern neighbors closer to the EU by accelerating their political association, full economic integration and establishing a visa-free regime. All those three goals were never stated clearly before.

And the fourth -- last but not least -- the transferring EU norms, standards and values. The overall objective of the Eastern Partnership is gradual transformation of political, economic and social models functioning in the partner countries.

We should remember that it is crucial to apply the principle of inclusiveness to this process, although advancing in the partner countries' relations with the EU should differ depending on the respective progress in the reforms and subsequent negotiations.

A few words on implementation of the Eastern Partnership. The implementation of the Eastern Partnership is a complex process which will develop gradually, building on the structures already established. In the bilateral pillar of the Eastern Partnership we will have negotiations on the association agreements, deep free-trade agreements and visa facilitation agreements, then further liberalization process.

We will have comprehensive institution-building programs. Programs of that kind were never before prepared for the countries that were not candidates for the accession to the EU. And those programs addressed individual to each of the partner countries are to play a significant role. Their objective is to substantially accelerate the preparation, to negotiate and conclude the agreements of association and deep free trade.

Energy security and the development of energy infrastructure are also high on the Eastern Partnership agenda. There is a need to elaborate on development of mutual energy support system and security mechanisms between the EU and partner countries.

The rising importance of environmental questions is reflected in the actions planned within the Eastern Partnership. Partners should undertake steps to reach congruence with the EU Environmental (inaudible).

We should be conscious that no serious progress in the implementation of the Eastern Partnership may be achieved as long as public institutions in the partner countries are not able to overcome the problem of corruption. Poland prepared an umbrella, big umbrella, anti-corruption program named "Building Integrity and Reducing Corruption," included to the Eastern Partnership work program.

The Eastern Partnership efforts concerning democracy and human rights embrace the ongoing Polish project on cooperation with the Ombudsman, Human Rights Ombudsman, from the Eastern Partnership countries.

And, concluding, a few words on possible participation on the implementation of Eastern Partnership by third-party countries. Third-party countries, including the United States, are welcome to contribute to

the Eastern Partnership implementation. The U.S. could also support the efforts pursued by the EU and Eastern Partners by its expertise in the field of transferring democratic values, principles of free market economy, and rules of good governance. The U.S., as well as various American institutions and NGOs are invited to get involved in concrete projects carried out within the Eastern Partnership framework.

The U.S. may also play an important role in the implementation of the Partnership by supporting the efforts of the EU aimed at obtaining funding from the international financial institutions. Enhanced coordination of the American assistance for the Eastern European countries with the Partnership objectives and programs would bring an additional effect of synergy.

The third countries (sic) interested in contributing to the Eastern Partnership implementation could form a group of the Eastern Partnership friends.

Thank you very much for the attention.

(Applause.)

MS. HILL: Thank you very much, Mr. Cieszkowski for this.

Mr. Prystaiko?

MR. PRYSTAIKO: Yes, thank you. Thank you very much.

It's a pleasure and honor to be here today. Thank you, Brookings.

Before I start, I'd like to tell you that I'm not an expert on EU-Ukrainian relations -- otherwise I would be working somewhere in Brussels, probably not in the Washington Embassy. But with the help of my friends from the Ministry of Foreign Affairs who briefed me on the subject, I can share with you our principal positions on Ukraine's attitude towards the Eastern Partnership.

First of all, we are sincerely grateful to the European Union, to all the members -- and especially our Polish and Swedish friends and colleagues -- who developed the whole idea and presented it in 2008 and, since then, spared no efforts to advocate and support it and develop the idea.

Closer to the essence of the new partnership, even in the Ukraine, we are sometimes asking ourselves why we are so supportive to the idea of the Eastern Partnership. Why we are supporting the draft policy of the EU.

There is an answer: because it was important to everyone. Maybe it's not the comprehensive answer -- I see at least three layers of those to whom it is important.

First of all, to those nations and members of the EU who do not see in the immediate future to be politically correct, no further enlargement in EU. It was the appearance of the Eastern Partnership

itself was important, because it showed that the European Neighborhood Policy is alive, and it is developing. It was an (inaudible) effort to go beyond the classical ENP to provide additional assistance, and there was a legal line drawn between the different classes of neighbors to EU Europe. And it was adequate response to the European aspirations of some of the neighbors.

For the countries who saw that there is still a need for new members which can reach and enforce the European Union if they have assistance critically needed at this time, it was a new tool, newly sharpened, more focused mechanism of providing assistance. It was a means of accumulating and sharing the experience which Ukraine had with the European Union on its way towards the EU.

And for Ukraine, for Ukraine, it was a good compromise. Yes, it was okay for us as a compromise, and we agreed to this compromise because so flexibility of this mechanism.

The integral part of our position was to provide the pace and level for Ukraine-EU relations, and we should not be hampered by any other mechanisms, including the European Partnership.

Please don't get us wrong, we appreciate the possibility to cooperate with EU, with neighbors, even with the participants of the Eastern Partnership -- with all countries of Eastern European. But, no

offense, the relations with EU for Ukraine was of the utmost importance.

And this was the essence of our cooperation with EU.

Probably you heard that we had tireless attempts opposing to the ENP, but with Eastern Partnership because of its nature of the ownership, both for EU and Ukraine, for the flexibility, for development, we liked and we understand that this particular mechanism can bring Ukraine closer to its goal to the full-fledged membership.

And we're specifically interested in a number of activities within the Eastern Partnership. First of all, developing bilateral comprehensive institution building, the establishment of integrated border mechanism program in Ukraine which will provide the help, assistance needed to make Ukraine borders in conformity with the EU regulations and standards. Intensifying cooperation and integration within the energy security sector, and implementation of regional projects modeled on the respective EU cohesion policies.

Proceeding with one of the founding principles, we believe that future bilateral policy be implemented between Ukraine and EU with the Eastern Partnership will build on the following features.

First of all, the Eastern Partnership shouldn't be seeking to provide additional mechanisms or instruments or any other types of technical assistance which already exists between Ukraine and the

European Union. And secondly, we would like the projects to have systematic effects on the (inaudible) they are covering.

To conclude, we'd like the Eastern Partnership to assist Ukraine to get closer to the European Union. And you probably notice that I already mentioned a couple of times -- five or six -- but, yes, our priority is integration, and not to be limited by any sort of partnership.

Thank you.

MS. HILL: Thank you very much.

Peter Semneby.

MR. SEMNEBY: Thank you very much. And thank you (inaudible), both inviting me here and then for (inaudible), for organizing this event. I think this is a very important contribution in terms of comparing and aligning the agendas of the European Union and the United States in a region that is indeed very important for many reasons.

I would like to focus first, focus on a few questions and issues here. The first one -- why the EU is engaging in this way in the Eastern neighborhood, and why now?

There are many reasons for this. The obvious one, in very general terms, being that this is the last part of the map of Europe where the alignments have still not been, of the countries, have still not been finally settled. And after we have engaged on different other parts in

Europe, not least the Balkans, and given perspective and directive to the Balkans, it's only natural to focus in a more concerted way also on the areas for the East.

The reason why this initiative has come now at this particular point is, therefore, first of all what I would call factors inside the European Union -- endogenous factors -- the EU enlargement being the driving force here in the sense that the eastern neighbors have come closer to the European Union, or actually the European Union has come closer to this part of Europe.

After the latest round of enlargement, when Rumania and Poland became members of the European Union, the EU now stretches all the way to the shores of the Black Sea -- which suddenly makes what happens on the other side of the Black Sea, in Georgia, Armenia, Azerbaijan, also very much more important for us.

The second important factor here is external, an exogenous factor, and that is the war in Georgia of last year, which demonstrated very clearly that the security and well-being of our eastern neighbors can simply not be ignored -- even neighbors that we may not have had very close relationships with before, such as the countries in the south Caucuses.

There was also a recognition that in order to stabilize this area, and thereby also stabilize, create, enhance security for Europe, there was a need not only for short-term measures like dispatching an EU mission to Georgia, but a need for engaging in the long-term, and the need for engaging in a larger regional perspective.

So it's no coincidence that the Eastern Partnership actually took off. It had been presented already before the Georgia War, but it really took off, the work on it, after the war in Georgia, during the autumn of last year.

There has been -- the other speakers have mentioned here a lot about what is new in these initiatives. I will not spend very much time talking about that. But I will just focus on two aspects.

The first one being a closer political association of the countries in the eastern neighborhood with the European Union. This is against the background, again, of the realization that in order to meet the challenges that we are facing in our eastern neighborhood, and the greater interdependence, that we need a closer political link with the countries. And this is done, above all, through an offer of a new generation of agreements, association agreements, to all countries in the eastern neighborhood. These agreements will then also provide scope for

free trade, visa liberalization, and so on -- and a closer political link and dialogue.

The second new aspect of the Eastern Partnership is that the EU, with this initiative, has started to look at the eastern neighborhood as a region in its own right. The European Neighborhood Policy has already existed for quite a few years, and has provided the impetus for a lot of the reforms that have taken place in our neighboring countries. But it has been a policy that has covered the entire European neighborhood, from Morocco to Azerbaijan, in at least two very distinct regions -- the Mediterranean basin and the Black Sea basin. And it goes without saying that the agenda in these two regions has been very -- or remains very different in terms of geography, in terms of history, in terms of transition agendas, and in terms of the aspirations of the countries in these two neighborhoods.

Now, by following also the launching of the Union for the Mediterranean with the launching of the Eastern Partnership, without having -- without scrapping the European Neighborhood Policy, we now have a policy tailor-made to each region, with also mechanisms for addressing issues that the countries in the eastern region face with each other, through the creation of various platforms for discussion of issues of mutual concern.

Finally, I'd like to mention a couple of questions or caveats about this initiative -- the first one being that although we have managed now to address -- we will be able to address a lot of the specific factors, specific concerns in the eastern neighborhood, it still remains a very heterogeneous area. The countries in the region have -- are at different phases in terms of their reform. They have different concerns, in terms of security. They have -- there are concerns regarding democratic standards and so on in some countries, whereas other countries have reached a lot further. We have countries that are still ambivalent in many ways about their orientation.

This is taken care of, to some extent, by still maintaining differentiation within overall policy, with political reform criteria that have to be achieved for the countries to move forward with the agreements that are being offered.

The second caveat is that the Eastern Partnership does not offer a membership perspective. It offers a closer, much closer, political association, but not a membership perspective. This, of course, limits the possibility to use conditionality of various kinds in order to stimulate reform.

But it's also important to notice that the policy does not exclude the possibility of membership being offered some time in the

future -- which should, realistically speaking, be a carrot, still, for the countries covered by this policy to move forward as diligently as possible on the reform agenda.

The third and final question or caveat relates to the concerns or criticism that we have heard and continue to hear sometimes, in particular from Russia, that this is a policy that involves creation of a new sphere of influence.

I would like to take this opportunity to firmly reject any such proposition. "Spheres of influence" thinking does not in any way underpin how the EU operations -- and, in particular, not how this policy has been conceived.

Suffice it to say here that this policy is not forced upon anybody. This is an offer to our neighbors to align themselves with the European Union as closely as they wish, depending on both ability and the political will of the countries. It is an offer of cooperation and support to create stability and prosperity and greater cohesion in a region that has gone through a difficult time, and where these objectives, reasonably speaking -- also, ultimately, I hope -- will be the objectives of other large neighbors of the region.

Thank you.

MS. HILL: Thanks very much.

Mr. Kutelia?

MR. KUTELIA: Thank you very much. It's really a big pleasure and honor to be here and provide you some of the ideas and considerations that Georgia has, in terms of its integration to the European (noise interference, inaudible).

I'll provide, briefly, some conceptual observations, and then we might have the possibility to talk in detail about practical mechanisms of integration in the European Neighborhood Policy.

One most important element in the Georgian foreign policy that remains totally unchanged since regaining independence after the breakup of the Soviet Union is the direction of the foreign policy. And this is a Western direction, and integration on the Western European and Euro-Atlantic structures.

And this policy remains unchanged, notwithstanding some of the existential threats that we faced and we still are facing today. And this is not only the will of each particular government, or the ruling team who was in charge of the government of the country's foreign policy during this period, but this is also widely shared and widely accepted by the public. And this enjoys the highest possible public support in Georgia. And any polls, previous polls or recent polls, show that (inaudible) majority of Georgian population supports the country's Euro-Atlantic integration. And

this support is not only -- does not depend on any generation, the elder ones, or young generation. The whole society supports this.

But the question is why? And why this foreign policy is and will be continued as it is right now.

If we observe, in particular, since the year 2003, there are many negative and positive information coming from and about Georgia.

On the negative side, you hear last period -- and you are well aware of this, and I would just (inaudible) phraseology -- this is a war, occupation, tanks, bombing, energy embargo, economic embargo, regime change, forceful border change, separatists, arming separatists, incidents, cyber-tech, ethnic cleansings, sphere of influence, trade-offs, failure to respond -- and so on and so forth.

But parallel, during this same period of time, you hear a lot of positive signals from Georgia. And this is happening parallel. Let's take a few of them.

This is the number one reforming country, beacon of democracy, the least corrupt country, just recently named eleventh in doing business, of the World Bank rating; most successful law enforcement agencies reform, NATO aspirant, best performance in terms of the reforming under the individual partnership (inaudible).

Media freedom -- just recently Journalists without Frontiers published their rating, and Georgia moved 39 points up in the rating. Energy independence -- absolutely energy independent from Russia and the entire European part of our continent.

Transit corridor, streamlined democratic reforms. Domestic political problems dealt according to the democratic norms and standards. Election reform, constitutional reform -- and all these are the positive signals that are coming for Georgia.

And in answer to the question that I posed in the beginning -- what the foreign policy remains unchanged in this positive development. Society really sees that this is the only way how to establish our freedom - - and not only the physically regaining freedom, but politically free, and the freedom means to make it freedom of choice where Georgia wants to be, whether it's in organizations, alliances, who will they alienate and who will be the friends of Georgia.

And this is happening again, notwithstanding the constant messages that Georgia was receiving during this period that (inaudible) of the challenges that I named just recently that we face, and the existential challenges, could be found in the change of foreign policy direction. And that was a clear message. A number of times Georgia, different

governments in Georgia, including the present one, we received from our northern neighbor. But still this policy remains unchanged.

And our response to these challenges and threats that we face are mostly based on the, again, frankly expressed will of the people.

Speaking about the response to the challenges, and the recent challenge with the war, there is no other better way how to respond to this, other than reforms. And again, what we are doing right now with the reforms, reforms and reforms. And this is our soft response to the challenges that we face.

And this strategy can be labeled quite successfully winning the peace. And challenges, again, could be viewed as an inspiration for the idealists who believe that Georgia's future in the family of Euro-Atlantic democracies.

And right now, in Georgian foreign policy there are two major, let's say, directions -- strategic partnership with the United States, and strategic partnership, again, with the European Union and in the framework of the Eastern Partnership.

And especially after last year's war with Russia, we saw quite a few mutually reinforcing factors of these two dimensions of our foreign policy. After the -- we are in the quite significant damages as a result of the war, Georgia got quite significant financial assistance which

was initiated by the United States, with a 1 billion assistance package, and then picked up by the rest of the European Union countries, and the total assistance amounted to 4.5 billion. That was a very strong psychologically stabilizing message to our country, but also practical, as well -- which helped us to remove major consequences of the war.

Another important element, again having a mutually reinforcing factor is the free-trade agreement. European -- we are quite close to have this type of free-trade, the free-trade, agreement with the European Union. And there is work going on and, hopefully, it will be finalized quite soon. And parallel, this inspired in the United States the same type of approach, as applying soft power to the problems that Georgia has. And just recently it was a bipartisan initiative on the Hill, and the resolution was proposed to start negotiations with Georgia on the free-trade agreement.

Again, key for us is the remedy of the problems that we had with the partnership. In the partnership, in every case, is a two-way street, and it should be based on pragmatism and also idealism.

But, again, the question is why Georgia is continuing this path, and what are the reasons behind it -- notwithstanding some, let's call it, historical memory of European frustration, or Euro frustration in Georgia.

This is because, again, a successful case of reforming country, and successful case of bringing country, and attempts to bring country, to the European standards which largely were successful.

But no one country can survive individually any problems -- especially countries like Georgia, small ones. And domestic success could not be achieved without the foreign support and foreign assistance.

And as I named a number of quite important signals that Georgia received in the recent past, and on the level of the values and the principles, it has widely been accepted by Georgian society. And these policies that are under elaboration or fine-tuning right now, a new administration and the European Union as a part of the Eastern Partnership program, are based on the different principles. But these are the key principles for us.

This is principles of the non-acceptance of the sphere of influence, and non-recognition of the separatist regimes, support of territorial integrity, no sphere of influence, no forceful change of borders, freedom of choice.

On the other side, there is now a necessity for particular actions, how to implement these principles. And we have seen that in recent past these principles have been in numerous cases challenged by our northern neighbor again. And in some cases, quite successfully,

because of the failure of existing international arrangements or mechanisms to prevent this type of development that happened in Georgia last year -- or, if happens, then to react immediately and properly on this.

But this is the new reality, new security environment that we have. And I think it is important right now for us to address properly, and to have a more proactive strategy.

Speaking about the proactiveness of the strategy, I think this is the most important element for us in terms of being prepared for the further testings and challenging of the principles on which our cooperation is based upon. And the strategy helps us to transform the existing potential of our cooperation into the mutually beneficial cooperation, and transform the challenges into the new opportunities.

And for this, it's important to have a clear policy. Because policy allows a very systematic and long-term vision in this direction

European Union is very strongly, today, politically engaged in Georgia. And this political engagement is not only because of the existing programs of the Eastern Partnership, but due to some recent developments.

Today we have European Union on the ground, represented as an European Union monitoring mission who monitor the Cease-Fire

Agreement signed by Presidents of Georgia, Russian Federation and France as a European Union presidency -- which is quite successful in monitoring on the Georgian side of controlled territory the cease-fire. But still, major problems exist. But this is a sign of, first time ever, the political involvement of the European Union in Georgia's security issues. And, of course, another also very significant factor of the European Union's involvement in Georgia, political involvement in Georgian affairs is a recently published European Union fact-finding mission's report on investigating facts about the last year war.

European Union Neighborhood Policy is about the European Union, how to deal with its neighbors -- not only Georgia, but the regional countries. And there are some practical mechanisms that have been settled and elaborated. And without mechanisms, particular action plans, of course any policy will fall short to achieve its goals.

But on the other hand, Georgia and our region is also the neighbor of the Russian Federation. And the Russian Federation also has a quite clearly stated neighborhood policy.

If the European union Neighborhood Policy is based on the values and some (inaudible), democratization, economic prosperity or mutual benefits, then Russian neighborhood policy is rather more proactive and, unfortunately, (inaudible) today, more consistent in terms of

applying the power, and more task-oriented and some results-oriented, as well.

So what we have right now is that the two neighborhood policies, with different agendas, one side based on the values, and the other side based on the power, competing with each other. And it's quite a determining factor for Georgia to cope with these challenges. But, again, this would be quite an important test for our partnership. It will be a very important test for Georgia's domestic democratic transformation and reformation. And I'm fully confident that with this support and with these mechanisms already settled, but very clear mechanisms how to pursue this, we will be successfully dealing with it.

Thank you very much.

MS. HILL: Thank you.

Mr. Troitskiy?

MR. TROITSKIY: Thank you. Thanks very much for having me here. It's an honor and pleasure to be among this audience.

Well, I'm not a public official -- just, you know, an impartial analyst, although Russian. So let me be a bit less responsible in my judgments, and maybe I'll not avoid some of the sharp angles trying to lay out the Russian perspective.

Well, okay -- Russia's attitude towards the Eastern Partnership program has been cautious at best, and critical at worst. And expert analysis that were made for the government actually have raised concerns with the potential impact of this program on free trade and movement of people, with most Russia's western and southern immediate neighbors.

Well, Brussels is arguably promoting the lifting of trade and possible also visa barriers between the European Union and the Eastern Partnership countries, and this could only lead to the closing up of these borders, and complicating border regimes between, for example, Ukraine and Russia, or other Russian neighbors and Russia.

And the main point of departure for such concerns on the Russian side is that a country cannot simultaneously pursue two integration projects. for example, if an Eastern Partner has to converge with the European Union and, you know, with EU laws and standards, the *acquis communautaire*, in a way, then this will diminish this partner's flexibility in trading with Russia, or conducting other sorts of cooperation.

Russia faces problems when the European Commission tells Moscow that it cannot compromise on a particular issue because that requires approval by all member states, each of which could simply block any advance that the Commission may be up to.

Now, will the Eastern Partners be also tempted to talk with Russia in this way, once they adopt some of the *acquis communautaire*? That's, you know, one of the concerns, taken broadly.

And then another concern has been raised in, you know, Moscow's mainstream political analysis, and it was actually about what the Eastern Partnership may have to do with energy security. Does that mean that the European Union will unequivocally side with the transit states in Eastern Europe if they decide to cut off Russian gas exports, for example. "Let's avoid -- let's now go ahead with all sharp angles." Or will the EU ask for the backing of alternative pipelines by the target countries in the south Caucasus, for example. What the Eastern Partnership program has to do with all that, that has been another note of analysis by concerned experts in Moscow.

Well, and then the official viewpoint in Russia seems to be moderately critical, the Russian side is still waiting to see, you know, more concrete steps on the way towards implementation of the program. It is clear that, you know, that once policy-makers in Moscow actually start voicing concerns and criticism about something that the European Union is about to do, then for some of the EU members, that will give, you know, additional grounds to say, "Now we have to press ahead with this initiative, exactly because Russia is opposed."

That's why, to the best of my knowledge and observation, officially, you know, Moscow has been cautious and waiting to see what concrete steps, and what concrete shape the program will take in the nearest future.

Well -- and then, whether there will be damage, a strong damage, to the Russian interests or not is not yet decided in Russia, before these steps are undertaken. However, if concrete facts come up showing that Russia's interests stand to be damaged by the first activities undertaken as part of the Eastern Partnership program, it is likely that a broad bureaucratic consensus will emerge in Moscow against the program, and on the need to act swiftly to balance its impact on Russia's neighbors.

That's not, you know, the sort of talking "empire." Not at all. That's just concrete thinking of some policy-makers in Russia, "What do we have to do?" -- if, you know, our free-trade agreements get scrapped because of Eastern Partnership pressure regarding *acquis communautaire*.

We can compare that with NATO enlargement, for example, to provoke even further. While in the case of NATO enlargement, it could have been argued that NATO is not, you know, a threat to Russian security, at least in military terms, so there was not a strong consensus,

you know, in Russia, at least early in this decade, about whether Russia should strongly criticize NATO enlargement or adopt this sort of let-it-go stance, sort of quiet opposition.

But with the Eastern Partnership impact on Russia's economic interests, a broader consensus may actually emerge among the bureaucracies, and that consensus could be that the Eastern Partnership has to be somehow opposed, in Russia's own relations with the European Union, and Russia's bilateral relations with all the Partners -- if, you know, there is evidence that some of the projects actually squeeze Russia out in a certain way.

But there may, however, be a positive fallout, positive consequences, for Russia from the project.

Now, first, Brussels may choose to upgrade relations with Russia in order to keep abreast of what the Eastern Partnership program is doing with Russian neighbors. That was the logic behind improving NATO-Russia relations before the two first post-Cold War enlargements of NATO took place in 1997 and then in 2002.

And then, secondly, the European -- a second possible positive implication could be that the European Union may help to downplay some of the, let's say, parochial national interest component in the foreign policies of Russia's eastern partners. As long as the logic of

the European integration has always been that -- you know, has always actually required that the European members, the EU members or candidates, brush aside some of their national interests, as well as historical grievances that nationalists, for example, used to speculate upon -- as long as that is true, Russia may hope that Brussels may discourage anti-Russian sentiment rather than play on it to involve partner countries into the Eastern Partnership program.

Thank you very much.

MS. HILL: Thank you very much to all of our panelists.

It looks like we have just over 15 minutes now for a discussion from the floor.

I would ask people who want to ask questions or make a comment to try to keep them brief, in the interest of giving as many people as possible an opportunity to ask a question or to make a comment. And I see a lot of people here in the audience who know a lot about this issue, and who are working on this, and also encourage them to offer perspectives. -- but, again, to keep this as short as possible.

And we have, actually, two people here with microphones. And what I'll do is I'll take three questions or comments at once, and then give our panel a chance to respond, and then see how we're doing for time.

So -- the gentleman here.

MR. MUGETSKY (ph.): Hello, my name is Ted Mugetsy, from the Polish American Congress. And I have a question to Mr. Troitskiy.

You mentioned that acceptance of EU standards by the Eastern Partnership countries would be against Russian economic interests because it would hurt trade. By implication, does that mean that EU standards are hurting Russian economic interests with trade with the former 27?

MS. HILL: Another question? Nobody else has another question here? That can't be the case.

Nobody with the -- yes, here. Thank you.

MS. FLORIAN: Thank you. My name is Susana Florian, with the Parsons Corporation.

I was wondering if the Eastern Partnership, considering the close ties between development, economic success, and transportation infrastructure, if one of the goals of this partnership is to beef up and improve a transportation infrastructure in the six countries.

Thank you.

MS. HILL: Thank you.

Another question?

Yes, in the back.

SPEAKER: Thank you. (Inaudible.)

The question is about EU monitors. They are still not allowed in the conflict zones. What will be the next steps for security of Georgia, according to this new program -- so, Eastern Partnership?

MS. HILL: Very good. So we have three questions -- on EU standards and whether those EU standards are currently hurting EU-wide trade with Russia, and if there was expected to be any distinction with the extension to the Eastern Partnership?

A question about the expansion of trade and transportation infrastructure about the region as a result of the Eastern Partnership.

And then the question about the EU monitoring mission.

I'll just ask each of our panelists if they would like to respond. (Inaudible), perhaps you would like to respond on the question --

MR. TROITSKIY: Yes, starting with me. Thank you. To use a -- well, I'll just make two points.

First is that, yes, exactly, *acquis communautaire* as promoted on this multilateral basis by the European Commission, in negotiations with Russia, do leave Russia with much less latitude, you know. And I tried to argue that in my presentation.

The style of the European Commission sometimes approaches relations with Russia is that, you know, "A decision has been reached among the 27," based on *acquis communautaire* and Russia is simply presented with this decision.

And, of course, this does reduce the scope for maneuvering for Russia. And as you certainly know, Russia has been quite, you know, apt at trying to build special bilateral relationships, especially in the energy sphere, with a number of EU countries. And that facilitates a great deal Russia's, you know -- the implementation of some of Russia's interests and agenda items with relations with the European Union.

So, yes, there's a certain concern that once this *acquis communautaire* are applied in negotiations with Russia by some of the Eastern neighbors then, again, the scope for maneuvering will be reduced. And, you know, as long as Brussels stands behind and says to its Eastern neighbors, you shouldn't, you know, deflect from the *acquis communautaire*-based decisions, then, of course, Russia stands to lose. That's the logic of, you know, of analysis. Anyone who analyses U.S. relations with the European Union would testify to the fact that it's a bit of a challenge to deal with the European Commission, which acts on the merit of *acquis communautaire* rather than, you know, to build special partnerships with a number of EU countries.

Thank you. I'll stop.

MS. HILL: Mr. Prystaiko, do you have anything to add to this?

MR. PRYSTAIKO: Well, to pick up on this issue about EU *acquis* and so on, I think it's really -- it doesn't really help us to create this kind of dichotomy in negative terms about the *acquis communautaire* on the one hand, and bilateral relationships with EU countries on the one hand.

I think our partners will have to learn with the fact that the EU is not only an association of 27 individual countries, but it is also something that is larger, and therefore it is necessary -- and it will be increasingly necessary -- to deal with Brussels. It's a fact. And I don't say whether it's good or bad, it's just a fact.

The *acquis communautaire* also is in relation to the countries in the Eastern neighborhood, and other partners in terms of approximation with the *acquis communautaire* it's also much more than the trade-related aspects that were mentioned here. The approximation with the *acquis communautaire* is also the core of the entire reform agenda, the countries that we are pursuing together with the countries in this region -- which is something that is, indeed, very necessary and which has proven to be an extremely effective engine for reform, as in the case of the countries that

have recently, in the course of the last decade, joined the European Union.

On the question about security in Georgia -- well, this is obviously a question that will continue to be very much on the agenda. The EU has a monitoring mission as was mentioned here, more than 200 monitors in Georgia today. They are there as a direct result of the agreement that was reached in August of last year, and which ended the war.

At the same time, this is a cease-fire agreement. This is not the final word on the issue. There are talks going on in Geneva, which has now gone through, I think, eight rounds, if I'm not mistaken, that are aimed at reaching agreement on a lot of issues related both to security issues, to return of IDPs and so on, and the fulfillment of -- and in general terms, the fulfillment of the six-point plan, the so-called Sarkozy-Medvedev agreement, where there are still a number of points that remain to be fulfilled.

What the role of the European Union will be here in the future is difficult to say, other than the forecast that our engagement here is an engagement for the long term. There may have been a few voices in the early days of the war that this could be an engagement that could be temporary in nature. But given the challenges that we're facing in this part

of the European neighborhood, given the importance of the neighborhood that I mentioned -- and given the importance, also, that this conflict, and the Caucuses in general, has for our relationship with Russia, our great neighbor in the east, this is an European engagement that I think will continue for a long time and will help, also, to enhance relations in general.

And the gradual move of Georgia and also the other countries in the neighborhood closer to the European Union.

MS. HILL: Could I press you also on the question that the lady had about the transportation infrastructure? Has the Eastern Partnership picked up, for example, on earlier European initiatives to improve transportation in the region?

MR. PRYSTAIKO: Well, there will be within the Eastern Partnership regional platforms to discuss various issues of interest to all of the countries in the region. The transport infrastructure within the region would certainly be -- could or would be -- part of the discussions within the platform that is dealing with -- or at least two of the platforms -- one dealing with economic integration and convergence with the EU policies, and the other one dealing with energy-related issues.

MS. HILL: Did you want to say something on that specific point?

MR. TROITSKIY: Maybe I always thought with the Russian concerns, I would like to remind that Russia was offered first to negotiate the Free Trade Agreement with the European Union. Negotiations are going on, and there were no protests from Georgia, Ukraine, or other Eastern Partners on the subject. The problem is that Russia is not a member of WTO, and Ukraine, Georgia, and Moldova are. And that's the question of choosing the way of development by the countries, and I hope that the negotiations with Russia will go down the same path on the Deep Free Trade Agreement as a final goal.

And on transportation, yes, we have the democratic platform, and the second one responsible for economic integration and convergence with the EU policies. And next week there will be the second meeting of the platform on the high-official level, and Poland with some like-minded countries will submit the proposal on the including of transport cooperation to the work program for the democratic platform to the year 2013. Thank you very much.

MS. HILL: Mr. Kutelia?

MR. KUTELIA: Just briefly about our consideration concerning what should be and what is the basis of Eastern Partnership and more (inaudible) cycle. To use the modern IT terminology, it's a changing of the operational system and synchronizing with the European

Union's forms and standards how to operate. And this is absolutely acceptable because, again, this mechanism based on their values. And, therefore, it's a very good driving mechanism for the countries under the Eastern Partnership to be part of this common space where everybody will share the benefits of security, stability, and economic prosperity. And I think the same standards should be applied to the Russian Federation in case of willingness from the Russian Federation to be part of this type of wider arrangement. But, of course, there should be no, I think -- it's important, should be no -- compromises in this direction because of the size of the country or because of the political weight or because of some nuclear capability each country possesses. Because if this is how they're valued, then this is the operation system. And to avoid again using the modern IT terminology to avoid the system error, everybody should be synchronized on the same software. And, again, going to the (inaudible) policy which United States is persuading, it's very important, and we really hope that this policy will be successful because we view it as a really important tool to once and for all change irreversibly the relations. But, again, the basis of this should be international legal norms, respect for the sovereignty of territorial integrity, and, of course, exclusion of any approaches which should be based on the zero-sum game.

Now going to the more regional issues, in the prism of the energy or the transport infrastructure, I think this is a very clear and powerful demonstration of how everybody can benefit, notwithstanding some domestic problems. Recent -- quite major steps in terms of normalizing relations between Armenia and Turkey was really, really important -- had a very important positive signal for the stability and security in the region. And we see that, especially in last year's war, clearly showed us that we all will be in danger physically because of the cutoff of energy or the transportation rules, and as well as in terms of providing a basic sense of security. And economic development cannot be (inaudible) result in investments, (inaudible) investments, and for this security environment is needed. So the key task is how to synchronize all this, and while we are on the same page and while European Union has this big political umbrella, how can we all be successful in terms of engaging, again, Russian Federation, and not to help this type of region of the zero-sum game of all the projects that are on the table right now.

MS. HILL: Thanks. So we want -- one of the issues that this discussion also raises is how to deal with many of the states and the regions that are left beyond the reach of the Eastern Partnership. And I'd like, actually, to put to Mr. Cieszkowski and Mr. Semneby the following question: I mean, in many respects the Eastern Partnership is grown out

of some of the efforts that were first started by the German presidency of the EU. One, there was a great deal of outreach also to Central Asia and to the Caspian Basin. And the Germans put in place quite an active policy, which has been continued since by the EU towards Central Asia. But Central Asia is not part of the Eastern Partnership program. However, as we started to talk about energy -- and will make a segue into the next panel -- when we're talking about issues like the Southern Corridor and many of the larger transportation networks, it includes the Caspian Basin. So Europe's reach doesn't just extend to the Black Sea and then end there. And we're also talking about countries like Azerbaijan which, of course, border directly onto the Caspian, which brings in the Central Asian dimension. So I'm wondering how we're going to factor that in over time because it is also very critical to many of the projects that we're going to be discussing at the next panel, and as both of you have been so active on this, I wonder if you have any thoughts?

MR. CIESZKOWSKI: Central Asia. I think -- there is a concept of three pillars of the EU Eastern policy. First one is instant partnerships, second a partnership with Russia, and third EU strategy for Central Asia. I think that the Eastern Partnership is developing well now. The strategy for Central Asia is not so dynamic, but I think that in the question of energy, there is a convergence of interest because European

Union needs diversification of roots and sources of oil and gas. And the natural way of these resources to Europe is the Southern Corridor from Central Asia through Eastern Partnership countries to Europe. So the good example was the first -- the (inaudible) on energy security that followed the Eastern Partnership Summit in May of this year. And I think that we should follow this path.

MS. HILL: Peter?

MR. SEMNEBY: Yeah, basically I'd like to make the same points. Obviously, a policy that serves to increase coherency in our immediate Eastern neighborhoods and bring those countries closer together with the European Union, but also between themselves, also in terms of coordinating activities and then policies as was mentioned, their own transport on energy and so on will obviously make it easier also to deal with on energy-related issues, trade-related issues, and so on, with the countries that geographically are further to the east. And then where we find a lot of energy resources that could be of interest also for European consumers. And it's no coincidence, in fact, that these two important events that were mentioned -- the launching of the Eastern Partnership and the Summit at heads-of-state level on the Southern Corridor were held back-to-back days after each other in Prague in May of this year.

So I think we have -- there's obviously a lot of work to be done here and that work, I think, will most immediately take place in the next panel if I'm not mistaken.

MS. HILL: Well, that's what I was trying to do -- to set a segue into the next panel. If there's a final question -- yes, sir, here -- and then we will wrap up and move over, seamlessly we hope, into the next panel.

QUESTIONER: My name Mitrion Nouykan (phonetic). I have question for you, moderator. Why haven't you representatives from Armenia, Azerbaijan, Belarus, and Moldova? Do you invite them or they rejected or -- it's a question -- to the same question -- why Russia represented by Mr. Troitskiy but not some official from huge embassy of Russian Federation in Washington? All people represent official point of view. It's very important to understand this point of view. And so, it's my question.

MS. HILL: Well, I could very easily say this is my first day and I wasn't responsible for the invitations, and that would be true. However, I also know how very difficult it is to actually set these things up. And if you can imagine if we had every six members of the Eastern Partnership countries represented here, that this would actually become somewhat problematic. In fact, there are going to be several events

around town on Armenia and Azerbaijan and our meeting in Turkey. As many of you in the audience know, there's a various system of think tanks around town. You're going to be seeing a lot of representatives of the Azeri Embassy, the Azeri Foreign Ministry, the Armenian Foreign Ministry. There's going to be a discussion on Turkey down at GW in the next couple of days. Maybe some of you have already been invited, and I'd urge you to, you know, kind of spin out across town and go to CSIS and George Washington and everywhere else. So we did not want to repeat the same sets of discussions on this panel as would be in other places. The German Marshall Fund is also organizing a series of related events. So we were trying not to duplicate as well as to be reasonable. And I think it's not too much to say that perhaps of the Eastern Partnership countries currently, Ukraine and Georgia have perhaps the most controversial from the perspectives that we've laid out on the panel today about the differing views of the European Union, perhaps Russia, on how the Eastern Partnership is going to function.

Now in terms of Mr. Troitskiy -- we're delighted to have Mr. Troitskiy here because he's one of Russia's most up and coming young experts, and I'm sure it's a great pleasure for all of us to see someone new from Russia. And we did, in fact, try to, in fact, invite some of the

usual suspects on the official side of things, but you know, as there were a lot of things happening around town, we weren't always successful.

And anyway, I don't think we at all are disappointed that Mr. Troitskiy flew all the way in from Moscow and is going to be just here for a very short time with us. So we hope we'll be seeing more of him here. And don't worry. We'll certainly make sure that we have plenty of events with our colleagues from the Russian Foreign Ministry and the Russian official structures, and also from the embassy. And there'll be other events coming up over the next few weeks with some of those counterparts.

So don't worry. We were trying to be completely inclusive and not create new divisions among the Eastern Partnership. And that's going to be one of the challenges for the United States in looking forward. We've had the offer of the United States of playing a role, and I'm sure the costs of the EU-US Summit tomorrow there will be a lot of these discussions. And we're just very grateful for all the partners here on this panel, that they were able to get us off to such a good start.

So now we're going to move over to energy and hear from our colleagues here; that we've got a few moments to move over. And I think -- is there still coffee outside or it might have disappeared? So if anybody wants to get some more coffee to caffeinate themselves to make

the next experience more energy, please come on back in here in a few minutes as we do a quick changeover.

Panel 2: the Eastern Partnership and Energy Security

MR. PIFER: Okay, well let's go ahead and get started with our second panel. I think the first panel nicely set up a discussion of what the Eastern Partnership is, and now we'd like to take it and focus it a little more specifically on how the Eastern Partnership relates to energy security questions. And certainly it's logical that the Eastern Partnership address these sorts of issues because when you look at the partner states, you see countries that are really fundamental to the energy security of the European Union and Europe. And just some examples: Huge amounts of energy transit across Ukraine each year. It's been called the largest energy hub country in the world. About 200 million barrels of oil cross Ukraine to Europe each year and between 100 and 120 billion cubic meters of gas each year. That means about 20 percent of the gas supply for the European Union comes to Europe by Ukraine. If you look at countries such as Belarus and Moldova -- although the amounts of gas are not nearly as large -- they also are transit countries for gas moving to Europe.

Turning south to the Caucasus, in the case of Georgia, of course you have the Baku-Tbilisi-Ceyhan pipeline. And when people talk about further development of that southern energy corridor, possibly Nabucco, possibly a gas pipeline, people look very much at the role of Georgia.

And finally, Azerbaijan plays a role also in this case as a producer of energy going to European markets. So these countries are very key to the question of how Europe maintains and strengthens its energy security. And we've seen threats to that. Just in the last year, we saw the gas war in January between Russia and Ukraine, which had very fundamental consequences for certain EU states who saw their gas turned off. We saw concerns during the conflict between Russia and Georgia in August in 2008 about the vulnerability of the Baku-Tbilisi-Ceyhan pipeline. And just in the last couple of days, Russian Prime Minister Putin has publicly raised questions about Ukraine's ability to meet its gas payments. And I saw a press report this morning saying that he had a conversation with his Swedish counterpart about the possible implications of this for Ukraine's ability to be a reliable transit country for oil and gas.

So when we look at this question -- European energy security -- there's both an economic aspect and also a political aspect. And to help us think this through and understand this, we have three

excellent panelists today. First we have Steven Everts. He's the special advisor to Javier Solana who's the high representative for Common Foreign Policy -- Common Foreign & Security Policy. And he's going to talk about how the energy security issues fit into the broader Eastern Partnership strategy of engagement.

Our second speaker is going to be Mikael Eriksson who's the energy policy coordinator at the Foreign Ministry of Sweden, and he will talk a bit about how the Eastern Partnership is aiming at strengthening both EU relations with the Partners, but also aiming at strengthening the energy security situation for the European Union.

And then our third speaker is going to be Ambassador Richard Morningstar. He's the U.S. Special Envoy for Eurasian Energy Security, and he'll offer us an American perspective on these questions.

So, Steven, let me open with you, please.

MR. EVERTS: Well, thank you very much. And thanks for the organizers for inviting me here today to talk about something which is clearly very high up on the transatlantic policy agenda of energy security issues.

As we indeed heard both in the previous session and now in the introduction, energy is a key component of the broader Eastern Partnership projects. And the general philosophy on both, I think, is the

more reforms that are undertaken in the Eastern Partnership countries, the more the European Union and behind it also the United States, will be able to work together. It's an open partnership, but it's a partnership for reform.

With respect to energy security -- and I'll focus mostly on that -- the vision is clear. And I think it's a shared vision between the United States, the European Union, and the Eastern Partnership countries, is that we believe that real energy security rests on open markets. It rests on transparency, the rule of law, stable and predictable business environments, and it rests on a vision of cooperative politics. What is vital for energy security is that you try to find common ground among all relevant players, be they consumer countries, be they transit states, be they producing states. We should not be naïve -- and Steve already alluded to that in his introduction -- that we have seen occasions where energy issues have been politically divisive. We have seen links with political pressure, with regional instability, with problems to do with governance and the rule of law. So yes, there are definitely connections between energy issues and foreign policy issues. These issues are linked. The question is how are they linked? And I think that we should remain true to this vision that we share, which is that everybody benefits

from open markets. Everybody benefits from having a diversity of options. And everybody benefits from cooperative politics.

And I guess this leads me to my first key point, which is how do you get these things? How do you enshrine and implement this vision of open markets and cooperative politics? And that's through agreed rules that are respected and implemented. Both in general diplomacy and in energy security issues, you need rules of the game. And if you have agreed rules, then you make states secure. You make people free, and you make companies willing to invest. So I think the question of rule -- what are the rules of the game with respect to energy is a key issue for European Union. It's a key issue for the Eastern Partnership states. But also the wider set of relevant states, including the United States, but also Russia.

My second point is that if we also all agree that everybody benefits from having a diversity of options in terms of your energy mix, not only with respect to oil and gas, but also on gas storage and other means. This is a point that applies again, not only to consumers -- which is mainly on the part of the European Union -- but having diversity of options is also good for exporters and transit states. And this fits very much with the search for the common ground.

And I guess this brings me then to the Southern Corridor concept. Here again, as Fiona and others earlier alluded to, the vision is clear. We would like to see the significant volumes of gas and oil that are present in the Caspian region and also the Middle East to reach European markets through what we call the Southern Corridor. And we would like, in particular, that those countries within the European Union that today rely very heavily on one source of imports to have more options. Because having only one source of gas import creates vulnerabilities, as was highlighted at the beginning of this year and before that.

Now the Southern Corridor vision has been laid on the table. We had a successful summit that took place, as was referred to in May, back-to-back with the Eastern Partnership Summit. The task is now to implement this vision. And I'd like to stress that yes, Nabucco is sort of a key component of this, but the Southern Corridor vision is not just about one pipeline. There are other infrastructure projects that could fit very well in this broader vision of the Southern Corridor. Nor indeed is the Southern Corridor just about energy. It's about a broader effort at underpinning reforms, and it's also not just about what the European Union likes to do with only the Eastern Partnership states. It's a broader vision. I think it also fits with what one hears if you travel to the countries of the Caspian and wider in the Middle East. Their ambition is not just to be sort of an

energy appendix to the European Union. That's also not what we are interested in. We want to embed energy cooperation in this broader and wider and deeper vision of engagement with the region, engagement that touches on political and economic reform issues, rule-of-law issues, and yes, also shared security concerns. The key point, I think, to make here is the wider your prism, the more likely you'll find common ground. And the more narrow your focus on one particular pipeline, the more difficult you'll find that things become.

Now, from the European Union's perspective, it's very clear. This is primarily Europe's job to make this vision a reality with the Eastern Partnership states and others, but we are very grateful for continued U.S. support as Ambassador Morningstar has been giving.

Now last in the interest of time, a brief word on Ukraine. Now today's not the issue -- not the time to go into, you know, particular details of what will happen tomorrow with respect to particular payments, but again I think there's a shared vision here. We both want a reliable Ukraine that is a reliable energy partner, that sticks to the commitments that it has made, including on economic and energy reform issues. We also want a Ukraine that's a free and sovereign country that will be able to have a successful presidential election that's coming up. It's true it's not always easy to find this right balance in the midst of an election campaign,

but again I think our stance should be principled and united so that we -- Europeans and Americans -- send the same messages to Ukraine about what our expectations are.

To conclude, energy security is a key component of the Eastern Partnership. The more we put energy issues in this broad a framework, the more it likely will find common ground. Let's stay true to our vision of a partnership that's based on principles. This will not be realized all at once. This will not be realized in one day. Famously, the lead time on energy is long, but the vision is achievable, and the United States and Europe together can, I believe, make it happen. Thanks.

MR. PIFER: Steve, thank you. Mikael?

MR. ERIKSSON: Thank you, Steve. Well, allow me first just to -- well, like everybody else -- thank the organizers for arranging this event which is indeed a timely one. You see three core objectives together here -- energy security, transatlantic cooperation, and cooperation with our closest, the European Union's closest neighbors. So indeed, I'm delighted to be here. I'm representing the Swedish presidency of the European Union to talk about these issues. And later this afternoon, you will also be able to listen to my Foreign Minister, Carl Bildt, who will be much more eloquent and persuasive than I can ever dream of being. And, in fact, if I lose track of my statement, it's probably because I

see him walking in through the door at the end at some point. But I'll try to do my best anyway.

I'll simply speak about how the energy -- what the energy security file looks like from the perspective of the presidency, how this relates to the Eastern Partnership. But I also need, I think, to put it a little bit into the context of this presidency, the overall context. And I think it was clear from the beginning when we took over on July 1st that we would be facing some very major challenges.

Now, you will hear this from any presidency in fact. Their presidency was indeed the most difficult one ever, but we did have a few things on our plate, two of them I think are the predominant ones. One, we have an economic crisis which is probably the worst one since the 1930s, and we have had as presidency of the European Union to try and steer the Union, the members of the Union, towards a common stance there. And then obviously there's also the issue of the climate change negotiations and the road leading up to the meeting in Copenhagen. Now apart from that, we also had some issues with the European constitution and getting things ready internally. But the two defining factors of our presidency have been and continue to be the economic crisis and environment, climate change and what we can achieve in Copenhagen.

Now these two processes -- the economic crisis and climate change -- have, we feel, set in motion a fundamental change of our economies that will affect us all in how we think about how we use the earth's resources and also what our future prosperity will come from. And we're confident that you can actually tie these two together. You can address the economic crisis and the climate change issue at the same time by promoting steps towards an economy that takes advantage of the tremendous opportunities for growth, for jobs, for competitiveness, that the transformation will bring with it. And so this is why we, as presidency, have tried to link the climate challenge discussion with the discussion on competitiveness. And we believe that you can actually strengthen both at the same time.

Now I wanted to stress these two points because there is an obvious link here with the energy issue. And, in fact, how you generate energy, how you transmit energy, and how you use energy are all at the core of this transition. And learning to use energy and natural resources as efficiently as possible and to generate energy from new, clean, sources will first lead to job creation and high competitiveness. It will help you reduce carbon emissions, and it will thirdly increase security of energy supply.

Now turning to the Eastern Partnership specifically, what I just said I guess applies to the energy track within the Eastern Partnership. And energy security is one of the principle priorities of the Partnership and one of the so-called multilateral, four multilateral, platforms. Prominent among the objectives in this area, you have security of supply, diversification of supply, as well as infrastructure aspects such as pipelines and interconnections. And progress in all these areas will, I think, enhance energy security not only for the partner countries, but also for the members of the European Union. However, in preparing the work program for the Partnership and especially for this platform, we've been -- on the part of Sweden -- we've been very insistent in saying that if you want to address the issue of energy security, it is simply not enough to focus on the supply side.

Now, important as they are, infrastructures, storages, pipelines, inter-connectors, they won't do the trick on their own. So you need to seriously consider what can be done on the demand side. And so we have to look at how you create a more efficient liberalized market -- that's one aspect of it -- and the other one is energy efficiency. And we now have in the work program of the Eastern Partnership and for the platform, we have a dialog on renewables and a reference to the promotion of specific initiatives on energy efficiency. And I'd like to

mention one of them in particular, which we will be discussing with our partners later in the month. If you look at Ukraine -- if Ukraine could increase its energy efficiency to approximately the level of its neighbors in Central Europe, they would be virtually independent of the import of gas. And clearly this is a case where you can see a direct link between energy efficiency and energy security. And we're working -- we've been working on a bilateral basis first -- with the international financial institutions and obviously with the government of Ukraine on an initiative for increasing energy efficiency in that country. It's going to be structured as a partnership where the financial institutions will provide -- will be offering loans, and we will be complementing that with grants from the fund that we are setting up. And we're also asking new donors to chip in -- and I'm looking to my right here in saying that -- but we hope for a broad participation of various donors.

Now in the case of Ukraine, we're looking specifically at district heating as one of the ways forward because we think that is a very promising avenue. We will be dealing directly with the local authorities in creating very concrete mechanisms for district heating of financing. And we hope that this can be expanded to other members, other partners, within the Eastern Partnership.

However, I think at this point I should probably say that we do not necessarily see the Partnership energy platform, as such, as the main vehicle for project implementation. To us, rather, the platform is a political arena. It's an opportunity structure. We take our relations to a new level of ambition, and the platform will give visibility, political guidance, it will disseminate information on best practice on planned initiatives -- one of them being our own Ukraine initiative -- and we will be able to exchange views on best practice with those who are interested or as it says in the documents, "those who are able and willing." That said we do not see necessarily that it's the ideal place for project implementation and management.

And so in our view, the multilateral track within the Partnership is mainly a complement to the bilateral relations that all these countries have with the European Union. Now the real work on energy and on energy efficiency will continue to be done at the bilateral level. And it's very important, for instance, that Ukraine and Moldova now join in the Energy Community Treaty. Negotiations on their commitments have been concluded, and I think at this point all we're waiting for is sort of a formal decision on our side in the Energy Council which will take place in the near future.

So in conclusion -- and I just might come back a little bit to what you both said on Ukraine and Russia -- but in conclusion, let me just say that we feel that the Eastern Partnership is a very important vehicle which serves to -- the dual purpose of on the one hand giving greater visibility and political significance to our cooperation with these countries, our six closest neighbors to the east of the European Union, and at the same time contributes along the lines I've mentioned to the energy security of the European Union and the countries themselves. But again, for this to happen, we must not only focus on Nabucco and all the other pipelines and infrastructure projects that we have, but we have also to address the issue of energy efficiency which has become something of a lead theme for us during our presidency.

Yes, indeed, there was a discussion yesterday between Prime Minister Putin and Prime Minister Reinfeldt. And I wasn't present so I don't know what they said. I know what he was supposed to say because I wrote his brief, but you never know. But I think the message that we want to give is exactly the one that Steven just mentioned. We do see that this could have serious implications; however, this is fundamentally a commercial relation having two companies involved. And with the help of their respective governments, we feel that this should be able to be solved in a way that does not harm the consumers. And this is

something that we have been stressing in all our contacts. We also obviously want Ukraine to live up to its commitments. I think they have commercial commitments, but also necessarily commitments towards those who are lending them money, and those two sides go together. So that's, I think, where we are. We'll have to see what happens over the next few days and weeks.

MR. PIFER: Mikael, thanks very much, and I should say I'm not in a position to judge whether or not your Prime Minister used your talking points or not, the account I've seen only came from Russian sources and it was focused on what the Russian Prime Minister said in his part of the conversation. So -- Dick.

AMBASSADOR MORNINGSTAR: Well, first I intentionally wanted to speak third because I knew that would make my job much easier. And I have to say that I agree fully with virtually everything that Steven and Mikael have said, so I'll incorporate all their comments by reference and maybe speak for a fairly short period of time and leave things open for questions.

A few comments, though. First of all, we strongly support the Eastern Partnership. We think it's obviously a very important thing, that European engagement with countries like Azerbaijan, Georgia, Ukraine, and other countries is extremely important. And I think there's

been a sea change in Europe, particularly in dealing with energy issues with these countries. Before -- some 3 or 4 years ago, before I was back in the government, I wrote some papers on the relationships with Caspian and Caucasus countries. And I remember doing some research, and I looked at the strategy, the EU's strategy paper with respect to Azerbaijan and in a fourteen-page paper, energy was part of the last paragraph on the fourteenth page. Literally, I kid you not. That's exactly where it was. And that's changed -- that's obviously changed tremendously over the last few years.

With respect to EU energy security, I know that in the past sometimes our policy has been characterized as "Nabucco or bust." You know, let me be perfectly clear. We strongly support the Southern Corridor. We strongly support Nabucco. But it is as has been discussed already, only one part of a very complicated puzzle. That complicated puzzle includes Ukraine as you've discussed. It includes looking at alternative technologies. It includes Europe taking steps with respect to its own energy market relating to interconnections and gas storage and increasing competition. It includes, Mikael, as you've said -- so I won't talk about -- so eloquently, the whole issue of efficiency. So, yeah, the Southern Corridor's really important, but it is one piece of the puzzle. And we will strongly support the Southern Corridor. And I will keep saying that.

Another thing I would like to make sure is very clear; our policy is not anti-Russia at all. We have reached out to Russia as part of our "resetting our relations." Energy will be part of the Presidential Bi-National Commission, sometimes called the Clinton-Levrov Commission. There are any numbers of areas that we can agree on, looking at environmental issues, looking at technology issues, looking at efficiency issues. I think the whole area of investment has to be re-looked at, at this point, given the global financial crisis as Mikael described. And I think there are opportunities on both sides of the ocean that need to be explored.

At the same time, you know, we're still going to be looking at diversity -- diversity of roots, diversity of supply. And we may not agree on everything, but we're going to have -- I hope and I think we will -- very open discussions and open dialog in which we talk about all of these issues, where we understand where each is coming from, and so that we don't have distorted views of where each of us is coming from. And I think if we do that, we have much more likelihood of finding rational solutions. So again, we are going to engage with Russia and certainly our policy we don't think of as being at all anti-Russian.

With respect to our engagement with Europe, I think that that's increased quite a bit during this Administration. We're coordinating

on all sorts of issues. I've had several conversations, several trips, but also several conversations almost on a weekly basis on how do we coordinate our message with respect to Ukraine for example. How do we make sure that we're on the same wavelength, that we're telling them the same, you know, the same thing as much as possible so that there'll be no confusion? We worked closely together prior to the Intergovernmental Agreement on Nabucco, and we coordinate our positions and our approaches towards Turkey and towards Azerbaijan and towards other countries in the region. We'll have an important announcement tomorrow, which will -- without saying too much about it since I guess it will be officially announced tomorrow -- but will formalize our cooperation in the energy area in I think some very significant ways which will allow the United States and Europe together to take a holistic look at how we deal with energy issues. And how we integrate the kinds of issues that you were talking -- both of you were talking -- about in connection with diversity, but also energy, you know, energy technology efficiency and all of those issues. So you'll hear more about that tomorrow.

So having -- I guess that's all I think I need to say. And I'm looking forward -- I'm sure we're all looking forward -- to your questions and it looks like we have a pretty good amount of time to do it.

MR. PIFER: Well, thank you to all the panelists. Let me take the moderator's prerogative of asking the first question. And I think what I've heard is that both on the European side and on the American side there's been a fairly, you know, robust dialog with the Russians about energy security and what it means. I think in the course of the panel, you've outlined a shared European-American view of what energy security means in terms of open markets, rule of law, transparency, and such. And I guess my question would be in terms of your discussions with the Russians, to what extent do you see the Russians as sharing those principles? And to the extent there are differences, where are the main areas of difference?

MR. EVERTS: Do you want me to go first? Okay. Very simple question so I'll go first. No, I mean the answer is that there are areas in which we totally agree with Russia as Ambassador Morningstar has said. Neither of our policies is anti-Russian; under any scenario Russia will be the mainstay of supplies of gas to the European market for long period to come. Many, many European companies are very active with and some in Russia on significant energy projects. So this relationship between the European Union and Russia, and the rules that underpin this relationship, is a key, key subject for discussion.

I will not deny, however, that for instance with respect to the Energy Charter, which from the point of view of the European Union sort of, you know, codifies the rules that should structure this relationship, there is a difference of view. We think the Energy Charter is a good set of rules. The Russian Federation has indicated that it has a different view. And so we need to have a constructive dialog on Russia on where we go next. Now where we might go next is to see what kind of agreement that could be found between the European Union and Russia in the context of what is called the post-PCA -- apologies for the Brussels jargon here -- the post-PCA discussions are the discussions on a new agreement to structure the whole bilateral relations, EU-Russia, not only on energy, but on many, many fields. And in that context, there is a set of discussions that takes place on exactly this question, on what are the rules that should apply to energy cooperation between the EU and Russia. This is not easy because as I said, there are difference of views for instance on the Energy Charter Treaty and the substance of it which we are very attached to. But these negotiations are ongoing so we don't know really what the answer is. But I think I'm on solid ground to say that from our point of view, you need robust rules. Energy questions are long-term questions. They are strategic questions. And to have this kind of confidence that you need from governments, but also from companies, you need strong rules. And

one of the aspects of the Energy Charter that we like is that there's a dispute settlement system. For instance, that when you disagree, there's a mechanism that is agreed on how to address it, a bit like in the WTO. So this is the European philosophy and our hope is that we can in these ongoing negotiations form a new agreement with Russia, that we can find common ground on this.

MR. ERIKSSON: Yeah, I obviously very much agree on the fact that there are, like Steven said, a difference of opinion does not necessarily mean that there has to be antagonism. I mean, you can have good and fruitful discussions even when you do not agree. And I think from the perspective of this presidency, we've seen partly as our role not to add to any drama that media and others would like to put into our relationship with Russia, especially on the energy file. And so we've been looking at trying to just keep the calm and, you know, business as usual, depoliticize the issues at hand with Russia, and try and look at it from an objective perspective. I think that is often a good thing for the presidency to do, and trying to keep member states together and stay on message so to say. That's the perspective and the line we've taken as presidency, which is also the line we're taking now in relation to what Russia is saying. And I want to stress that part of the message to Prime Minister Putin, to Russia, is that we very much appreciate the fact that they tell us what their

concerns are. And we'll listen to them, and we will make sure that our friends in the European Union also get to know what their concerns are. So that, too, is a way of keeping our communication channels open.

AMBASSADOR MORNINGSTAR: Yeah, I wish we could find more room for debate or argument. We're also trying to depoliticize our issues with Russia. With respect to market principles, it's a little bit difficult for us to talk about the Energy Charter since we're not members, although we do have observer status. We certainly strongly support the St. Petersburg Principles which basically say the same thing, and we say that constantly to Russia.

Interestingly, at least when the Russians speak about these issues, there are probably more things to agree on than to disagree. They talk about a dispute settlement mechanism. I don't know how it works in dealing with the Ukraine issue, but it's at least something to be looking at.

I think it's important not to separate out the private sector in dealing with these issues. I mean we are going to be looking more or again, re-looking at investment issues. The one thing that companies constantly talk about is the need for predictability, transparency, and so forth. And that it may be -- and I think we can be hopeful -- that given again the global economic situation, that there'll be more of a willingness to cooperate, more of a willingness to take the steps necessary to create

win-win situations with respect to investment, and we'll see. You know, we'll see what happens, but I'm cautiously optimistic -- emphasizing the "cautiously" I suppose.

MR. PIFER: Okay, great, well let me open the floor now to questions. Up here in the front, and if I could ask, please if you'd just state your name and affiliation at the beginning and keep the questions short so we can get as many in as possible.

QUESTIONER: My name is Carlos Alvarez. And my question is to the European side on this. You talked about cooperative politics underpinning this entire effort from your perspective. What specific efforts or new institutions are you going to be pursuing in these countries with regard to the pursuit of transparency, stability, good governance, and et cetera? I mean, what are you guys specifically looking for, what are you hoping to create within these countries institutionally, and how are you going to be promoting that agenda domestically in each one of these new partners?

MR. PIFER: Do you want to take several questions or one --

MR. ERIKSSON: I'll only take one at a time.

MR. EVERTS: Okay, you go first this time.

MR. ERIKSSON: I think that if you look at, for instance, the issue of energy efficiency, that it contains an element of governance

certainly because we will be working with local authorities in implementing that. I think if you look at the work program of the energy platform within the Eastern Partnership, there is a whole volley of issues related to precisely that, good governance and the way you manage the sector which will be addressed. And again, that will be more of an exchange of views, exchange of best practice. I don't necessarily -- I'm not able at this point to say exactly what kinds of projects will be implemented, and that goes back to what I was saying. It's not necessarily within this platform that you will be seeing concrete projects. But as a forum for exchanging views on how you manage the sector, what is efficient, what is not, what works, what doesn't, how do you create good governance, it's certainly a forum for that and there will be further meetings. The next one, I think, is at the end of November.

MR. EVERTS: I agree. That's enough.

QUESTIONER: Thank you. My name is Thomas Custis (phonetic) from Ludwig-Maximilians University in Munich. I have a question regarding energy security is a topic where you need to speak with one voice in Europe. I think certain member states, for example Germany, undermine those efforts by having rather bilateral approaches to their energy security. Now we have a new Foreign Minister in Germany, Westerwelle. He made his first visit to Poland. Do you see this

is a signal to the eastern neighbors that something will change in the German approach?

MR. EVERTS: The dynamic that you alluded to is one that I think we have to realize and acknowledge, which is that the starting position for the 27 member states with respect to energy is quite different. If you look just at the range of, you know, import dependencies, the kind of energy mix that they have -- if you look at the overall EU-wide average figures, they're pretty good as to, you know. The share for instance of Russia, Russian gas imports is 28 percent. That's, you know, that's a perfectly reasonable figure. That's not a dominant position, that's not -- but that figure doesn't tell you what you need to know, which is that for some EU member states, the dependency ratio is 90 percent or more. And similarly, for instance, with respect to Russia, the most significant markets in terms of volume and sheer size of the business are Germany, Italy, and others. And those of us, like me, who have the masochistic job of trying to put all this together, have to recognize that our starting positions are different. Now, how does European integration advance? It is by identifying common ground. And I think there has been, as Dick Morningstar alluded to, there has been a change in the kind of discourse and the center of gravity in Europe with respect to energy security issues, which is that people realize that an excessive reliance on bilateral

relationships only harms everyone but also the individual countries concerned.

So I think the debate in Germany, but not only in Germany and across the European Union, has been changing, and we have used, I think, the last 2 to 3 years to build if you like the political consensus and the building blocks on what an EU energy policy, a common EU energy policy, should consist of. And that is precisely the kinds of things that we've been talking about earlier, as a holistic approach, not a silver bullet. It's to work on the internal side on market liberalization and inter-connectors and gas storage, and on the external side to defend what I've tried to lay out, this vision of energy security relying on open markets, principles, rules equally applied to. And that's the kind of common ground that all 27 countries, irrespective of their different starting positions, can unite on. And I will not say that this is done. It's not. It's a work in progress, but then again, so is everything else in the European Union. But I think the debate has been changing, including in Germany, and I think that's a good thing.

MR. ERIKSSON: Well, just two small things. First of all, figures can be misleading like you said. I mean, if you take a country like Finland, they are 100 percent dependent on Russian gas, but they don't see that as a problem because the gas is only a small fraction of their

energy mix. And if something were to happen, which has happened before, they have systems of resetting the system very easily. So they don't see that as a problem.

The second point I wanted to make is really just to look back at the January crisis and in particular the way the Czech presidency at that time managed to handle various European views and this sort of forming a consensus around a way forward. I think it was quite successful, and I think the European countries did stick together at that point, and I think we have continued to do so. And it's been repeated over and over again that we need to speak with one voice.

AMBASSADOR MORNINGSTAR: Just looking at this from a U.S. standpoint, you know, look I know enough about the EU, that I know how difficult it is to get 27 countries to agree to anything. But, you know, it's not a zero-sum game. And that the greater the agreement and the greater the participation, all the better. And that when you look at the Southern Corridor, for example, there are going to be some countries that feel very intensely about it, like the Central and Eastern European countries and some of the other countries as well, and some countries that feel less strongly about it. But it's important that those countries that feel less strongly about it, recognize that this is an overall European issue and at least not take a negative view, and if anything to take as positive a view

as possible. Yeah, I'd love to see Germany be more vocal and supportive of the Southern Corridor. Germany says yeah, it's supportive, but it would be nice if it were more.

And I will say that when I go to places like, you know, Baku and Ankara and Ashgabat, I do often get "Where are the Europeans? Why can't they speak with one voice" and so on. And there are answers to that and there's a question of what's doable. It's also -- and you sort of, I think, alluded to this -- a lot of it, too, depends on what the issues are. I mean it seems to me it's one thing to get 100 percent of 27 countries, you know, strongly supporting Nabucco. It's another thing getting a qualified majority supporting the importance of inter-connectors, you know, to make sure that, you know, the kinds of things that happened as a result of the Ukraine gas shutoff don't, you know, don't happen in the future. It's another thing to get, you know, the Central and Eastern European countries to work together to take a, you know, to take a united approach within the European Union, to be able to act politically within the Union to get greater support from some of the other countries. So, you know, there are ways of handling it, but, you know, it is difficult to get unanimous support.

QUESTIONER: Nadia McConnell, U.S.-Ukraine Foundation.

Mr. Baldwin, I was intrigued by your phrase --

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MR. PIFER: He's on a plane somewhere.

QUESTIONER: I'm sorry. What?

MR. PIFER: Mr. Baldwin is on a plane. You mean Mr. Everts or Mr. Eriksson.

QUESTIONER: Oh, excuse me. Your use of a phrase, "a successful election, presidential election in Ukraine." If the world community is waiting for this election to be some sort of seismic event that's going to solve the dysfunctionality -- if that's a correct word -- of the government of Ukraine, I think we're setting ourselves up for disappointment. So how do you define that?

And the second question for whoever wants to answer is, is the Eastern Partnership going to be focused mostly at programs from government to government, at the ministerial level? Because as Ambassador Morningstar knows, my bias when working in Ukraine is that you have to go down, and certainly opportunities in the global economy at the municipal level perhaps may offer the best opportunities for change.

MR. EVERTS: I'll perhaps start with the Ukrainian election. I mean, what I meant with "successful" is an election that passes without major drama triggered perhaps by a crisis related to energy issues which we are desperately trying to avoid. No, it's about the Ukrainians determining, through the agreed procedures of the Ukrainian constitution,

who shall be their next president. And it's not certainly, as you know very well, for us to choose who should win those elections. But it's our firm hope that whoever comes out of this electoral period is committed to the kind of reforms that we seek so that the Ukraine can continue on its path that will bring it -- as we hope, if that's the choice of Ukraine -- closer to the European Union and all the norms and values and reforms that this entails. So a drama-free election followed by a reform-minded government would be my definition of a successful election.

MR. ERIKSSON: I think our analysis of the way to work successfully with these issues is precisely what you said, and the initiative I alluded to earlier on energy efficiency in the Ukraine does precisely that. We will be working with local and regional authorities and promoting district heating specifically because we find that that's a reasonable way forward.

In terms of what will be happening within the Eastern Partnership as such, I was just looking at the work program and there is definitely -- there is specific activity on stakeholders dialog which will promote discussions with industry, with other donors, and all those who have an interest in disseminating information on best practice and how to work together. So definitely, yes, there will be different stakeholders involved in the program.

AMBASSADOR MORNINGSTAR: I agree with you that, you know, we have to focus on the bottom, and when we worked together 10 to 15 years ago, that's what we were looking at. But I also don't think we can forget the national government either. And I do believe -- I hope I'm not wrong -- that whoever is elected president in the elections in January is going to want Ukraine to remain an independent country. Now the relationship with Russia is going to be important. It always will be important. But that doesn't mean that Ukraine can't be independent. And to be independent, it's going to have to take the steps beyond what's done at the local government to once and for all reform its energy sector; to take the steps that Mikael has been talking about and Steven with respect to efficiency and those types of issues; to create an investment climate that makes sense. I -- we were in -- we had an Energy Officers Conference in Holland a few weeks ago. A lot of the energy officers from our embassies throughout Europe and throughout, you know, Ukraine, Russia, the Caucasus, Central Asia, and so on. And we met with a company in Holland who said, "Look, you know, there is so much that can be done with Ukraine's domestic production of gas, for example. But we can't touch it. We can't go there because it's just an impossible investment climate." You know, if Ukraine once and for all -- and this is from some of us -- I don't know how long you've been working on Ukraine, for me it's

been since 1994. For Steve, it's been at least that long and maybe longer in your case. And, you know, once and for all, if Ukraine recognized, for example, that if it took the steps with respect to efficiency and the associated steps with respect to targeted subsidies and price increases, if it had an investment climate where its domestic production could be increased significantly, then Ukraine could become virtually energy independent. And it's just -- frankly, it's a tragedy that these steps haven't been taken. And this is the message that we constantly, you know, constantly convey. And we can't give up, you know, as much as sometimes we get frustrated. You know, we can't give up and we just have to keep pressing on these issues and try to get it accomplished.

MR. PIFER: I might just briefly add that if you go back and you look at the prescriptions for Ukraine to do what we've heard in terms of energy efficiency, market prices, transparency, those were the prescriptions that Ukrainians were hearing from the United States, from the European Union 10-12 years ago. But -- and what's really has been missing all this time is the lack of political will. And to the point where I think now you look at the energy vulnerabilities and for Ukraine, it really has become a national security question. And the issue is, you know, after they have this election behind them, will the Ukrainians show the political will to put themselves in a stronger position. And if they say,

“Yes,” and they’re prepared to do that, there’s going to be no shortage of advice and assistance.

QUESTIONER: Sy Taubenblatt with SA Taubenblatt

International. Got a question. Much has been said about -- in looking at energy security -- about oil, gas, and renewables, but conspicuously absent has been any discussion of nuclear power expansion. I was wondering how does the panel look at nuclear power as one looks toward the future?

MR. EVERTS: Anybody who works for the European Union and has to answer a question on nuclear has calibrated his words very, very carefully. So the mantra is that in the European Union, it’s for member states to decide on their energy mix and for those countries wishing to have more nuclear, then that’s their sovereign choice. Now I happen to work for a man who has fairly strong views on nuclear, and he thinks it’s inevitable an increasing component of the kind of challenges that European countries, and non-European countries, will have to address. And so from the perspective of people like me who work more on foreign security policy, our means of entry point in this discussion are that if and when there is indeed a nuclear of nations around the world, then we’d better make sure that it’s proliferation proof, and that it occurs at sort of the highest technical standards so that when, for instance, Ukraine

who sometimes is mentioned in discussion, is looking at additional nuclear energy capacity, that it does so really at the top end of what's available in the global market in terms of safeguards and technological standards.

It also gets you, perhaps, into territory beyond the Eastern Partnership, sort of globally, on discussions on multilateral fuel cycle arrangements. So if there is indeed this nuclear of nations -- open parenthesis -- there are more countries talking about expanding nuclear power plants than actually building them because the economics of nuclear are not always so straightforward -- parenthesis closed. But if this indeed happens, then I think there's a shared interest between the United States and the European Union that we make this proliferation proof, and I think multilateral fuel cycle arrangements are a key component of that discussion. And there's a discussion related to Iran and others that I will not get into right now. Thanks.

MR. ERIKSSON: I agree. There are several countries, including my own, where nuclear is not uncontroversial, and you always run into difficulties when you deal with it within the Union. I think there are three levels here. As long as you speak about nuclear safety, you're fine. Everyone will agree and you will arrive at common positions I think. Proliferation, obviously also, is one of those issues where you can agree within the Union. It becomes a little bit more tricky, but still manageable if

you talk about energy, nuclear technology, as long as you recognize that it is every state's sovereign decision whether or not they want to use it. But when you come to the third level, where you are sort of supposedly promoting public acceptance of nuclear as an option, then you run into big difficulties in agreeing within the Union. So those three levels, I think, you will have to handle differently depending on the situation.

AMBASSADOR MORNINGSTAR: I don't have much to add. Certainly, we agree that nuclear, you know, that nuclear is going to be part of the equation in Europe, certainly in parts of Europe. But, you know, we also have to recognize it's not a short-term solution either. I mean, you know, if a new plant gets started, you know, planning for a new plant starts up today, it's going to be 10 or 12 years before, you know, that plant is in, you know, is in operation. So it's not going to be the silver bullet either. But it goes to the point that there are, again, that we've, I think, all been talking about, that there are going to be -- that there are several pieces to this puzzle of which that's one.

QUESTIONER: My name is Zach Carr (phonetic) and I'm a graduate student at UNC, Chapel Hill, and I have a question for Ambassador Morningstar. What is the Obama Administration's policy on Russia's aggressive use of energy exports and foreign policy? And, hypothetically speaking, what is the Administration's policy on taking

action against Russia if there was not agreement from European partners?

AMBASSADOR MORNINGSTAR: If there was not agreement?

QUESTIONER: Not agreement from European partners, yes, hypothetically speaking.

AMBASSADOR MORNINGSTAR: Well, you're --

MR. PIFER: Your favorite question, a hypothetical.

AMBASSADOR MORNINGSTAR: My favorite question, exactly, a hypothetical question. You know, certainly we don't encourage any country to use energy aggressively. And it's interesting if you, you know, if you talk to the Russians, what they'll say is -- one Russian official asked me a couple of months ago -- pretty high-level official -- said, "Well, do you think we use energy as a political weapon?" And I said, "I don't know, do you?" And, you know, I say "I hear things, but, you know, I don't know. I don't know whether you do or you don't." And he said, "Well, we don't." He said, "Well, you know, it's all commercial. You know, energy is our, you know, energy is our primary resource and we want to, you know, we want to maximize that, and we want to make as much money as we can from it." And, you know, and that's, you know, that's understandable. Sometimes you can't separate out political issues from commercial issues.

What we, you know, what our hope is that by, you know -- and I don't want to sound like a Pollyanna -- but, by engaging with Russia and by -- which we really haven't done in any meaningful way in the energy area for some time, at least in the United States -- that we're going to understand each other better and we're going to avoid the potential issues that, you know, that you're talking about. So I'm not about to say, "Well, what are we going to do if Russia takes some aggressive action with respect to energy where there's no European agreement on it?" That's just too much of a hypothetical and would need to know a whole lot more facts. So I don't think I ought to get into that.

QUESTIONER: Hi. Tom Frankowicz (phonetic), U.S. CPA. I'm curious. I think it was Mr. Eriksson that said that the Eastern Partnership isn't a vehicle for project implementation. And I'm just curious why?

MR. ERIKSSON: It remains to be seen. I mean, this is still at an early stage and it might well be that it turns out to be a good vehicle. And I know there are different opinions within the Union as to exactly how you want to look at the Partnership. But I think initial, our initial -- and I'm speaking only for Sweden now -- our initial assessment has been that there are so many bilateral important issues, for instance, the accession to the energy community, that take priority. And it's not necessarily so that a

multilateral framework is the most efficient one in this particular case when it comes to project implementation. I mean, this is not a huge organization with staff. This is a framework. This is a political umbrella. And I'm not sure if a political umbrella is the right format for project implementation. Now, we might end up there anyway, and it might turn out to be a good thing to do things, concrete things, within the Partnership. I was just referring to our, I guess, initial assessment of what the real role of the Partnership should be. And if you ask me today, then it's this concept of a political umbrella, a forum for political discussion and giving a greater visibility and significance to our relationship.

QUESTIONER: Thank you. Felix Goodhart (phonetic), Netherlands Embassy. My question is mainly for Mr. Eriksson. Having experience working within the Swedish presidency now, and assuming that soon the Lisbon Treaty will be passed, what are your expectations of the new institutions and specifically the permanent presidency and the more authoritative higher representative perhaps, and whether that will open up possibilities for even more -- well, a more concerted European policy on energy security?

MR. ERIKSSON: Well, I guess the easy way to answer that is that's the whole point, I guess, to achieve more efficient structures. And we're just waiting for the final go-ahead from all of our member states to

implement. But, no, I think the whole reason why we went into this exercise of the new treaty was exactly to adapt the Union to the fact that we're now 27 members and not 12 or 15 like we used to be. And I guess I'll be as general as that. And I'm sure that there will be changes and they will be hopefully changes for the better.

MR. EVERTS: No, that's exactly right. I mean, as you know very well, the provisions and the improvements that the Lisbon Treaty would offer relate in particular to how the Union positions itself and deals with the rest of the world. And there's a significant streamlining of the kind of top jobs that should be available, the kind of systems and people that should help these people to do their jobs -- what we're not allowed to call the Diplomatic Service, but that's basically what it is -- and, you know, this is a huge opportunity, I think, for the European Union to project a stronger set of policies in energy, but across the full range of foreign policy. So I really think that Europe needs this treaty, and it needs it now.

MR. PIFER: We have time for one short question, and I'll emphasize short.

QUESTIONER: Most of your comments have dealt with the continued dependency on the fossil fuel model. Could you make some comments on how you see the Eastern European Partnership and the EU itself, working in the area of renewables and alternatives fuels?

MR. ERIKSSON: Yes, I think I did allude to it previously. It's part -- it's part of the whole structure. I mean if you look at the things that have been agreed as priorities, you have the infrastructure and the inter-connectors and you have sort of the whole issue of energy security. But you also have a dialog on renewables and energy efficiency which is part of that. So that's part of the discussion within the Partnership. Definitely.

MR. EVERTS: Yeah, because I think the reasons why the European Union has a fairly ambitious set of objectives, targets, and policies on renewables, in a way, you know, apply to the United States, too. They apply to the Eastern Partnership. We're all living in this world where we have to achieve both our energy security and our ambitious climate objectives. So it's not surprising that this integrated approach that Mikael was alluding to, you know, permeates all our thinking. It permeates our thinking within the European Union on how we have discussions with the Eastern Partnership states, and how we also discuss it with the United States in the announcement that we're not allowed to specify yet.

There are reasons why people seek this integrated approach, which has a big, big push on renewables as a core component. And it also helps you with your foreign policy objectives, too. So everything points in the same direction -- energy, climate, and foreign policy -- and that's why I believe it can be done.

MR. PIFER: Okay, well I think that brings to a close this panel. We'll have time for about 12 minutes for a break, and then if you could be back in your seats by 4:30 for the last panel. But before leaving, please join me in a round of applause to thank our panelists.

MR. TALBOTT: Good afternoon, everybody. I'm Strobe Talbott. It's my pleasure to resume this excellent afternoon of discussion. It's been a good program so far and it's going to end very, very strong.

The word partnership figures of course in the name of the conference and also in the assigned topics of the three panels, and that word partnership also applies to some relationships that the Brookings Institution has which have made it possible for us to bring all of you together today. I'm referring to your partnership with the Heinrich Boll Foundation, with the Swedish Embassy, with the Polish Embassy, and we're very grateful for all of the support and help that we've had from them.

It's particularly appropriate of course as is evident from the composition of this panel that the Swedish and Polish embassies should be involved because those two nations, Poland and Sweden, pushed forward a very important innovation in Europe's Neighborhood Policy last year, and that was to set up the Eastern Partnership which is a more focused engagement on the part of the European Union with six of the

nations in the post-Soviet space. One way to look at this might be to see this as Europe's near abroad intersecting with Russia's near abroad. The countries of course are Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine. Each of those countries has its own unique concerns and very important aspirations as well as having as a group a number of concerns and aspirations in common, and common aspirations certainly include a closer, more productive relationship with the European Project and ultimately full integration with the European Project.

To address this set of issues we're fortunate to have two authoritative and dynamic foreign ministers and the most appropriate of the European Commissioner here with us this afternoon. Carl Bildt of Sweden and Radoslaw Sikorski of Poland, are friends and colleagues of quite a few of us in this room. They have been participants in Brookings' activities in recent years and we're very glad to have them back. Commissioner Benita Ferrero-Waldner is a first-time visitor to Brookings, but has already assured me that this will be the first of a number of visits that she will pay here in the future. Radoslaw is going to begin the discussion, and then my colleague Fiona Hill who has certainly found a pretty dramatic way of celebrating her first day back at Brookings after 3-1/2 years on the National Intelligence Council and has taken the reins over from Steve Pifer as the Director of our Center on the United States and

Europe. Fiona will moderate the discussion after we have heard from the three honored guests. Radoslaw, over to you.

MR. SIKORSKI: Thanks, Strobe. It's great to be back here, back in Washington and back at Brookings. Thank you for making the time and devoting attention to what we think is an important project.

Strobe, you said that it's an answer to the near abroad which is now exactly how we've conceived it because in Europe we don't really do geopolitics. What we do in Europe is standards and values, and that's what the Eastern Partnership is about, but you could argue that enforcing those standards and values in neighboring countries might have geopolitical consequences, but we don't want to alarm anybody unduly do we?

The Eastern Partnership offers partner countries an ambitious project of gradual political and economic integration with the E.U., as well as an advanced mechanism offering specific support in modernization and transformation. We believe that strengthening of the Eastern Partnership is the best way to step up the effectiveness of the E.U.'s Eastern policy and that of the entire democratic world.

Poland together with Sweden as an initiator and an active promoter of the Eastern Partnership will continue its strong support for this initiative by contributing to programs. We are currently implementing our

own set of programs supporting the Eastern Partnership's goals financed from our own budget which we hope will strengthen Eastern Partners' capabilities in various fields such as administrative capacity, regional development, border and migration management, as well as the fight against organized crime. We have launched programs supporting partner countries in sectoral reforms, approximation of legislation to E.U. standards. I'd like to remind everyone that the E.U. is at its core a bundle of laws. And the development of free-market institutions and civil service training.

The first Eastern Partnership Summit meant that we got off to a good start, that was back in May, but we have to maintain momentum. We can acknowledge that preparation work for the implementation process led by the European Commission is progressing well. 2010 will be devoted to hard work in the various fields of the Eastern Partnership with the objective of accelerating the process.

Several issues demand particular interest. Eastern Partners need support in their preparations to launch and conclude negotiations of association agreements which include deep and comprehensive free-trade agreements. That's one leg of the Eastern Partnership, deep and comprehensive free trade. Another leg is visa liberalization, and I'd like to remind you that until 2 years ago we in Central Europe had visa free travel

with most Eastern Partnership countries. We introduced visas 2 years ago as the price of joining the Schengen Group and abolishing border controls with all of Europe, but we actually very happy with visa-free regimes with those countries and we hope to persuade mostly Western European colleagues to liberalize visa travel. A visa-free regime would be our final goal and we believe it's the most cost-effective and the most tangible way of persuading the peoples of these countries that the Eastern Partnership is for real.

Four thematic platforms were conceived within the framework of this initiative for the practical implementation of the Eastern Partnership. The first, democracy, good governance and stability, has already adopted a work program. The following, economic integration and converge with E.U. policies, will be approved next week. The E.U. will also this year launch the first of its Eastern Partnership Flagship Initiative on civil protection and response to natural disasters, and the current flu epidemic in Ukraine highlights how necessary this is. The next five are under preparation, expert panels on flagship initiatives such as on integrated border management, very important, have also started their work.

We believe that the U.S. should get interested in this and it could get involved in a number of ways, the expertise of various American

institutions in the field of promoting and implementing democratic values, the principles of free-market economies and good governance could be employed. The U.S. should be welcomed by the European Commission to get involved in concrete projects and programs to do with the Eastern Partnership.

Bearing in mind the interests of third-party states including the U.S. in supporting the Eastern Partnership, Poland is advocating the establishment of a Group of Friends of the Eastern Partnership, uniting third-party countries that are willing to offer support to the initiative. I hope that the European Commission will soon work out a mechanism that will determine the legal and financial conditions of third-party participation and assistance. The U.S. can also play an important role in supporting E.U. efforts to obtain funding from international financial institutions, and enhanced U.S.-E.U. coordination in their activities in relation to Eastern Europe in order to gain effects of synergy would be most helpful. With Poland's engagement in the Eastern Partnership as one of our priorities for our presidency of the E.U. in 2011, we will spare no effort to supply the initiative with the energy needed for the benefit of the European Union, the Eastern Partners and Europe as a whole. Thank you.

MR. BILDT: Thank you very much. It's very nice to be back at Brookings. Congratulations to Fiona for taking over and congratulations to Brookings for that.

Just brief remarks from my side on the politics perhaps of the Eastern Partnership. We will in the next few days remember what happened 20 years ago in Europe. It was really a new zero hour for Europe. We had to build anew and see how we could secure the peace and prosperity of a part of the world that has more conflicts and divisions and wars than most others also spreading over the rest of the world. We have done reasonably well so far with enlargement and all what that has meant in terms of bringing democracy, market economies, the rule of law, to significant parts of Europe that had been denied that for far too long.

The process of enlargement will continue, although it's going to be somewhat more difficult. The European Union is a more ambitious undertaking now and some of the countries that want to join are starting from a somewhat lower position. Accordingly, the time lag until we can move further is going to be in some of these cases bigger. But we need to have new instruments for engaging with them in different ways. We need to broaden our horizons and perspectives when it comes to bringing security and stability to the entire European Continent and, sorry to use that expression, our near abroad. That is why last year there were

launched two major strategic initiatives. One which I'm not going to dwell upon further was the Union of the Mediterranean, looking south, North Africa and the Middle East which are countries very adjacent to us where we have a huge stake in what's going to happen in the future. And then toward the east, the Eastern Partnership, which is part of you can say our policy approach to the 12 countries that are in between the eastern present boundaries of the European Union and the western boundaries of China. You have the five Central Asian countries where we have the Central Asian Initiative, we have obviously Russia with its 140 million inhabitants and our attempts to continue to negotiate the new agreement with them, and then the Eastern Partnership.

The Eastern Partnership was a very important strategic initiative building on what we had done previously with the European Neighborhood Policy, but having a far more political component to it, seeing also a multilateral framework, and important enough, including both the three countries of the Southern Caucasus and the more immediate eastern neighbors linking them together in something that is going to be reasonably coherent and seeing if we can develop not only the bilateral instruments that we have with them, but also the multilateral instruments to try to move their reform process and integration process forward in accordance with what they themselves what to do and in accordance with

what they are prepared to accept. There's an element of conditionality in everything that we do.

The Eastern Partnership as you know, an initiative by Poland and Sweden, was then endorsed by the European Council I think in December of last year if I remember it rightly, was launched in Prague in May under the Czech presidents, and then of course under the Swedish presidency, and now we are starting up the different things and it becomes truly operational from January 1 when the money that is there will start to be available as well.

We should also mention, and Radoslaw alluded to it, the different instruments that are there which are somewhat more bilateral but which we aim to deploy over time in all of these countries when they are ready and when they are willing. We have a special language in Europe which is called Brusselsese and in Brusselsese we have now coming called the DCFTA, and DCFTA is a key instrument for transforming countries. It means Deep and Comprehensive Free Trade Area. It is substantially more than free trade because of regulatory integration between us and these countries. And add to that elements like including them in the European energy aspects of the European Union. You might think that we don't have much of a common energy policy, but we have some substantial elements of regulatory factors when it comes to energy

policy, and extending them into the Eastern Partnership countries as we are doing with the western Balkans is of huge significance for the future, the same with transport policies and other policies, and this over time of course transforms their economies and contributes to the modernization of their societies. Ukraine, most advanced in spite of the difficulties that we're having at the moment, Georgia also fairly well advanced. We've got a new government in Moldova which is very committed, and the Commission is starting no negotiations on a new agreement with them. And we will in November give the mandates or the Commission will come to us to be precise to ask for the mandate for starting association agreement negotiations with all three of the Southern Caucasus countries. This will remain for quite some time a work in progress.

Radoslaw mentioned that there is a Polish presidency in 2011. I think each presidency will add to what we are trying to do in terms of the Eastern Partnership. We are working on how we can mobilize additional financial resources in different ways through multilateral institutions in addition to the ones that we already have. We attach importance to civil society involvement. Obviously the development of a civil society is mildly speaking somewhat different in some of these countries, I'm thinking particularly in terms of Belarus, and we also are welcoming the possibility of third countries to be part of the different

projects that might be of interest to them, Russia being one such country, Turkey being another such country that could take an interest in this.

Finally, we are working on and hope also that the Eastern Partnership, the concrete daily work with it, will also be firmly anchored in the new Commission that after some preliminary things with the Czech Republic we hope that we will start setting up within the not to distant future. Thanks.

MS. FERRERO-WALDNER: Good afternoon, ladies and gentlemen, and thank you very much for having me too.

Ladies and gentlemen, there you have two of the fathers of the so-called Eastern Partnership. There was another one we have to say it with all fairness, this was the Czechs of course under their presidency there was only one mother and I think that was me.

Why? Because what has not been said is that indeed it is the European Commission that of course has to propose all of these things to the Council. The Council then decides, but it's the Commission that makes the proposals. I must say I'm very proud of my team because we took up of course a lot of the incentives that came indeed from Poland, Sweden and the Czech Republic, but I think in the end we made something out of it that indeed can grow and I always think from the baby

we have really brought it maybe to a teenager, maybe sometimes a little bit revolutionary teenager, but still we have been growing.

Now let me tell you on what basis. It has been said a little bit by Carl Bildt, but maybe in order for you to understand better, since the year 2003 I was then still foreign minister of my country, Austria, we all together, the Council then decided to have a Special Neighborhood Policy, a Neighborhood Policy, the policy to all the countries surrounding the now-enlarged European Union. Of course we had the 10 new countries and then later on the two new ones, Romania and Bulgaria coming there. Then we said what do we offer to these countries both in the south and in the east in order for them to be able to come closer, indeed as was rightly said, to give them a chance for more values, for more rule of law, for more democracy, and human rights, but at the same time to offer them a bilateral policy where we said it has to be tailor made exactly to each and every countries' own ideas. For instance, with some countries we worked more on transport or on education, on others of course energy security that is very, very important, and so we covered the different neighborhood countries in a somewhat differentiated way, so this is the bilateral part. We then worked on so-called action plans with each and every of these countries, political action plans, not really agreements, but still of course covered also by quite a lot of funding, by quite a lot of money, but never

enough that these countries would get the same funds as countries that are candidate countries, so to way pre-accession countries, and that makes of course also a big difference.

Having said this and having worked I think very well on these different bilateral action plans, some were for 3 years, others for 5 years, we felt and then indeed all these initiatives came up, the French initiative on the Union pour la Méditerranée, the Union for the Mediterranean, but also as we said the Swedish-Polish-Czech initiative to go further with the eastern countries. There wee said what is really lacking? There is a lack of a multilateral framework because the bilateral was already there, the European Union and Ukraine, for instance, and we felt what could we do. I took elements from the Balkan countries. In the Balkans we had worked on the stability pact and this had seemed to be something very interesting because for the first time ever these countries had to work together with each other and it was a sort of learning by best practices from one another. It's something that the Austrian former Vice Chancellor Erhard Busek had indeed invented and he had been one of the stability pact coordinators so that this we also have incorporated. Then we had an idea, what can we do in order to trigger more money, because indeed we had certain funds, but of course never sufficient and there was the idea of a certain Neighborhood Investment Facility where we can trigger more

funds with the money, the funds that we are given from the European Union, and that had indeed been now complemented with this multilateral initiative that already has been mentioned, where I would just like to mention again what we did there is association agreements, second, visa facilitation or in the future even once there will be mature to do that, visa free, and then of course it was mentioned very often the standardization approach to give them the chance to come closer, then also to export, to import in the same way, to have free trade to include competition services in intellectual property. And what is I think one of the most important things, it looks very administrative but it's very important, is institution building because these countries very often don't have the same institutions as we have and it's very important to get the right justice system, to get the right system for ministries and to have the people really cope with all of what is necessary.

Indeed, we have these four platforms, democracy, good governance and stability, economic integration and convergence with E.U. policies, energy security, and the contacts between people, and there I must say under the Swedish presidency we are very happy to see that particularly the Civil Society Initiative will be a very important one because this again can grow. I could tell you a lot about Belarus, Moldova and Georgia and the Southern Caucasus, but I'll leave that to the discussion

because I think you are already very, very keen to ask questions. Thank you very much.

MS. HILL: Thank you very much. While our speakers are getting their mikes on, we'll start with questions. I'd like to group three questions together again. We have our colleagues with the microphones. A question over here? I see a gentleman here at the back and a gentleman here in the white shirt, and then I'll move around. And if everybody could identify themselves when they ask a question, and also as is usual, try to keep your questions and comments brief.

MR. COHEN: My name is Ariel Cohen. I'm with the Heritage Foundation. A terrific panel. Hello to my friends.

A question about South Ossetia and Abkhazia. In the context of the Eastern Partnership, what kind of steps can the E.U. take to reassert Georgian sovereignty in South Ossetia and Abkhazia and prevent those territories from eventually becoming either independent or even worse parts of the Russian Federation? Thank you.

MS. HILL: There was a gentleman over here.

MR. RADKA: Imran Radka, University of Munich and Johns Center for Transatlantic Relations. I remember from after the Barcelona negotiations for the Euro-Mediterranean Partnership in the mid-1990s, and if you remember, these negotiations were hard bargaining, how much

money should be given to the south and to the east, a very intra-European debate, and I wanted to ask you how far the Eastern Partnership is the expression that this kind of bargaining between south and east will continue because the proposal just came after the Union for the Mediterranean. How much does this competition still exist?

MS. HILL: Thank you. The gentleman here with the white shirt?

SPEAKER: My name is Seth and I'm not with anyone. I'm just a concerned citizen. My question is about the Lisbon Treaty and I guess the American role or what role we can play with it and who we're going to be interacting. I imagine most Americans are only barely aware of even what the Lisbon Treaty is, but I don't know if it's true at a high level. How do you imagine us interacting with you and with the Eastern Partnership after the Lisbon Treaty passes?

MS. HILL: Thanks very much. I'll turn it over to our panelists, and perhaps we'll go in order of proximity to me, so Carl Bildt, seeing as you're just wrapping up your presidency, how do you see all of these issues?

MR. BILDt: Let me start briefly with South Ossetia and Abkhazia and the Eastern Partnership. It's not really not an Eastern Partnership issue. What we'll do there which I think is key is stand firm on

the principle of territorial integrity. As I say to our Russian friends, we are going to be as firm when it comes to that issue to the south of the Caucasus range as we were to the north of the Caucasus range because if you start fiddling around with those issues on the southern slope or the northern slope of that mountain range, you are going to end up in some substantial difficulties further down the road.

There is fairly little we can do short term. We are having a dialogue with Georgia of course on how one should calibrate the policy versus these territories because we want to think without in any way altering or giving up the anything of the principles. We're going to be fairly fundamentalists on those or very fundamentalists on those to be precise. How can we engage with the people perhaps primarily of Abkhazia where perhaps the possibilities might be somewhat bigger. That's where Georgia and we are discussing how that could be done and we mostly see eye to eye on it.

Then I think what's the long-term solution to that? I don't know. We'll have to wait until the constellation of the stars changes. I sometimes make the comparison with the division of Germany. We held to the position of principle without actually knowing when things were going to change, but at some moment things did change and the fact that we had stood by the principle at that particular time was what opened up

for what eventually happened, but no one really saw that very many years in advance.

MR. COHEN: Are you implying that Abkhazia will be recognized just like East Germany was recognized?

MR. BILDT: It wasn't recognized. That's my point. East Germany was never recognized. There was a relationship with it but there never sort of the full recognition of we've accepted the reality of the DDR. But as you remember, the Federal Republic constitution never gave up its claim and that made it possible at that particular time. There was never a unification of DDR and the Federal Republic. It was just that the DDR ceased to exist and then the Federal Republic covered that territory as well. So the fact that the legal position was upheld primarily by the Federal Republic supported by the Western powers for a prolonged period of time made it possible for that to happen. I'm not saying that analogy is perfect, but just to make the point to uphold the principle even if you don't know exactly what history is going to bring. I don't think this conflict is going to be solved tomorrow. That's very much of what I'm saying.

Briefly on competition for money. There is always competition for money. I haven't been to any issue where there isn't competition for money, and we want essentially more money to everything. I think Benita, what we spend is a fair amount of money, we

spend 50 billion euros I think, but that's roughly 6 percent of the budget. I think the three of us are united that we want more, but I invite you to have the next panel with our finance ministers. Then I'll leave the Lisbon Treaty to you.

MS. FERRERO-WALDNER: On the first question, just to say again neither the so-called Neighborhood Policy that I tried to give you an explanation in a few strokes, nor the Eastern Partnership is there for conflict resolution, but it should contribute to conflict resolution particularly by confidence building, for instance, by possibilities here or there to make the conditions better. And in the Geneva Talks, Georgians with the Russians, we as the Commission we particularly work on the IDPs, the internally displaced people. There are so many, and this is of course a confidence-building measure. But for the rest I think I can fully subscribe to what Carl Bildt just said.

On the second question about Barcelona, let me just say from the outset there was always the idea what is being given to the south and what is being given to the east. We have tried and I'm not going to quote any figures here because it's very complicated to understand all of that, the important thing is that you know that we have tried to be absolutely fair, fair also per capita because we know we of course have to deal with both sides of our neighborhood. But I do agree, and we had a

very interesting discussion the other day under Carl Bildt's leadership in the presidency, just on Thursday last week where we said what should the next financial perspective bring, and this is our budget, our 7-year budget, and I think we really all said -- that is foreign policy, has of course to get more budget because there are so many things where you need it. Financial instruments of course have also so to say be the support for foreign policy.

I am going to the Lisbon Treaty. I am one of those people that will disappear in the future. I am the Commissioner for External Relations. There is Mrs. Ferrero-Waldner and there is Mr. Javier Solana on the other hand. So in the future there will be a merger where indeed the two persons will have one successor, one personality. But it's not only us. I think even more spectacular will be that the services will come together, Javier Solana's services who is dealing with common foreign and security policy and common security and defense policy on the one hand, my own services where I have the whole foreign assistance and also of course the external relations that means all the agreements are being negotiated by us. So you see this indeed a huge new part and this should enhance, should give more strength and particularly more efficiency to foreign policy. So in the future of course first you have one personality, this is the old story of the so-called Kissinger Question with whom can we

telephone, whose telephone number is there? That might be the telephone number of this high representative who at the same time will be Vice President of the Commission. But I have to tell you there are also other personalities there. There will be a permanent for a certain while President of the so-called European Council that is for the heads of state and heads of government, and there will of course be the President of our Commission Mr. Barroso. So it will not be so easy.

MR. SIKORSKI: Ariel, I wouldn't mix up the Eastern Partnership with the issue of Abkhazia and Ossetia because I don't think you can leverage participation or denying of participation in the Eastern Partnership for nonrecognition of these things. I don't think the Eastern Partnership is desirable enough yet for countries to make their judgments on that basis. We just had a report, I think a fair report, which proved that Mr. Saakashvili, President Saakashvili, of Georgia was both being provoked and allowed him to be provoked at a certain stage. And you cannot get back by diplomacy what you've lost through war. I think the lesson for all of us that you should be careful about shooting at Russian soldiers even if you have 200 tank divisions, let alone four brigades.

I think the sums that have already been mentioned here, 50 billion euros and the euro I'm happy to say is doing quite well, when you remember that we are 400 million people, we have depending how you

count about an \$18 trillion economy as the E.U., if we were one country we would have the second-largest defense budget in the world. You wouldn't know that if you look at Europe's impact and the way people treat Europe on the international stage, and part of the Lisbon Treaty's task is to change that. We are creating a proper diplomatic service. Our high representative will have more influence on how we dole out the 50 billion. In the trade area when our European Trade Representative talks to the American or the Chinese Trade Representative, they talk like equals. We could do more things together in the foreign-policy field. I spoke today to Chairman Kerry, and I congratulated him on passing the Lugar-Kerry Act to help Pakistan with education in Pakistan and in general. We could afford to match the Lugar-Kerry Act euro for dollar. We are a developmental superpower. We could do much more to enhance our efforts in Afghanistan. And those are the kinds of things that I hope thanks to the Lisbon Treaty we'll do more effectively.

The Lisbon Treaty also allows, a phrase coined here in the United States, coalitions of the willing. And I hope for example defense policy will become a strong coalition of the willing, and Poland is going to make it one of our priorities of our presidency of the E.U. to make ourselves a more worthwhile partner for the United States in defense policy at least as regards our immediate neighborhood. We don't want the

next time we have a problem in the Balkans or somewhere near our shores, we don't have to reply exclusively on the United States, and you don't want to have to save us from trouble when you have some many other problems in the world.

MS. HILL: Thanks. We had a gentleman over here, Mr. Novik, who had had his hand up before. Ambassador Sikharulidze and the gentleman here in the pink tie. I'll be keeping them all in threes.

MR. NOVIK: My name is Dmitry Novik. I have a question to all three of you. It's a wonderful initiative of course, but if you have official agreements to be in this partnership from Armenia, Moldova, Belarus, and that's it -- and Azerbaijan, because we listen very for very enthusiastic support from Poland, from Ukraine, from Georgia, what about the remaining countries of this partnership? Finally, do you have an official position from the Russian government about this initiative?

MS. HILL: Ambassador Sikharulidze?

AMBASSADOR SIKHARULIDZE: Vasil Sikharulidze, Ambassador of Georgia to the United States.

I would like to make just a brief comment, and I fully agree with Ms. Ferrero-Waldner about the indirect effect of the Eastern Partnership in the way of solving Georgia's problems, and not only Georgia's problems, but the countries who are involved in this project, and

if we had had this project maybe a year ago, I think it would help to serve a more preventive factor of what happened last year in Georgia or more increase the engagement of the European Union. But anyway, we are where we are now and we are moving forward. I'm just replying to Mr. Sikorski's comment, we shouldn't allow ourselves to respond to Russian tanks, the number that was during that period, and I was Defense Minister during that period. I think we are ending up today discussing the Eastern Partnership again hopefully, but with the (inaudible) foreign countries.

MS. HILL: This gentleman over here.

MR. ALVAREZ: My name is Carlos Alvarez. At what point will Europe need to come into -- you spoke briefly of the military unification or the idea of moving in that direction, at what point will that become necessary in order to advance both the policy or enlargement and to give strength to these new partnerships that you're attempting to form that will enhance your capacity to isolate and protect your energy sources and other if you want to call them national security interests? At what point will that require military integration and what does that mean for NATO?

MS. HILL: Carl, would you like to start or pass it on to Mr. Sikorski? The last question was I guess more of a follow-up directly to your comment.

MR. SIKORSKI: The gentleman from Russia asked whether the partner countries agree. They attended the summit which launched the partnership at the level of president and prime minister, so I think they do agree. Do we have Russia's agreement? I don't know how to put it to you, but do you really think we need to have Russia's agreement? We have Russia's position and Russia's position is I think a sort of watchful one. Russia is looking how this thing pans out. And by the way, from the start we've made clear that Russia is welcome to join the particular programs, for example, border management. Russia would like to conclude cross-border movement of peoples agreements, Russian would also like to have visa liberalization, and Russia is welcome. Remember that Russia excluded herself from Europe's Neighborhood Policy. Russia is too important to be just a neighbor of Europe. Which is regrettable because I think Russia would have a great deal to benefit. But that's up to Russia. We don't dictate to Russia, but vice versa, I think Russia would allow us to pursue our own policies.

As regards military integration, it's not going to be as simple as that because as you know, there are countries in Europe, for example, Benita's own country, and Ireland, that are neutral and are determined to remain neutral which I mentioned the coalitions of the willing. But at the same time, there is a perception, a correct one, of a huge multiplication of

efforts, of a huge waste of money. You can imagine if in the United States every state had a separate general staff, separate navy, separate Air Force, separate everything, you would be where we are at. We are spending between a third and a half of what the United States spends on defense which means a lot of money, but we don't get anything like that in capability. So we should strengthen the European Defense Agency and we should give it more work not just in interoperability but also in industrial programs and in funding operations. Look at Afghanistan. We have these caveats, micromanagement of operations from national capitals, some countries can send troops but are poor, others are rich but can't send troops. We should make the burden sharing fairer and we can avoid many of the mistakes that we've made at NATO because NATO was prepared for total war which thankfully never happened. So we can make Europe's defense policy as regards peacekeeping missions, and we've done a number of them now. We've done Congo, we've done Chad, we've done Bosnia- Herzegovina, and we'll do more in the future, so we can plan this institutionally better from scratch I hope.

MS. HILL: Ms. Ferrero-Waldner?

MS. FERRERO-WALDNER: I would have answered differently. I would have said that we have NATO for all those countries who want indeed to work together on the military side and NATO countries

have of course all of the chance to bring their troops there, but indeed it's a question of national sovereignty and therefore sometimes it's very difficult. I would like to see foreign policy, and I come back to foreign policy, I don't now speak about defense but I say foreign policy, I would like this to be a matter that is not only decided unanimously as it is decided now, I would like to have a qualified majority voting one day where we are not yet. So my answer would be let us leave the military side in NATO for the moment, but let us work strongly on other security issues where we have a lot to do. Look at policing for instance in Afghanistan. It's not only about troops. It's particularly about policing and there it's very difficult. I think in the future we should have more police already as capabilities there that immediately can be launched and sent. And I think more and more the European Union should become a smart power, not only a sort power, not totally a hard power, but at least to use both types of instruments. This will be much easier in the future.

The second thing, just one remark on the question whether Russia should be there, would be there with the Eastern Partnership. Russia can be at the Black Sea Synergy. This is something similar that has been created beforehand where indeed Russia and Turkey are members of the Black Sea Synergy, and also there we speak a lot about projects and cooperation, and indeed it is in principle also open to work on

the different platforms, but of course it depends on the countries on the platform and it depends on Russia and whether they really want to work together. And in the future I'm sure that for instance on energy questions Russia will be there.

MS. HILL: Carl?

MR. BILDT: Briefly, there is no military component to the Eastern Partnership nor do I expect there to be done, neither do we seek one. But apart from that, a couple of comments on the military capabilities. WE are developing our military capabilities that we can use in ESDP missions and I think we have been making fairly substantial progress in the last few years. We did deploy into virtually the middle of nowhere, Northern Chad is about as close to the middle of nowhere you can get, and the Central African Republic, in an extremely complex operation which was fairly successful although it was not entirely easy to get together. We are now deploying European Union naval forces in the Gulf of Aden. No one, someone might have, but it was not something that was on the radar screen just a couple of years ago. So we are deploying there.

Then of course you have to understand that there is a substantial difference between U.S. military forces and European ones. We have in terms of numbers quite big forces, but as is always pointed

out, they are not deployable to the extent that U.S. forces are. The reason for that is geography. U.S. forces are by definition deployed somewhere else. You were never afraid of the Mexicans or the Canadians, or at least that was some time ago, so it was a question of deploying forces somewhere else on the Eurasian landmass, while we were deploying at home because we were building forces to protect people who were potentially streaming across our borders. The number of brigade combat teams in the Swedish Army 25 years ago was roughly equivalent to the U.S. Army 2 years ago in terms of the numbers and quality was somewhat different of course, but we have large forces that were not deployable because we were deploying at home to defend our homeland. And now we are of course gradually taking these mass of military that we have and making increasing parts of them deployable as well, and we do deploy. We have 35,000 men and women in Afghanistan. That's less than the U.S., but you have to see things in perspective. The U.S. has significantly less in Afghanistan than you had in Iraq, in Vietnam, in Korea, in quite a number of different other places. Europe has more in Afghanistan than we ever had in living memory outside our own borders, so we are deploying this or we are developing, be that be NATO, be that ESDP missions, or be that U.N., gradually the deployability of increasing numbers of our forces, but it takes some time.

SPEAKER: If I could have a follow-up, what I meant was with regard to military strategy because when we're talking about energy security, for example, climate change is now becoming a national security concern and a lot of these things are falling under a military umbrella, and that portion of the thinking is important in terms of developing forward-looking policy vis-à-vis the security of Europe or the security of the United States. So what I'm saying is, are you pursuing military integration so that you can advance military strategy with regard to problems that are becoming security issues in the future?

MR. BILDT: We don't know what is there down in the future. You can argue that what we're doing in the Gulf of Aden is to keep the sea lanes of communication open. That might be the sea lanes of communication for oil or for the World Food Program or for something else. What will be the need in terms of operations 5 days down the road I don't know, but we need to have sufficiently flexible forces to be able to undertake a couple of things. We have the battle group concept as well, and we need to have without doing undue duplication with NATO the planning and rudimentary command facilities in order to be able to do it and it works rather well. If you look at the -- operation you can see some of the things that we are beginning to have the ability to do.

MS. HILL: I'll take three more questions. The gentleman right behind you here, this gentleman here and then the gentleman on the other side of the aisle.

MR. MULATSKI: Ted Mulatski from the Polish-American Congress. When I first heard about this partnership I had a flashback to some years ago to another organization that was looking to expand and the program then was Partnership for Peace. Minister Sikorski and Mr. Talbott were closely involved with that from opposite ends of the spectrum. Unfortunately, that was perceived by the candidate countries as not being a road to membership but instead of. How does the E.U. intend to present the Eastern Partnership so that perception does not apply, that these countries don't think that they're being closed off to eventual membership?

MS. HILL: Thanks. This gentleman here and then on the other side of the aisle.

MR. HILL: Bill Hill from the National War College. That's very similar to what I was going to ask. When I listened to the basic aims of the Eastern Partnership, promotion of common standards, prosperity, security, I'm reminded of those who argue that the most successful E.U. policy in pursuing these aims has been expansion and is expansion in the Balkans. Is the Eastern Partnership a step to membership? Does it

preclude membership? Does it cut off? What is the position to the six states that are invited into this partnership on eventual E.U. membership?

MS. HILL: Thanks. The gentleman on the aisle here.

MR. SMITH: Keith Smith from CSIS. I have a question for Minister Sikorski. You mentioned that there hasn't been an official response by Moscow to the Eastern Partnership, and my question is a couple weeks ago there was kind of a response, I'd like your reaction whether it was a response or not, this military exercise that Russia and Belarus conducted which was directed specifically at Poland, one of the authors of the Eastern Partnership. My question is do you think that might be a response? And especially with one of the Eastern Partners being Belarus and the fact that Belarus took part in an exercise directed against Poland, how do you assess that?

MS. HILL: I think the first two questions are most definitely for Ms. Ferrero-Waldner, so perhaps you'd like to start.

MS. FERRERO-WALDNER: Thank you very much. Of course it's absolutely pertinent to ask this question and this question indeed is always in the air whenever you are there with the Eastern Partners. But there are two things to it. First, the European Union as such. We are as you know a club of 27 national states and a decision on membership has to be taken unanimously by the 27. Is the time ripe for

that? I don't think it's ripe at this moment, although there are many countries that would like to go further. I think the two are sitting here and I'm sure that they will confirm that, but there are others that are not ripe. But there is also the other side. Are these countries ripe to be candidates? For the moment they are not ripe either. So the decision has not been taken for all the future, of course not. Therefore, I always say the future is not prejudged by the actual status, but the actual states of the European Neighborhood Policy and of the Eastern Partnership is clearly not for membership. But as I say, tomorrow, the day after tomorrow, this could be changed because it's a political decision, but for that, certain conditions have to be there and you know for the moment we have only the Balkan countries plus Turkey that have the so-called as we call it European perspective at this very stage.

I know that particularly Ukraine but also some other of the Eastern Partners would like to be members tomorrow, but I have told them very often because as I am the commissioner responsible also for these countries, I think I have to be very correct and I told them maybe in the future things are different, but at this very stage I can only say use this partnership, use all the offers that are here and we have really tried to be as creative as we could in order to give more and more incentives and

offers, but use the time and then at the right moment we will see, and this is the answer that I can give you.

MS. HILL: Minister Sikorski?

MR. SIKORSKI: I fully endorse what Benita said. I would say that the Eastern Partnership neither precludes nor guarantees membership. If you want to talk about membership, the Treaty of Rome says it, every European country that fulfills the standards can join and the Eastern Partnership certainly doesn't nullify that. But the enlargement, if we try to guarantee membership in the Eastern Partnership, the partnership wouldn't happen because some countries simply would not agree to that. But equally, it's a program that can make accession possible, imaginable in the future because basically you become a member by becoming like us and then it's kind of self-evident that you should join. But I am sorry to say that some of these countries don't even take the steps that they can be taking themselves unilaterally to make themselves electable if you like.

On behalf of the Presidency of the E.U. I went to Kiev this summer with Minister Steinmeier of Germany and we passed on a paper with conditions that if fulfilled would give Ukraine this year an association agreement with the E.U. Those are the things you have to do. And I know how difficult it is because the process of accession is actually quite

humiliating. It's called a negotiation, but it's not, and you simply have to translate 80,000 pages of E.U. legislation and adopt it in your parliament and if you don't do that, you won't become a member. You can treat it as a matter of honor and then you won't get anywhere, or you can treat it as a matter of a national strategy and you bite the bullet and then you get the benefits afterwards, and then you eventually get it if you're a European country that fulfills the standards.

On the military exercise, I'm tempted to say that they were wonderful because we weren't getting anywhere at NATO with proposing war games and exercises, and not everybody is listening to us. But to be serious, it's an unfriendly act. It's the largest military exercise on the border of NATO since the Cold War with the use of 900 tanks and the launches of three tactical medium-range nuclear-capable missiles. Why would Russia want to send that kind of signal? We don't know that she has an army that can do things? We do. So I hope it doesn't become some kind of they do this, we do the opposite. I would like the opposite spiral, return to the CFE inspection regime and reductions. We are certainly going to support President Obama's call for a disarmament conference in April, but in view of these launches, I believe that the case for including the tactical element in nuclear disarmament is even more urgent than before.

MS. HILL: Do you have anything to add, Carl?

MR. BILDT: Not very much. I agree with everything that was said. I'd just add to that what Benita alluded to on enlargement. I think Article 59 of the Treaty of Rome was very clear when it says that any European country that is willing and able can become a member of the European Union. It's an open door. And as Radoslaw said it's 80,000 and it gets worse or better all the time because we become a more ambitious union so we add pages. That is that the distance to be covered in order to become a member is longer and longer, but the benefits of becoming a member are greater and greater. It means that some of these countries do have a very long distance to travel. We want to help them to travel that distance, but I belong to those who believe it is extremely important that the door, however distant that door might be, is seen as being open because that is the guiding light, believe it or not, but it inspires these countries of their political elite and to certain extent their people to be able to get the visa freedom, the possibility to travel, the rule of law, the economic prosperity that they believe that the European Union brings, all of this inspires these countries to move in that direction. Were we to slam that door in their face they might go off in another direction and that will ultimately work to the disadvantage also of our security. So I agree that it

could be very distant in some cases, but Article 59 of the Treaty of Rome is exceedingly important for the long-term future.

MR. SIKORSKI: May I just add I think partly thanks to the launch of the Eastern Partnership but also partly to the policies that we've been pursuing, according to a reliable opinion poll, for the first time ever more people in Belarus want to integrate their country with Europe than in some other direction, and that I think is important.

MR. BILDT: The Nordic Council. That's what he meant.

MR. SIKORSKI: But some of these countries think because I've heard this argument that they can geopolitically blackmail us to include them in our club even if they don't fulfill the criteria and that cannot be done. The geopolitics gets our attention, but the only way to get in is to do the really hard and sometimes humiliating work. So the argument about the Eastern Partnership being a substitute is another of those honor arguments that distract them from doing the job.

MS. HILL: We may have some hard and humiliating work in just a moment because they have a very hard cutoff of 5:45 and I kept passing over a young man just sitting here to the left of the aisle in the questions, to which I apologize. I'm going to give you the last question, but then let our panelists say a few words. I do apologize to everyone else. You can beat me up as I go out to the door. I wanted to give our

panelists also a final comment before they have to head out to their next engagement. So the floor is yours.

MR. FLORSHEIM: Adrian Florsheim from -- one of the points on the agenda in this Eastern Partnership is the implementation or reimplementation of a visa-free regime and I was just wondering to what extent it's a feasible goal, or to state it differently, wouldn't it be regarded as a threat to the security or efficiency of Schengen border control by the E.U. member states which grow more and more concerned about illegal immigration? Thank you.

MS. HILL: That's actually a very good question because one thing, you missed the panel earlier when we had Mr. Troitskiy here from Russia where he raised questions about Russia's concerns about the visa regime as well. I wanted to say that I was very struck in a recent to Finland to find that Finland gives to Russia 750,000 Schengen visas a year which is actually a lot, and that's just Finland itself. So there are lots of questions here that one could raise in visas about security but also access to people beyond the Eastern Partnership. Perhaps you could respond to these issues as we wrap up.

MR. BILDT: Finland is giving 750,000 visas a year primarily in St. Petersburg, but it is not only Finland. They give Schengen visas so these people come to Finland and they go farther, but it shows the

magnitude of the issue that we have. Russia has rather a favorable as a matter of fact regime if we compare it to some of these --

MS. FERRERO-WALDNER: We have a visa facilitation regime with Russia and we have a long-term goal for visa-free.

MR. BILDT: So Russia has been sort of getting a fairly favorable treatment, but here is one area that applies in particular to what Radoslaw said previously, here of course I sometimes say when we go to these countries and they want really to have this and I have to explain to them that the European Union is divided into two camps. You have the good people. That's the foreign ministers. Then we have the evil people. That's the ministers of interior. And we have somewhat different perspectives on this, but we do come together and say, yes, we want to do it, we want to tear down all of the walls and that requires you to do some fairly stringent things. We now have the countries of the western Balkans introducing biometric passports according to the standards that we set and those standards are very high indeed, and having security arrangements inside their countries so that we know exactly who they are. When that is done, we will now put I would hope Serbia, Montenegro, Macedonia on what we call the White Schengen List which is de facto that they will travel without a visa. That's a good sign. We expect that the Albanians are picking up speed with biometric passports, the Bosnians are

as usual somewhat late, but I hope they will pick up speed and we'll have all of the western Balkans. Georgia is doing fairly well in terms of biometric passports, but they must be part of the security regime of the European Union in these respects. When that happens, and this is a huge enticement for them to do it and they are doing it, but I think it will happen, but it is as we know a fairly sensitive issue in the domestic politics of certain of our countries so it has to be done with both the consent of the foreign ministers and the approval of the ministers of interior.

MR. SIKORSKI: I mentioned before that we used to have a visa-free regime with all those countries and Russia. We are actually preparing an initiative with my Russian and my Lithuanian colleague to persuade the Commission to allow the entire Kaliningrad exclave to be included in the so-called small border traffic agreement so that the people from Kaliningrad can travel at least to Poland and Lithuania freely because I just generally believe that allowing people to travel and to see that democracy and the free market works is the best way of promoting our kind of values. So this is something which is a high priority for me, and I hope the new German government for example will show some flexibility on this issue. I also think we should give a good example to the United States to have a visa-free regime for all of the citizens of the E.U.

MS. HILL: Ms. Ferrero-Waldner?

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MS. FERRERO-WALDNER: I just wanted to say that of course this Kaliningrad story is for me a story that was taken up right at the beginning when I started as a commissioner, so nearly in 2004. I am very much in favor, but we have a certain limit, a limit of kilometers, that's 50 kilometers, and there is the difficulty. Sometimes this is just exceeding the 50 kilometers and there are also those who are dealing with GLS issues which are always a little bit stricter than those who are dealing from the foreign policy perspective. So I do hope and I do think there is a good chance that this will go through.

MS. HILL: That was an optimistic note to end on particularly for the people of Kaliningrad who are also probably not with us today, but in any case they might be at some point. I wanted to thank all of our distinguished panelists very much for joining us today. I wish you all success with all of your other meetings here. You have the E.U.-U.S. Summit, perhaps you may persuade the U.S. for visa-free regimes or at least to start moving in that direction. We also hope so because that means you can come more frequently. And thank you to everybody in the audience for your good questions and participation, and I look forward to see you again at another Brookings event. Thank you.

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