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EUROPE AS A GREAT POWER?
A SCORECARD FOR EUROPEAN FOREIGN POLICY

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P R O C E E D I N G S

MR. VAISSÉ: Welcome to Brookings on this dangerous morning, with a tornado watch in effect – your presence seems to show that discussing European foreign policy is at least worth some risk. My name is Justin Vaisse. I'm the director of research for the Center on the U.S. and Europe. We're holding today's event in the context of our partnership with the Heinrich Boell Foundation – our joint series on the future of Europe.

Today I'm very happy to introduce the first edition of the European Foreign Policy Scorecard, which in the course of the last year I directed with Hans Kundnani of the European Council on Foreign Relations. The scorecard rested on the work of an ECFR team of experts – their names are here on the screen – as well as 27 researchers in the EU member states. And the report itself was released by ECFR a month ago.

The idea behind it is very simple. Too often discussions of European foreign policy are focused on Brussels only and are heavily institutional. But the reality of Europe's action in the world goes way beyond EU institutions, and incorporate what EU member states -- or groupings of member states, like the EU 3 on Iran, for example -- do. More importantly, it is or it should be a political discussion about interests, objectives, resources, and tradeoffs. Which makes it more than normal that we should try to assess the performance of Europeans at defending their interests and values in the world, the same way we assess other areas of public policy. Hence the Foreign Policy Scorecard, an exercise that, along with the European Council on Foreign Relations, we hope to repeat each year from now to see, of course, the evolution of European foreign policy performance.

To discuss the findings of this first scorecard, and European foreign

policy in general, we have an excellent group of speakers today. I am really grateful to all of them for joining us. And I will introduce them very briefly, as they are known to most of you, in the order in which they will speak.

Mark Leonard is the director of the European Council on Foreign Relations and as such, has supervised the whole scorecard exercise. And indeed, Mark took an active part in writing the introduction in particular.

Steve Erlanger, to his right, is the Paris bureau chief of *The New York Times*. And I'm sure many of you read it, if not daily, at least a couple of times a week.

Charles Grant, on his right, is the director of the Center for European Reform. And Marta Dassu is the director of the Aspen Institute Italia in Italy.

So, let me first give you a brief overview of the process and the method. And I will just present this for five minutes and then ask Mark to give you a sense of the main findings. So, the scorecard is first an annual evaluation. We really hope in 2011, '12, '13, et cetera, to get a better sense of the evolution and the tendencies of how Europe is doing in the world. And as you've understood by now, we define Europe as the EU, meaning the Brussels Institution, Jose Manuel Barroso, Catherine Ashton, Van Rompuy, the European Parliament, et cetera, and the 27 member states. So we're not grading individual member states. We're not grading Catherine Ashton, for example. We're grading the collective. In other words, it's really Europeans seen from Brazil or from China.

And for this first edition, we did the grading on six large issues: relations with China, Russia, the U.S., what we called wider Europe, and also the performance in crisis management, and in multilateral institutions. You know, of course there are some missing parts. We are not comprehensive. We tried to cover as much ground as we

could, but we preferred to keep a high standard of quality in the scorecard rather than adding too many chapters. And obviously, one of the chapters we intend to add in the 2011 edition of the scorecard is North Africa and the Middle East.

So, what do we grade? We don't grade these large issues like relations with Russia, China, et cetera. We grade what we call "components," which are smaller policy areas. And they are structured and assessed around critical events and challenges that emerged during the year 2010. And it's really a strict calendar year. Such as, you know, the -- Liu Xiaobo Nobel Prize ceremony, the humanitarian disasters in Haiti or Pakistan, the rigged elections in Belarus, et cetera; all of these are the core elements of the components where -- on which we assess European foreign policy performance.

Obviously, foreign policy and international relations are not an area where you can use quantitative data. That's why we chose a scorecard rather than an index, because indexes use hard quantitative data -- think of the Iraq Index or the Afghanistan and Pakistan Index here at Brookings. Or they use scores given by observers to qualitative data. Think of the very famous Freedom House Index or the Corruption Perception Index. Or, you know, a mix of both. And they generally construct elaborate numerical ranking on apparently scientific grounds. But often, they are really the result of subjective choices and priorities hidden behind a series of numbers. And that's the route we didn't want to go.

Instead, scorecards are transparent about the subjective and even political nature of their judgment and also the heterogeneity of the material they are grading. Which doesn't mean that they are arbitrary. Think of a school scorecard, for example. They thus seem better fitted to evaluating foreign policy performance.

And so, we ask 3 very straightforward questions for each of the 80 components. Were Europeans united? That's graded out of 5. Did they try hard – meaning, did they put resources behind their objectives? It's also graded out of five. And did they get what they wanted in 2010? That is graded out of 10.

So basically, this system of grading reflects a balance between policy and results. Policy being unity and resources, out of 5 and 5, so out of 10, and results being the outcome grade out of 10 as well.

Of course, there are many, many methodological problems associated with this process. And we devote a whole chapter in the end to addressing these issues. There are tradeoffs and, simplifications involved with that grading process. I'm not going to go into detail and into this because it's not interesting for this session. But I'll just refer you to that chapter.

I'm also happy to discuss the process, meaning who did the grading, the different steps that went into really doing the scorecard starting with the six teams of experts for each of the six issues. And then, the researchers we had in each EU member state. But I'll now cede the floor to Mark Leonard to present the main findings of the scorecard.

MR. LEONARD: So, the overall context for this and the overall finding was that 2010 was a very, very difficult year for European foreign policy. It was a year which everyone thought was going to be the year where Europe finally came of age as a global power. The Lisbon Treaty was implemented; Europe had a President with a council, a new foreign minister, the high representative, and the birth of an external action service, which would give Europe a proper diplomatic service.

But instead of being the year of foreign policy, it ended up being the year

where foreign policy was completely marginalized and totally disappeared from the European agenda. And that was for two sets of reasons. The first was the euro crisis, which was existential and which shook the foundations of the European project to the core. It dominated a huge amount of political attention and created all sorts of very, very serious challenges at a domestic political level.

But also, it changed the way that I think the leaders of European countries look to the world. Where previous generations came of age as a result of big geopolitical crises like the 1989 generation, the generation that dealt with Bosnia, with Kosovo, with 9-11, with the Iraq war. This was a generation that was completely shaped by the economic and financial crisis. And that led to a different outlook. They were more interested in economic issues than geopolitical issues; they were keen to get out rather than get involved and intervene in difficult parts of the world. They were less wedded to traditional enmities and alliances than previous generations. And the slow response to the events in North Africa and the slightly stumbling European approach at the beginning of this year, I think, was a reflection of the searing impact which the economic and financial crisis has had on many of Europe's leaders.

The second set of issues was to deal with the implementation of the Lisbon Treaty, which led to the mother of all bureaucratic battles between the member states, the various different institutions. There's a real power grab that went on in the vacuum which was created after these institutions came in. Many people trying to revise the original political understandings of the Lisbon Treaty and to keep power for the European Commission to stop the External Action Service from having the sort of scope that it should have had.

And another aspect of those institutional battles was that they also

accelerated the weakening -- a long-term secular decline in the power of the European foreign ministers, which also meant that foreign policy is less important. And the institutional expression of that was the fact that foreign ministers are now shut out of meetings of the European Council. So when the really big issues like Libya are discussed, it's done by heads of state and government and foreign ministers aren't even there.

So, that context meant that there was very little bandwidth for European foreign policy, very little creativity, very little political energy. And a set of institutions in Brussels that were being born -- and in fact, rather than fully functional.

But those events that were -- the economic and financial crisis also accelerated a triple power shift which, I think, Europe was facing up to in 2010. And through our findings, we saw the European Union facing up to a power shift at a global level, a regional level, and also within the EU itself.

At a global level, I suppose the shorthand for it is the advent of a post-American world. One of the striking things about our scorecard is that we saw in some ways it was one of the best years for transatlantic relations. There was much less drama, much less tension, much less emotional baggage than there had been in many years. But that was also because it was becoming a more normal relationship. Less central on both sides of the Atlantic to the countries that were concerned.

But also, related to waking up to this post-American world was the development of a more assertive stance towards China and move away from the sort of faith-based approach that China would become a responsible stakeholder. Moves to engage other emerging powers. And we also saw a multi fight back on some of the multilateral issues. After the disaster of Copenhagen at the end of 2009 and slippage on

many multilateral -- a number of multilateral issues, there was some modest gains made on those fronts.

Regional level. We also saw Europe facing up to a kind of power shift, partly brought about by Europe's introversion. So there was a relative neglect of the neighborhood. Changing roles for Turkey and Russia, which the EU didn't necessarily deal that well with. On Russia there was a powerful reset of relations between Poland and Russia and a change in the Polish-German relations, which could have allowed for more creative Eastern policies. But there wasn't really the political energy to follow through on that. And on Turkey, very, very big divisions on how to go forward.

And then finally, and I think most directly as a result, the euro crisis. We saw a shift of powers within the EU. Not the shift of powers that many people expected for 2010, which was a shift of powers from the member states to Brussels and new institutions, but rather a shift of power between the member states, with Germany emerging as a reluctant hegemon within the European system. And its role becoming absolutely central as a result of the euro crisis. But the fact that it was a new Germany that was revising many of the ways that it worked before created a lot of disruptions for other member states. So, that was the overall picture.

And then we found that the performance of the EU varied between different areas. As Justin said, the scorecard is organized around six baskets of issues. And if you look at them up there, we do relatively better on multilateral issues, crisis management, and relations with the U.S. than we do with relations with Russia, wider Europe, and China. But actually, the important grades are not those baskets of areas; it's more the 80 components within it. And they show vast differences. If you took just wider Europe, for example, they go from a very good mark for the EU on the Western Balkans,

13 out of 20, to an absolutely appalling one on Turkey where you just get 6 out of 20.

On pages 10 and 11, you can see some of the areas which are the most successful and least successful. The EU -- I'm not going to go through them now, for the sake of time. But you can see that there are quite a wide range of different areas there.

I will pause for a second on some of these cross-cutting issues, which we looked at where we -- instead of grouping the issues by the areas -- but we tried to look at different clusters of components. And what this shows is actually the EU did relatively well on Iran, on multilateralism, especially developments in trade issues, humanitarian action on the Balkans. And that offset some of the truly appalling performances on Turkey -- on human rights issues, actually, which is quite a striking finding of the survey. In spite of the fact that the European Project is very much about pushing and embodying a certain set of liberal values, the EU didn't actually seem to step back on a lot of them in 2010. Which creates an interesting context for the events that happened in the beginning of this year in the Southern neighborhood. And then the neighborhood itself also did -- had a relatively poor performance.

What is interesting about this table, though, is it shows that the EU doesn't simply do well on the kind of herbivorous low politics issues of trade and development. But actually did best on some of the more kind of controversial, high political issues like proliferation and crisis management.

So, I'll end with what we thought the kind of big findings which came through all of the individual grades were. And we found first of all a surprising thing, that many people say there such thing as a European foreign policy. You have a collection of national foreign policies. In fact, what we found is if you look across these 80 different components in the 6 different areas, there were a substantial body of policies where the

EU has developed common approaches, which are meaningful where it's meaning to contribute resources.

And we use this idea of the *eci* (phonetic) *diplomatique* as a way of showing in the same way that, over time, the European Union has developed a body of laws which allow it to function in domestic policy. You have a growing body of foreign policy agreement, which goes up over time. And that's, in a way, related to some of the areas where the EU succeeds. And we found that there are three reasons, usually, behind the EU success.

The first reason, which I think relates the most dramatically to the *eci* is the EU usually succeeds where it has failed dismally beforehand. So often, the areas where the EU has done well are the ones where we were the most divided. The Balkans is a classic example. But even Iraq is an area where the EU is now quite united, where it was utterly divided beforehand. Secondly, where there's a forceful leader, either a group of member states or EU institutions. And thirdly, and least surprisingly, where the EU is united.

And equally, the counterpart to that -- so the EU seems to do least well when it's divided, when it indulges in a soft consensus, which it doesn't back up with real resources. And finally, where there is a sort of vicious circle between having a hostile environment which leads to low expectations of the possibility of success, and therefore an unwillingness to commit resources, which creates a vicious circle.

So those are some of the findings in the report. As you can see, it's a long and rich document, so I'm sure that you will get much more out of it if you go through the detailed assessments of the 80 different components. But that gives you, I think, a good overview of what we found.

MR. VAISSÉ: Thanks very much, Mark. Now I'm going to ask Steve and then Charles and Marta to comment on the findings. And first of all, probably on the whole enterprise of the scorecard, focusing both on the method, the way we look at things. And also, on the specific results and maybe what's missing.

And so, Steve, would you start?

MR. ERLANGER: Yes, thank you very, very much. First of all, it's a pleasure to be here and it's nice to see some friends here. And thank you for braving the weather. I spent nearly four years in Washington, so I know what the demands are on your time. There are lots of people pushing things at you to read, and they're all worthy. This one's particularly good, by the way. I say this having had nothing to do with it.

What's very useful -- and I urge you to, you know -- the analytical stuff is fine, but item by item by item, it's a very, very good kind of summary of what the EU, which is inchoate, of course, is trying to do, where it's involved. Some of these places are a bit surprising. And frankly, some of its successes, we in Washington probably don't care very much about, but which are very important to the European Union. And if they fail, you know, will become very important to us once again. So I would urge you to kind of -- you know, whatever you think of scorecards, there's a lot of good summary information here about what's going on in different parts of the broader EU world.

And of course, one thing that also becomes very clear is the EU itself, as Justin and Mark said is, you know, a collective that is still feeling its way. It has a treaty that some people regret having pushed through. Maybe the Irish were right, you never know.

But I think it's a little kind. Even so, I think -- if we're going to keep on with this metaphor. I'll try not to go too far with the school metaphor. There's a bit of

grade inflation here. Because everybody likes this new teacher, Cathy Ashton. And she's nice, and she works very hard, and everyone's trying to give her space and time. And she's spending an awful lot of time arguing with the school board about money and trying to find chairs for the classrooms and appoint teachers. And that's very boring, basically. And if you're going to build an institution, that's what you have to do.

But in my view, it's also about leadership and boldness and there hasn't been enough of that. I think she's kind of probably taken her charge of speaking for the consensus a little too much to heart, because the consensus in the EU is a pretty basic bottom line, not very bold kind of thing. And one sees it, of course -- Marta will talk more about this -- but one sees it in Tunisia. You know, where frankly, I think the EU has been very slow and late. On Egypt, is quite confused.

And here I'm talking about the EU as a whole. I'm not talking just about member countries. I mean, I'm still rather shocked that the EU hasn't reached out in a serious way to Tunisia or Egypt to try to get on the side of the people trying to create democracy. Instead, in general the EU has let its public relations view be all about immigrants and its fear of immigration. And it's sort of acting like some old person in retirement living alone in a house who is afraid somebody's going to break in and steal the silverware.

And it's not a very generous view, and I blame that partly on the failure, so far, of the common foreign and security policy to put the budget together, to put the ideas together -- even to do a big Erasmus project for students to do something to acknowledge what is in the European neighborhood, which is North Africa, and what's happened there, particularly with the U.S. involved in other places.

I'm even struck by what happened yesterday, which is the putative

agreement between Hamas and Fatah to try again to have some kind of unity government. This was hardly a surprise. They've been talking about this for a long time. There's been a lot of talk in the last few days about how it was coming. Even the United Nations, by the way, managed to issue a statement about this development. And maybe I missed it, but I'm on their e-mail list and there hasn't been a statement yet from Ashton's office or the EU about this development, which is very important. Because after all, they use part of the quartet. And it makes a difference. Now -- whether coherent or incoherent, it's a place for somebody to say something and to influence what's going on. And to me, that hasn't happened.

Now, Mark's absolutely right. This was not the year everyone expected because of the financial crisis and the euro. I mean, there was a lot of arrogance in the beginning, as you know, that this was an Anglo-Saxon problem and it wouldn't affect, you know, Continental Europe. But of course, it did and it continues to. And frankly, I think the EU has managed it fairly well in terms of crisis management. But you know, people have been shy about coming to grips with the real problem, which is another kind of debate.

But in a period of austerity, the EU itself is asking for more money. It's asking for a bigger budget. And it's kind of creating tensions not only within the nation states about trying to raise more budget money for the EU and they're cutting their own budgets, but it is also feeding a kind of anti-EU sentiment among voters in some of the mainstay states of the European Union. And one wants to hear some sort of response to that.

Now, the other thing I think -- you know, it's a little harsh, this scorecard, on a couple issues. One is human rights, it seems to me. Human rights are very difficult,

as we know. They're not so easy. It's very hard to push the Chinese around on these issues, let alone the Syrians. And it's good that the EU is trying and making noise, but I think, you know, it's part of the aspiration. But to expect a lot of success is probably a bit unfair.

It's also, I think, a little bit kind on Bosnia and Kosovo. It's not too kind, but I think there are big problems there that are in the EU. That go deeper, perhaps, than what the scorecard says.

And I have been asked to kind of keep it short, and will, except simply to say a couple things. Quick points. Mark is absolutely right. EU is very big and enlargement is going to end, or no one has the spirit for it. There's a kind of exhaustion, and it -- I mean, one has the sense that the institutions are being buffeted.

And then Mark also said something that we here, I think, have not such a good sense of because, frankly, we don't report on it very well. No American paper does. But you know, the infighting in Brussels is at least as nasty as the infighting in Washington, about who gets what job and who is going to be prominent. And this has really gotten in the way of the battle between the Commission, which has been trying to hold on to its power and which represents for many smaller states their best advocate and friend. As opposed to the Council, which is the nation's -- is quite strong.

And Herman Van Rompuy, who is, you know, supposed to be the president of the Council, is kind of acting like the maitre d', it seems to me, of the major states. And he spends most of his time worrying about making sure France and Germany are talking to one another and they're pulling together on the euro. And there's just been a kind of scattering of energy and interest. And I think that's a big problem, and I fear that's actually going to continue.

But I, again, recommend this to you very highly. It's a very good summary of what the aspirations are. And I think it's as good a judgment as you're going to get about how it's being done. So, for that I'll leave it now to Charles, I think. Right?

MR. VASSE: Thanks. Charles?

MR. GRANT: Okay. Well, I was asked to say something about what the report says about Russia, which I will do. But first, just a couple of general comments. And if I have time at the end, I'll say something about some of the underlying problems with EU foreign policy.

I think it's a very, very good initiative, this report. I hope it's repeated for many years to come. I mean, one of my quibbles would be I think it's quite long. And if you add in North Africa and the Middle East next year, it's going to be very long. So I think, you know, your -- the particular kind of categories you judge, you might want to perhaps weed out some of them.

I have a bit of a problem with the methodology. You give the EU a C- for media freedom in Russia and a C- for human rights in the Caucasus -- in the North Caucasus. But that implies the EU had any ability to affect the outcomes of those particular problems. And I don't think the EU has any power or ability to do so.

And I know you'll probably -- Mark, probably say it's -- the EU didn't, at least, make more effort to speak with a united voice perhaps and criticize it for that. But the implication of the methodology is the EU could be all powerful and really change the world if only it got its act together, which I fear that even a more effective EU wouldn't be able to resolve all these problems.

I would have liked more on Ukraine and Belarus, as well as North Africa, which perhaps allows me to come on to say a little bit about Russia. I think the report is

basically good on Russia. As I see it, the -- Russia's problem is this: just to simplify hugely. There's a group of people running the country who do very well financially from the current structure of the economy, which is a natural resource-based economy. And there's another group of people, the economic liberals, some of whom are around Medvedev, who would like to reform the economic structures so that Russia develops service industries, has more foreign investment, engages in global governance, has more manufacturing, and diversifies, becomes really a modern economy. But the people around Putin -- or some of them -- don't want that change, partly because they would lose out financially if the change occurred. This is the basic problem.

And I think that oil price is extremely important for what happens in Russia. I was with a group of think tankers who met some Russian leaders last autumn and one of the leaders said to us, he's a reformer; he wants to modernize the economy. He said the high oil price is killing reform because we can sit back and relax; we don't have to change anything. Life is too good, life is too easy. And I think that's a real problem. So long as the oil price remains high, I don't think that we're going to see a lot of reform in Russia because the modernizers won't be able to win the internal arguments.

And one of the problems the EU has engaging with Russia is that the Russians don't really know what kind of economy they want or what kind of country they want to be. That's different with China. China knows it wants to be a modern economy, going up market in what it produces, and it knows it has to engage with multinational institutions to protect those economic interests. Russia hasn't really decided its own internal debate, which is why it's very, very difficult for the Europeans to deal with.

But we have no choice. We have to deal with -- we have to just hope that the relatively liberal modernizers win some of the arguments. And they do. It's quite

possible Russia will join the WTO this year. And whoever is president and whoever is prime minister a year from now, there will still be these two broad factions. There will still be the *siloviki*, the power faction who believe in -- who don't want foreign investors, who want an autarchic economy, and they'll -- based on natural resources, and there will still be the economic liberals and the modernizers.

Some specifics on the report itself. I think it didn't say very much about the importance of shale gas, which is changing the balance of power between Europe and Russia. Shale gas in the U.S., of course, but also potential production in Europe just means that the gas price is low. It's been decoupled from the oil price, and this makes it much harder for Russia to bully us on energy questions than it has done.

I would have liked a bit more in the report on why Russia has become so much easier to deal with. And one Russian analyst, Fyodor Leokarnov (phonetic) has said that the -- when the invasion of Georgia happened, people thought it was the start of a new, more assertive, more aggressive, more nationalistic Russian foreign policy. And in fact, it was rather the end of a troubled, insecure, difficult period of Russian foreign policy because having invaded Georgia and shown that they're not to be messed with, they've now relaxed somewhat. And for the last two and a half years, the Americans and the Europeans have found Russia much easier to deal with.

I mean, some of the reasons are obvious. The economic shock rather scared the Russians and the collapse of their economy in 2009. The fact that they're worried about the Chinese threat, that's one reason why they're being nicer to the West. The report does cover very well the reset between Poland and Russia, which has helped the Europeans generally to get on better with Russia. And the fact that Medvedev is making a difference and sometimes wins a few of the arguments.

But the funny thing is that despite this much more benign, friendly environment, on the substance of EU-Russia relations, almost nothing has been achieved, as the report does cover some of this rather well. I mean, there still negotiating a new partnership and cooperation agreement. Nothing agreed on that. The energy dialogue is achieving very little because the Russians are very upset that the Europeans are forcing Russian companies to unbundled -- that these modernization partnerships agree between the EU and Russia, and the EU member states and Russia, which very little seems to be coming out of them.

And then the so-called Metzeveg (phonetic) Process, which is mentioned well in the report, whereby Merkel said to Medvedev, look, if you can help us resolve Transnistria, then we'll agree to a new EU-Russia foreign policy committee to discuss joint challenges and frozen conflicts. But that -- nothing seems to be happening on that either.

I think in terms of what the EU should prioritize on Russia, I would say WTO membership is absolutely crucial. Of course, the EU has finished its own negotiations with Russia, but it could help in other ways. Because Georgia is a potential holdup. The EU could perhaps help to persuade the Georgians that it might be in Georgia's interest for Russia to join the WTO. It's all about the rule of law and international rule of law. WTO could be an external anchor encouraging Russia to modernize its economy.

Another priority should be the nearer, broader course, where there hasn't been much of a reset, where the Russians still have a zero sum mentality. And there we should be very tough in saying to Russia that countries like Ukraine, Belarus, Moldova, and the others, you know, their independence, their autonomy, their sovereignty is not

negotiable. And while we want to work with Russia in those countries, we're not prepared to cede them to a Russian sphere of influence.

Thirdly, more exchanges. This is EU engaging with civil society rather than the state itself. There are some exchanges; there's been many more exchanges in terms of getting scientists, academics, students over to the EU. And that means, liberalizing visa regimes. And the Russians are quite right to ask for progress on that front.

And finally, smaller medium-sized enterprises. You know, boring to some but actually that's one of the big weaknesses in the Russian economy, is it has very, very few small and medium-sized enterprises. And the EU could probably do quite a lot to help those and various sorts of aid.

Do I have any time left?

MR. VAISSÉ: One minute?

MR. GRANT: Okay, one minute. Five brief points in one minute, I can do it. (Laughter)

On some of the underlying problems of EU foreign policy, and why it's so difficult. I mean, the obvious point to make, it's got to be said. Getting the economy fixed and the euro fixed is much more important than whether Cathy Ashton or Carl Bildt is EU High Representative. So long as the euro is in a bloody awful mess and the economy is growing more slowly than the U.S. economy -- it's underlying rate -- then people simply don't respect it in other parts of the world.

Secondly, enlargement has made EU foreign policy much, much harder. Not to say enlargement was a mistake. I'm glad we've enlarged 27. But having Cypress around the table makes it very difficult to get a common policy on Russia and China, for

example, as ECF reports have made -- and as I, myself, I'm going cold on Turkish enlargement now. It's not going to happen anyway, but having supported it vociferously for the last 10 years, I think the idea of trying to make EU foreign policy when Turkey is around the table with views on Iran, that are diametrically opposed to the rest of our views on Iran, will be very, very difficult.

Thirdly, the lack of a common strategic culture in Europe. We've seen very clearly over Libya that, you know, EU countries just don't have a shared conception of how to use force or whether we should use force to solve security problems. That's why I've given up on the EU as a vehicle for military operations. The way forward is a small group led by Britain and France and other militarily serious countries to do the military operations. It's sort of what's happening at the moment.

Fourthly, as the report says very well and as Mark said in his introduction, Germany has become a very difficult, more assertive, less European country to deal with. Not to say that the British and the French are any better, but it is to say that it's much harder to manage the EU in general and EU foreign policy in particular with less European-Germany.

And finally, although as I said a moment ago, EU institutions and Cathy Ashton or Carl Bildt is less important than the economy, institutions do matter. And I'm afraid we're seeing a phase in Europe at the moment with power flowing back to member states. The Commission is very, very weak. The EAS will probably -- the External Action Service -- will remain weak. The Parliament is the only institution that's got more power recently. And I think in an age of very weak institutions, where member states are assessing their agenda in the EU, it's going to be extremely hard to get an effective EU foreign policy.

I'll stop there.

MR. VAISSÉ: Thanks very much, Charles. These were great remarks.

Marta?

MS. DASSU: Thank you very much for this invitation, first of all.

I think that this scorecard is, in general, a very useful exercise because it increases the awareness of what is going on in European foreign policy. What EU foreign policy is about.

And clearly, the judgment depends on expectations. And in reading the scorecard, I have the impression that we tended, we Europeans, to oversell Lisbon. Let me try to go deeper on this point.

Because if we put in front of us the question rather squarely, is the Lisbon institution as set up for foreign policy working, your reply is, yes. It is working, because on our six chapters we give C, more or less, as an average. So that means that our Lisbon system works.

But then, if we use your criteria, the scorecard criteria -- that means that cohesion, resource, outcome -- to judge the European performance in front of the Libyan crisis, I would say that we have to go down with our grades. I fear that on next year's scorecard, Libya could get something in between F or, I don't know, I, incomplete.

(Laughter) So, first of all you started too high. So if you wish to go on, you -- and I fear that next year the scorecard will become worse. So, this is already a problem.

Secondly, that shows one fundamental point about the Lisbon setup. That this setup doesn't fit with one fundamental part of foreign policy. That is, reacting to a fundamental crisis in our backyard. And this is important because that means that the Lisbon structure is useful to implement policies in a post-crisis setup, which is different. I

mean, it is not the same thing.

So we have here two fundamental problems, I think. When we have a major crisis, Lisbon is useless. Because it is to Cathy Ashton evaporated, if you wish, from the scene during the Tunisia, Egyptian, et cetera, et cetera. So we stay with our nation states. And here we have a fundamental problem of leadership. We can discuss later on. Charles already alluded to that.

The idea of having an EU (inaudible), your cherished idea, was breaking up by Germany. And here we can discuss what is it, what Germany sees as foreign policy today. My impression is just -- Germany conceives foreign policy now in neo-Americanistic (phonetic) terms, in a sense. It's an economy first, foreign policy much more global, rather than the idea of being part of a willing and capable core of European security and defense. So, the EU 3 (phonetic) is more or less in crisis.

The EU 2 (phonetic), this has become your new project, Charles. For me, I am Italian so you can imagine I resent all the time this core grouping because the point is to exclude someone else. Italy is very good in being excluding -- I'm very good in coming back to the very last minute. We decided we are also to bomb Libya in the end. (Laughter) So I am very happy to be here today, because we made this EU turn. And I feel more relaxed.

But in any case, the EU 2 is difficult to accept because the Libyan crisis was very revealing under this respect. Because whenever the American leadership is reluctant, when Obama goes for a war half away -- and this is happening now, this will happen, as far as I understood, in the future when we do not have this strong American leadership, as in the past -- although the European leadership is in crisis. So our problem is now to conceive a leadership between European nation states without a

strong American leadership. Question mark.

Then there is another problem, in my view, in all this setup. Implicitly you say in your scorecard, there is a virtual division of labor. So we have the member states, crisis management, a short-term, hard power. And we have the European Union, post-crisis, long-term, soft power. And this is the way in which we have been describing the EU forever, for years.

My point is that this division between high politics and low politics is not working any longer. And this is a real problem in Europe, because what we consider low politics for the EU -- that is, trade, migration, aid, et cetera, et cetera -- is becoming high, high, high politics in member states. Because it is the real -- these are the real contentious issues in the national domestic debate. So migration is becoming a real divisive issue -- a high politics issue -- in all our work -- government coalitions.

So -- and this is provoking a reaction against the EU, because the EU is carrying out these low politics, these migration policy that has become our divisive issue in Italy, in France, et cetera. And this is why the Libyan war became a Franco-Italian war more than a war against Qaddafi on Italy's part. Because this migration issue is much more important for the survival of the Belarus current (phonetic) government than any other issue in this moment.

So I mean, this is -- this, in my view, is very important. Because is this division between the member states and the EU -- dysfunctional division, if you wish -- going to last or not? When I go for a moment to the missing chapter -- if I had two minutes more, I don't know.

MR. VAISSÉ: Sure, sure.

MS. DASSU: The North African and the Middle East, three points very

quickly. We can go on with the discussion from the floor.

I think, first of all, that we have to avoid the usual mistake of starting with new pan-Euro Mediterranean architecture or setup. They do not work. The union for the Mediterranean -- Justin, I'm sorry to tell that -- it's part of our war with the French. This union, for the Mediterranean, is not working. And I read this document, the March 8 document on the partnership for the Mediterranean. Again, I think that it's, again, this temptation to define the Mediterranean countries, partners -- strategic partners -- are priority, in a sense.

What we need are policies. And then we will decide on the basis of these policies who is ready to be a partner, who is an interlocutor, who is going to become a rival, et cetera, et cetera. So I would say policies between partnership, if it is possible.

Second point, we are the fundamental problem with the two fundamental democracies in the region: Turkey and Israel. So I would say a new European policy would imply a resetting with both, which is difficult. We can discuss later on. Turkey, it is here that the enlargement is not happening now. The Turks know that. They are already ahead of us.

The fact is that we went on saying if we lose Turkey we will not be able to get a real influence in the Middle East, which is true. It is also true that Turkey has tried to slow down the Libyan enterprise. So Turkey is playing a much more ambiguous role.

Israel, I think we have to take into account warism by Israel on the security frame. It is here that for Israel, the revolution in Egypt or in Syria is very worrisome. And here one point I think we could try to understand, is whether in our

dialogue with the new leadership we, as Europeans, could insert something like a security proviso. I mean, we could say that we are ready to talk to the new leadership in Egypt if they are ready to recognize existing international treaties, including the relationship to Israel. This could be -- including the peace treaty with Israel. This could be a step forward in which the EU is able to, in a sense, to give a contribution to the security frame.

And lastly, we do not have enough money, which is the usual point. Even more important now that we have the euro crisis. I don't know. It's -- the usual response is to say trade is more important than money, for instance. So we could cancel all these agriculture subsidies. We could -- generally when we don't have money, we tend to set up another bank. This is -- no? Why don't we set up the new facility for the Mediterranean, et cetera, et cetera?

I think all these are false replies. The reality is that we have to put national -- nation states' money together because the EU budget is already settled back. We have these long-term budget forecasts until 2013, and this document of March 8 already states from Ashton's office, the budget has already been set. I do not have any more money in my pockets.

MR. VAISSÉ: Wonderful. Thanks very much, Marta.

There's a wealth of comments here. And I'm not going to give the floor to you. So just a reminder about the ground rules. Please identify yourself when you ask a question, wait for the mic, and make sure there's a question mark at the end of your sentence. (Laughter)

Dieter, here.

MR. RADKE: Thank you. Dieter Diettké, Georgetown University.

Well, first of all, let me thank Mark and Justin for what they've been. And just -- and also, the scorecard about Europe as a great power. My problem is the use of the term "great power." And I want to invite you to reflect a little bit about this, whether it's accurate to use the term "great power" for Europe.

I mean, there's a nice little book out now that's called *Europe as a Small Power* by Asle Toje, I guess it is, a Norwegian scholar. And you know, there is some interesting points that, you know, the behavior of Europe -- and take Libya and the Middle East now -- is more, you know, like a small power rather than a great power.

"Great power," the term, has very important qualifications. One is, of course, the readiness and willingness to use force, right? But my point about Europe is really -- and Mark, I would like to invite you to talk about it -- because if there is some sort of a great power attached to Europe, then it should be shown and should be visible in Europe's neighborhood in particular, neighborhood in the east and neighborhood in the south. And let's not forget, Libya is in the southern neighborhood of Europe.

And why do you think it is almost impossible to generate a type of behavior that would, you know, even come close to the behavior of a great power? I would like to, you know, use -- reflect a little bit the use of the term great power. Thank you.

MR. VAISSÉ: Thanks. We're going to take questions in batches of three. So, we have the gentleman here on the aisle. Thanks.

MR. TUNCH: Thank you very much. Mustafa Tunch (phonetic) from the Turkish Republic of Northern Cypress office in Washington.

I have two questions. The first one is about your score on EU relations with Turkey on the cypress question. In your scorecard, the EU gets a D+. Does your

institution also have an intention to examine the EU on its relations with the Turkey-Cypress in a separate scorecard? I believe this is very necessary.

A former EU official, Gunterber Heuigen (phonetic), confessed just a few days ago that the EU failed to keep its promises to the Turkish Cyprian people after they voted yes to the annual plan in 2004. And these vital promises included a removal of all inhuman isolations on Turkish Cypriots, and all -- and just embargos imposed on them.

And my second question is, why in your scorecard did Turkish-Cyprian leadership is described as a hardliner, while it is actually the Greek Cypriots who constantly reject every kind of peace proposals.

Thank you.

MR. VAISSIE: Thanks. And the gentleman behind.

MR. CIOFFI: John Cioffi, retired State Department. My question is related to the first one. I was bemused by the first speaker's use --

MR. VAISSIE: Okay, can you get the mic very close to your mouth?
Thanks.

MR. CIOFFI: I was bemused by the first speaker's use of the term "post-American world," because the question is this. In view of Europe's feckless performance in the Balkans and then Afghanistan and now Libya, where the EU proved to be utterly irrelevant -- and the big boys, Britain and France, ran out of ammo after the first couple of weeks of conflict against a fourth-rate power -- how can the term "great power" possibly be used?

MR. VAISSIE: Thanks. So we're going to deal with these three questions. Maybe, Mark, you could start with great power, small power?

MR. LEONARD: Sure. I think -- I mean, thank you very much for the

question on great power.

I'm not sure that I used the term great power in connection with Europe.

I think it is a very useful thing to reflect on the extent to which any power can be a traditional great power in the 21st century. Even America, as I will come onto in a second, is struggling to be the great power that it was in the 1990s. And I think this is partly to do with interdependence.

But it's also, I think, due to the very profound point that Marta made, actually, about the division between high and low politics.

And I think what's interesting, I think, to me is both the -- well, it's the fact that the great powers today actually don't have low politics. They treat everything as high politics. And I think what's interesting about the points that you're making in saying China, these are seen as -- and in Turkey -- and a lot of the emerging powers. There is an attempt to use those things in a more strategic way.

Whereas in the West, we've had a faith-based approach that basically as countries become more developed they will become more like us, our interests will converge, and that the best thing we can do is to encourage people to join the global economy. And then there'll be a kind of economic determinism, and they will, therefore, become like us. So therefore, we don't think in terms of power, we think in terms of how we can integrate them, how we can bring them into these sorts of things.

And I think one of the challenges for the European Union as a political force is whether it is going to be able to translate its enormous resources into some type of political agency. And the old debate in the run-up to Lisbon was basically the challenge to do that was that we had to be more united. We needed to have a single foreign policy architecture so that you'd be able to bring these things together because

the divisions were between the different member states.

I wonder whether there's a more profound challenge, which is actually an ideological one, which is, if you do have this kind of idea of economic determinism, bringing people in, et cetera, and you're ideologically unwilling to use your market as a way of changing people's behavior and you're unwilling to use the other types of contact that you can have in a more political way, whether that could actually confine you to irrelevance in the 21st century, if China, and India, and Turkey, and Brazil, and all of the kind of great pretenders around you are willing to use these things. But I think that's a more sort of profound challenge to the way that the EU is developing.

I think maybe I'll leave it there.

MR. VAISSÉ: Yes. Charles, do you want to?

MR. GRANT: Yes, I'll pick up three very brief points. Turkey. I mean, the key for the EU's relationship with Turkey is to get outside the accession framework. I mean, whether you're pro-accession or not, the accession framework is going nowhere. It makes the Turks very annoyed because they're being quite badly treated, in some ways, by the EU and it makes them stroppy. And what we need to do is talk about common problems.

Now, recently, you know, Mrs. Ashton tried to get Foreign Minister Davutoglu to engage in a dialogue on North Africa and other security challenges. And Davutoglu said, no, you've refused to open the CFSP chapter in the accession process. So to punish you we're not going to talk about common problems. I think that's a shame.

In the long run, we have to do this. We have to find ways of negotiating with Turkey, tackling common-ist issues together, whether or not you keep the accession process going.

On Marta's points on money and North Africa. The EU spends 6 percent of its budget on foreign policy at the moment, 6 percent. Agriculture is 40 percent. I do hope that with the new budget that'll start from 2014 we get the foreign policy to go up to, say, 10 percent or more. But within the current budget there is room for redistributing it. At the moment, the neighborhood policy in the current 7 year budget cycle, 11 billion euros is allocated to the Southern and Eastern neighbors. But we spend 23 billion on the so-called development cooperations, which goes to Latin America, Asia, the Gulf, South Africa, and Central Asia --

MS. DASSU: To China, maybe.

MR. GRANT: Yes. And we spend -- sorry -- 23 billion, yes, and we spend another 16 billion on ACP, so, Africa, Caribbean, Pacific. So we spend much more on other countries than in our neighborhood. So we could shift within the budget.

And perhaps if, you know, what the -- how the EU manages its policies for North Africa, we can come back to later in the discussion and the issue of conditionality. But let me just finally respond to the comment about feckless European Union.

In some ways, the European Union is feckless. But I've spent some time in the Balkans in the '90s. I think Steve did, too. And I mean, it is true that the British and the French and the other Europeans acted too slowly. But you know, at least we sent peacekeepers there, many of whom were killed, British and French and other peacekeepers, while the Americans washed their hands of the problem. The Americans, Bill Clinton couldn't be persuaded to send anybody to the Balkans. Finally, eventually, Bill Clinton acted, in -- was it 1995? '94 or '95. But eventually, the U.S. acted. But I think both Europeans and Americans deserve a lot of criticism for the way they handled the

Balkans in the mid-'90s.

As for Libya, well, I think the British and the French have done pretty well. I mean, they helped to persuade a rather sleepy Obama Administration that needed to act. I mean, it was the British and the French who actually said, we've got to do something. Then finally, with internal arguments in the Obama Administration, some people persuaded him to overrule Bob Gates and do something.

The British and the French, for them, have been deploying, you know, quite significant proportions of their aircraft over this campaign. And I am -- when the U.S. says it does. You know, we're going to leave the Europeans to lead here and we're going to be sort of half engaged. In one sense, that's very good because it makes the Europeans understand they need to think about their own security. And we all agree that's a good idea, and maybe it'll make the Europeans take defense a little bit more seriously.

But if you actually go public and say, we are withdrawing our A-10s and our C-130 aircraft, think of the impact on Qaddafi. If Qaddafi was thinking of standing down, I'm sure he poured himself a gin and tonic and relaxed after he heard that U.S. statement. So I think there's a danger in the U.S. overdoing this. You know, you take the lead; we'll just sit on the sidelines and sort of dabble a little bit in this affair. I mean, if the Americans think there's no -- they have no strategic interest in Libya -- many Americans do -- I disagree. I think if NATO is defeated in Libya, that's very damaging to America's interest.

MR. VAISSÉ: I'd like to add a quick footnote before leaving the floor to Steve. And it's also on Libya.

You know, it's just to sort of reinforce the point that Charles was making.

I think if you apply the criteria that we used in the scorecard to Libya, yeah, the grade on unity will be dismal because Germany abstained at the Security Council because Germany also blocked at the G-8 and for a time at NATO.

However, in terms of resources, I think we put great resources and the resources that were adapted to the objectives that Europeans, as a whole, had. And the fact that the French and the British led should not hide the fact that Europeans in general were behind this. And that with a 10-year vantage point, historians will say that, yes, Europeans were disunited. But they did intervene in Libya. And the story in the *Washington Post* about lacking ammunition was just inaccurate, was just false, and you should read *The New York Times*. (Laughter)

And I think also, if you compare the performance, you know, it's what Mark was presenting earlier. If you compare this performance to Iraq, for example, where not only were we disunited but Europeans separately talked to Washington in a sort of web of bilateral basis. Here, on Libya, we discussed among ourselves about this issue. And at least there was a common action.

The fact that the EU mission has not been -- has not developed yet, has not been sent to Libya, is one thing. But it should not hide the fact that, yes, the performance is not good. But I wouldn't characterize it as dismal.

Steve?

MR. ERLANGER: Simply two sentences on the great power issue, if I may.

I mean, it's not a great power; not the EU. I mean, it doesn't really want to be a great power. It's kind of a protective power. It's a defensive coalition, that's the way I kind of think of it. Economically, it's a very powerful group of countries. I mean, I

won't go through the figures, they're all in the report and everybody knows them anyway in terms of population size and GDP, and blah, blah, blah, blah, blah. But, I mean, the fact is judge it on what it wants to be, not as if it were a country. Because it's not a country, and it's never going to be a country. And most of the countries within the EU don't want it to be a country.

I think there's a bigger challenge, in a way, which is this whole model of shared sovereignty, which everyone thought was part of the faith of religion. I think that is being challenged. And it's being challenged from inside the EU by countries that are having, you know -- whether it's North-South problems on the euro, whether it's competitiveness, whether it's we want to do Libya but no, we don't. On all kinds of issues, I think this whole -- I mean, one of the great planks of the European Union is being challenged. But not so much from the outside. I don't think it's going to fall apart or anything, but I must say I am kind of -- I'm one of these people who think the Euro challenge is really very, very, very much unresolved.

And it's not going to be easy, and it's going to require some major political decisions that will be very unpopular with nation states, voters, and everyone's trying to kick it down the road as best they can. I mean, doing good job with, you know, this country needs some money and this country, blah, blah, blah. But, you know, when Portugal's paying 20 percent of its GDP on debt servicing, and Greek debt is going to be 150 to 170 percent of GDP after 2013, I think there's a big problem. And nobody much wants to talk about it.

MR. VAISSIE: Marta, you wanted to add something?

MS. DASSU: Libya, sorry. One more. I think it's too early to decide it's not dismal. Because the way in which it was managed from a European point of view

from circles, in particular, really was a show of unilateralism. The fact that circles, you recognize the transition of government in Benghazi twelve hours before, the European Council that was going to decide about it really was a show of the intention to go it alone, in a sense.

Second, I was in favor of the DB operation. And yet, I think it is not so crystal clear that it was our priority to intervene in Libya more than in Syria or elsewhere.

Second, we don't know exactly what's going to happen, because we -- there is a risk of partition, which is very clear from (inaudible) from Sri Lanka. This council of Benghazi, bah, it is not the perfect alternative for a future democratic Libya.

So, I mean, doubts are legitimate ones in this occasion, I would say.

MR. VAISSÉ: Thanks. We're going to take a second batch of three questions, if there are any questions left. Otherwise, we're going to keep talking.

(Laughter)

MR. LEONARD: Oh, God, someone ask a question!

MR. VAISSÉ: Okay, so I'm going to keep talking.

There are two points that I wanted to make. One was, you know, Steve said we should judge the EU on what wants to be. And of course, if I can talk a bit about the process of doing the scorecard and thinking what the scorecard would reflect, there is -- there was, indeed, a tension between what Dieter described as the great power criteria. That is, was the standard to be, you know, the U.S.? The implicit model was to be the U.S. and China. In particular, as you say, the readiness to use force or were we going to take into account the specificities of the EU and, as you said, what it wants to be and its areas of strength?

And of course, the first model would have showed that, yes, the EU is

not the U.S. It doesn't have as much capacity to deploy force, even though it has some. And yes, it's doing relatively -- it's less influential in the world, it's doing relatively less good on issues of high politics, of issues of war and peace.

But then, on the other hand, if we took the second model we would have shown that the EU is very good at being a power like the EU. Right? In doing development, conditionality, aid, et cetera.

So, we add many internal discussions and debates about what exactly the list of components and the criteria should be about this. And we came to a sort of halfway between having, you know, an idea of standardized idea of what a great power is and should be, on the one hand. And on the other hand, taking into account the good and sometimes innovative things that the EU is doing. Some things that may seem boring but which are actually quite important.

You know, think visa liberalization, for example, in the Western Balkans – issues of low politics. But as you said, an issue that is quite prominent in the minds of public opinions in terms of their effects. Meaning on migration and crime and everything.

And on this, it's something that the EU alone can do and on which it's good.

MS. DASSU: Yes, it's much more effective when you can put on the table a future accession. This is the case of the Balkans.

When you are not able to grant anything of the like, so when membership is out of question, it becomes much more difficult.

In particular, I would say in Africa, because we tend to discard the importance of the China presence there, which is, in a sense, destroying our room for conditionality. Because money comes freely, people come, et cetera, et cetera. And this

is an alternative source of funding and of projects, of money without any strings attached.

So, I would say for the European Union, this battle, if you wish, for the Maghreb is strategically important. Not only because it is our backyard, but also because there is a growing presence of China in Southern Europe, in the Mediterranean. And this would be also the reason why for the U.S. it is important to stay there, in my view. Because it is not true in my view that all the strategic interests for the U.S. are as were in the Middle East. North Africa is important precisely in a global competition for resources, energy, infrastructure, communication lines. Also with China.

So from my point of view, I hope that the U.S. will stay engaged because I think that the Europeans situation facing the China competition in this region will be much weaker.

MR. VAISSIE: Thanks. There's a question here, yes?

MS. MADDOX: Yes. Gail Maddox, U.S. Naval Academy. This is probably for Mark, maybe for Justin, since you all were involved in this. This looks like a really interesting effort and I look forward to reading through the scorecard.

But I was intrigued by the comments you threw up at the beginning on the screen on accelerating a triple policy shift. And the last one, on shifting powers in Europe, the new German question. What did you mean by that? And could you elaborate a little bit further on that issue?

MR. VAISSIE: Sure. Perhaps Mark, you? Oh, sorry. And is there -- yes, another one.

MR. CADIER: David CADIER from the Center for Transatlantic Relations at SAIS.

It seems when you talk about Libya that it's described as half a success. But at the

same time, we see it's quite an occurrence of disunity. So could we say that they speak with one voice? A motto is not always true. And that it's not always united we stand. But disunited, sometimes, we move. Kosovo could be another instance where having a good grade in your reports, but with many states not recognizing Kosovo.

And I would have another question maybe for Charles Grant. You made very interesting comments on the EU-Russia relations. And on the EU policy in its Eastern neighborhood. How do you foresee a coming Polish presidency fought in reactivating the Eastern partnership? And what do you expect Moscow's reaction could be, knowing that at first it heavily criticized the project? But since then, it has been less talking about it.

Thank you.

MR. VAISSÉ: Is there a third question? Yes, behind you. Michael.

MR. CALINGAERT: Michael Calingaert, Brookings and Council for the U.S. and Italy.

I'm interested in some comments on really basically methodology, I guess. I guess there's a certain amount of subjective -- collective, subjective judgment on your part as to what the desired outcomes are. And just looking, for example, at U.S. and EU relations.

There may well be issues where there are great differences. Is the mere fact that there are differences that they're not resolved -- is that a minus in your book? Or are there some issues where you feel that one side basically is more wrong and the other is more right, and how does that affect how you come out in your scorecard?

MR. VAISSÉ: You mean between Europe and the U.S.?

MR. CALINGAERT: Yes.

MR. VAISSÉ: Or among European countries?

MR. CALINGAERT: No. Between Europe and the U.S.

MR. VAISSÉ: Europe and the U.S. Thanks. Maybe you'd like to start.

MR. LEONARD: Okay. So on the new German question.

I mean, I think the old German question we thought we'd resolved back in 1989. It was a geopolitical question. The new German question, I think, is more of a kind of geo-economic one than a geopolitical one. And it arises from the fact that the whole idea of normal life in Europe is founded on an abnormal Germany that was basically willing to behave in a way that was completely different from the other big member states during most of the experience of the European integration.

And there were four key pillars to Germany's European policy, which made Germany a key part of the European success. The first was the Franco-German relationship, which bridged differences between different types of countries within the EU, with Germany leading on economic issues, France more on political issues.

Secondly, Germany's support for the EU institutions, particularly the European Commission. Thirdly, its willingness to act as a champion for smaller member states and to take their interests into account. And fourthly, a German willingness to pay more for the upkeep of the European Union without having a disproportionate voice in the formal institutions of the EU.

And what has happened gradually, but has been greatly accelerated by the euro crisis, is that each of those four pillars has kind of -- has come unstuck. So the Franco-German relationship is utterly imbalanced now, because Germany is so much more important as an economic force than France is. And it no longer works in the way that it did beforehand.

Germany has fallen out of love with the European Commission. Angela Merkel famously talked about the importance of the Union method, she's much closer to Van Rompuy than she is to Barroso, and there's an unwillingness to cede power to the European Commission and to stand behind it.

And partly as a result of that, Germany is not that interested in what little member states think and doesn't spend as much time and give them the sort of TLC that they -- the tender loving care that they used to get from Berlin. Bonn, actually, probably because it pre-dates the Berlin republic.

And fourthly, when Germany is willing to pay more. And it is basically contributing 27 percent of the formal bailout, because it will probably end up being much more than that when the whole process is complete. But it's only willing to do it if it gets a disproportionately large voice as well. And if you look at the new mechanisms, they're not done with -- for financial mechanisms. There are lots of reasons for this, but they're not being done within the treaties. They're being done in a way where Germany gets a formal voice which is much closer to the amount that it's paying. It pays more but it has a kind of stronger voice.

And this has created a real challenge to the European Union because Germany isn't a kind of natural hegemon. It has this hegemonic power, certainly in the economic sphere. And also, if you think about Europe's relationships with other parts of the world, Germany is really disproportionately important. It's responsible for 45 percent of exports to China on its own -- of European exports to China on its own. So the other 26 member states are competing for the remaining 55 percent.

Germany's relationship with Russia is just much more important than anyone else's relationship with Russia. Germany's relationship with a lot of the

neighboring countries in the East is just much more important. And even in Egypt and places like that, Germany is a pretty important player.

So, Germany is massively important to Europe's ability to have relationships with other -- but it has become very provincial and doesn't behave like a classic hegemonic power. Doesn't reach out to other countries. And you know, we saw in Libya it was lining up with the bricks against the UK, the U.S., France. And it's a story which hasn't got an ending yet, so I don't know how it's going to be resolved.

But it is clear that the old Germany that Europe was founded around is probably never going to come back because there have been structural changes within Germany. Demographic changes, historical changes, political changes. And big changes to the structure of the German economy now. Trade with China grew by 70 percent over the last 18 months. According to Goldman Sachs, China will be a bigger trade partner for Germany at the end of this year than France will. So, the whole way that people are thinking about these things is shifting.

And other member states are going to respond to it. And you know, there's a big debate within Germany about how -- where Germany's interests lie. They have decided to bail out the Euro, that their interests do lie within Europe. There's an evolving discussion. But this is going to be pretty fundamentally disruptive to the old pattern of European integration. And unless the other member states manage to somehow bind Germany in and to get a European Germany, is going to be very difficult for Europe to be -- well, both to function as an economic power in a way that Charles was talking about, which I think is fundamental. But also, to have a foreign policy towards many parts of the world.

In the meantime, you might have a second best where Britain and

France take the lead on some things. But I don't think that Europe will ever punch its way unless Germany is somehow integrated.

MR. VAISSÉ: Thanks. Charles, do you want to -- the future of the neighborhood?

MR. GRANT: Yes, the point of the Eastern partnership. And I'll tie it to some comments on the side as well.

The Eastern partnership, which is the sort of Eastern version of the European neighbor policy, is less of a failure than the Southern side of the neighborhood policy. There is indeed one success story in it -- which the report, by the way, that we're talking about covers very well, which is Moldova, which the EU has decided to sort of hold out lots of carrots to Moldova. And the people running Moldova for the last year and a half have wanted to eat the carrots, and they're doing all the right things. And there's a sort of virtuous circle of political and economic reform in Moldova and the country moving closer and closer to the EU. So that is a -- you know, perhaps the one success in the entire neighborhood policy.

And also on the EU -- so there we can't claim the EU has been successful in Belarus and Ukraine. It has at least taken human rights seriously. It has tried to apply conditionality. Indeed, before the Belarus presidential election in December, Vesterveler (phonetic) and Bildt went there and said, look, if you allow a free and fair election, we'll give you billions of euros. And he didn't allow a free and fair election, so he didn't get billions of euros. He locked up the opposition, so the EU has imposed targeted sanctions again.

So I think the EU has at least tried to be fairly consistent in the east. The problem with the South is that we didn't even try to apply conditionality. And one of the

many reasons that the EU's policies to its Southern neighbors have been so disastrous is that, in theory, our aid was conditional on performance on political reform and human rights. In practice, the Southern member states -- Italy, Spain in particular -- pressured the EU never to punish these countries for abusing human rights, partly in order to win commercial contracts in those countries and partly for the -- you know, perhaps the slightly more justifiable reason that you wanted to strengthen a bulwark of secular governments against possible Islamists. But, therefore, we never took the conditionality seriously.

So, to answer your question, an effective neighborhood policy in the East or the South has to be serious about conditionality. And if you read the documents coming out of the high representative from the Commission at the moment, they say we will -- this time we really mean it. We will be serious about conditionality. And it's going to be positive conditionality, which means rather than cutting off aid to bad boys, get extra sweeties to good boys, which is kind of easier to do politically.

And I hope that happens. And the Germans made a proposal that half all the aid in the neighborhood policy should be subject to positive conditionality rather than as now, nearly all of it is allotted to countries over the seven year budget cycle, but, you know, before we know how they perform.

And I hope that member states are serious, but I have my doubts. And Cathy Ashton went to Egypt a month ago and came back saying, the Egyptians say they don't like this conditionality thing. They'd prefer the phrase "mutual accountability." Maybe we should go for mutual accountability instead of conditionality. And of course, the Egyptians don't like conditionality. Nobody likes conditionality who is on the receiving end of it. But the neighborhood policy won't be effective unless we're serious about it, in

my view.

MR. VAISSÉ: Thanks. Two points on methodology, because there were two questions by David Cadier and Michael.

The first is on unity. Unity is, indeed, a problem. It's, of course, more complicated than it seems because, you know, on the face of it you could say, well, it's very important that Europeans be united. If they're not united, then they fail.

Well when you look closer, it's a bit more complicated. You know, take the UN, for example. When the EU member states have one agreed negotiating position, it's supposed to make them stronger and more effective. In reality, it's also a straightjacket and gives them -- deprives them of the flexibility that sometimes is needed. And sometimes, it's even by breaking this unity that Europeans are more effective at the - - at least in some -- in the UN -- than anywhere else.

Kosovo is also a very good example. On the one hand, you can say, well, unity is not so important because, you know, five member states are not recognizing the independence of Kosovo. And still the Europeans are able to act there because they abstained constructively and it doesn't really hamper the action.

When you look closer, you see that there are costs associated with not being united. For example, the fact that the EU mission north of the Ibar River in Northern Kosovo is not able to act as forcefully, as decisively as it does elsewhere. And also, lack of credibility in the eyes of the Americans.

So there are, indeed, costs even when it seems that they don't. And then to be told to that, some are even saying, well, yeah. But when Europeans are not united it's not a big deal because for example, vis-à-vis Serbia, the Europeans were not united meant that the EU was less intransigent, I would say, and more flexible. And

probably enabled the EU to play a sort of good cop/bad cop role. Which in the end of the process meant a better policy.

So you see, when you get to the specifics of it, yes, unity is generally correlated positively with effectiveness. But not all the time. And when you look closer, it sometimes is indeed very messy.

And as for Michael's question, on the U.S. -- I will leave the question of subjectivity. As you have understood, it's not a subjective judgment that we're giving. We're giving a political judgment. And the experts at ECFR confronted the results to many other experts and officials in order to get sort of a consensus on these grades.

And you know, anybody can have an opinion on these things. It's just when you apply -- when you describe the situation and apply the grade, the criteria -- I mean, you need to come up with concrete things to sort of challenge the grades. And indeed, they can be challenged. But I think they were done in a pretty solid way.

In terms of differences between the U.S. and the EU, you know, differences of views between the EU doesn't really register. The question is whether the objectives that the -- that Europeans themselves, you know, gave themselves were reached or not, irrespective of whether that coincided with U.S. views.

You know, a good example is the whole process of the TFTP and SWIFT agreement, where Europeans made a decision that it was important to get a better balance in terms of sending personal financial data to Washington, and insisted on getting that. And that was not according to the view of Washington, so it was an affirmation of European interests that did not coincide with U.S. views, but which the EU insisted on nonetheless. And got, basically, what it wanted while still making way for the interests that the U.S. was defending.

So really, what sort of -- one of the sort of meta-political goals of the scorecard is also to show that in many areas -- not all of them, but in many areas -- there are, indeed, independent European interests that do not necessarily coincide, neither with that of the U.S. or with other powers, but that Europeans should be better at defending just because it's their interests.

Any perhaps final comments before we close, Marta?

Ms. DASSU: One small point on this conditionality, which I think is very important. In particular, facing the Arab upheaval. We have to decide what to do with this transition of faces.

I think that one of the reasons why we were so poor in our planned conditionalities is that we were interested not only in reinforcing secular or autocratic regimes in front of Islamic movements. But also we had a lot of (inaudible), if you wish, agreements on migration. This is true.

I mean, Italy, for instance. It's true that we got from Qaddafi, in a sense, the promise not to send people. And Qaddafi has always exerted the sort of (speaking in Italian).

MR. VAISSIE: Leverage? Blackmail?

MS. DASSU: Blackmail. If there's a wave of human beings used as weapons. And that was really a shame. The same, in a sense, with Tunisia. The problem will be to get new European agreements on different basis, because as I said at the very beginning, the issue of migration has the salience to destroy the European cohesion on many different fronts.

MR. VAISSIE: Steve, last comment?

MR. ERLANGER: Yes, I would just say one of the most interesting

things about the EU is that there isn't a common asylum policy. There isn't a common immigration policy. You know, and that's a big issue.

I would also just say about Germany. I'm not quite as pessimistic as Mark. I mean, Germany's own internal politics are fracturing. You have a particularly weak FTP and you had a particularly ill-chosen foreign minister. And I think that's a stage. Now, I'm not saying fundamental things aren't also shifting, but I think in the end, you know, Germany sees its home in Europe and its vocation as European. It's very proud of itself. I mean, it feels it is the only global player in Europe on an economic scale. And that's important, I think, for Germany's own (inaudible). But it also makes them, I think, more capable of being patronizing and willing to help inside the EU itself.

That's it.

MR. VASSE: One final word?

MR. LEONARD: One final point, the big conditionality question.

Because I -- my heart is very much with Charles and I spent a long time over the last -- well, since the European Neighborhood Policy was created about six, seven -- yes, six, seven years ago.

I'll give a greater conditionality in a kind of classic Northern European approach to it, is that -- basically that this should have worked because it was a bit like enlargement, where you offer goodies to countries surrounding Europe in response for reforms. You have your action plans, they perform well, they get bigger goodies. They perform badly, they get smaller goodies. And that vision was impossible to implement, completely impossible. A tiny bit of it was made conditional, but the countries that benefited from it were the countries which were geopolitically important -- Ukraine and Morocco -- which also happen to be slightly more reformist than the other countries

around them.

But they'd have benefited from it even if that wasn't the case, because we offered the Ukrainians after the Orange Revolution exactly what we'd offered Kuchmar before the Orange Revolution, and Janokovich got exactly the same deal that Yushchenko was getting, partly because of the inertia of the EU.

But my head also understands that we -- if I lived in Madrid or in Rome, I would look at things very, very differently. And actually, from a Spanish perspective the Neighborhood Policy has been a massive success. It hasn't been the abysmal failure that we're talking about. They had an appalling bilateral relationship with Morocco for a long time. They're only 12 miles away from Morocco. They had scores of migrants, illegal crime, all sorts of other issues developing. And they couldn't deal with Morocco bilaterally because it was so difficult.

And what they did was, they multilateralized their policy towards Morocco, got the other 26 member states to pay for it, and created a much more positive environment for dealing with a lot of very, very tricky issues which have a high salience, domestically, for them. And it worked pretty well, actually, from a Spanish perspective, over the last few years as did, you know, Italy's deals on migration. I mean, you know, there are arguments about these sorts of things.

And the question is whether it's actually realistic -- I have two questions. One, is it actually feasible to think that you could move towards much greater conditionality in the way that Charles is describing, given that the interests which member states will have? A lot of the interests will remain whether or not these countries are democratic and reforming or not. You know, you can't decide only to have migration relationships with countries which are democratic. Their physical proximity towards you

and other sorts of things will always matter more. The countries that have oil will -- you know, won't have it based on their political systems. So is it feasible, actually, within the EU to have a system where you don't have a serious relationship with countries with whom we share a lot of interests?

But then even more importantly than that, is an enlargement-light policy relevant to the countries that we're dealing with? Because the amount of money that we're offering to Egypt, to Tunisia, to other sorts of countries in aid is a pretty small bear. It's not enough to get them really to -- even if you said you'll get nothing if you don't undertake these political reforms. I don't think the amount of money are big enough to affect the calculus of risks and reward for regimes sitting there. There are other things, like trade, which would actually make a real difference. But I don't think the actual money itself is going to be enough.

I'm not against it; I'm in favor of democracy. I think we should spread democracy. But I wonder whether the actual model that we have of enlargement without the possibility of membership is actually capable of working.

MR. VAISSÉ: Thanks. It wouldn't be fair to close now without giving Steve a last word.

MR. ERLANGER: Very, very briefly. Mark is absolutely right. At the moment, the carrots we are offering our neighbors are not sufficiently juicy enough to get them to change their behavior. We can't often decide membership, but we have to offer something that is less the membership and much more than we offer now.

We do -- on trade, there's a lot of myths about trade. Everybody says they use protections. In fact, there is some protection against agricultural exports from North Africa. But industrial goods come in from most countries completely freely now.

But it's trade, it's mobility, it is money. And we need to find ways of integrating these countries into our policies -- foreign policy, energy policy -- something short of membership. This is what we have to work on.

I think in a way, Turkey will be the model because Turkey isn't going to be a member but it's going to have a very close relationship with the EU. It has a customs union already. In a recent paper I published, I proposed a customs union between the EU and the North African countries. I think these are the kinds of carrots we need to offer.

And just a last word on values and interests. I mean, Mark's absolutely right. Our interests are not always the same as our values. But we used to think -- at least until recently -- they have grown almost diametrically opposed. And that was the excuse that the Southern Europeans had for blocking conditionality in North Africa. That, you know, it's awfully sad about human rights in Algeria, but we need their energy so let's forget about human rights. And what we've learned in North Africa is that our interests are much more closely aligned with our values than we realize.

They won't always be the same. I mean, look at Azerbaijan. Azerbaijan has more political prisoners than Belarus, but we don't punish it as we punish Belarus because it's small and can't hit back. And Azerbaijan has oil, which we need desperately for the Nabucco pipeline.

So we are inconsistent, because interests aren't always the same. In Saudi Arabia -- I mean, clearly the EU's interest in Saudi Arabia are very different from an expression of values. So it's not always easy, but I think they're more closely aligned than they were. And there has to be some form of conditionality.

I mean, if Mark's right, you have to talk to nasty neighbors. Always talk to them,

but you give extra carrots to the ones who behaved better, and that's what we should do.

MR. VAISSÉ: Thanks very much. Please join me in thanking the panelists. And have a good day. (Applause)

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