

THE BROOKINGS INSTITUTION

EUROPE'S EASTERN FRONTIERS:
A CONVERSATION WITH JAVIER SOLANA

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PARTICIPANTS:

Introduction and Moderator:

STROBE TALBOTT
President
The Brookings Institution

Featured Speaker:

JAVIER SOLANA
Distinguished Senior Fellow
The Brookings Institution
Former European Union High Representative for the
Common Foreign and Security Policy

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P R O C E E D I N G S

MR. TALBOTT: Good morning, everybody. It's a lovely spring day and we appreciate your taking some time off to come indoors for what I think will be not just an enlightening and timely conversation, but occasionally here at the Brookings Institution even when talking about pretty serious issues, we're allowed to have fun, and a conversation with Javier Solana is always enlightening and almost always fun. The closer we get to Iran the less fun it becomes, but I don't think Iran quite falls into the geographic ambit of our conversation today. But before I give Javier a chance to make a couple of opening remarks, I wanted to say to Ambassador Dezcallar how much we appreciate your being here this morning, how much we appreciate your being a leading and very active and distinguished member of the Diplomatic Corps, and we wish you all kinds of luck on your next assignment.

This event is brought to you under the auspices of our Center on the United States and Europe which is headed up by my friend and colleague Fiona Hill who is grading my performance here in the front row. I'm used to that. Next to her is Rich Kazarich who was the first person to really help me impersonate a diplomat back in 1993, so it's great of you to turn up here too, Rich.

Javier and I are friends, but that doesn't in any way disqualify me or require me to make a statement of recusal about saying a few

things about his career. As I look around this audience I see lots of folks who know not only the issues but the leadership personalities associated with these issues, and Javier doesn't require a traditional introduction. But I'll just say in a personal vein having gotten to know him when he was Foreign Minister of Spain and then had a kind of crash course in his many virtues during the episode which resulted in his being the Secretary General of NATO, and then working with him very, very closely in that capacity including on two of the most challenging issues that the alliance has ever faced, and it's kind of significant in way that both occurred after the end of the Soviet Union and the Warsaw Pact the combination of which of course was the *raison d'etre* of NATO, but some very tough challenges arose in the wake of that. One was the expansion of NATO which has some relevance to your topic of conversation today, and the other was the first time that NATO went to war in the Balkans. Javier and I had a chance to work together both on the waging of that war which lasted for 78 days, 13 hours and 20 minutes, not that anybody was counting, and we also worked very closely on bringing it to an end, and he was nothing less than heroic both in the exercise of hard power and also as a diplomat. And of course as you all know, he was the closest thing that Europe has ever had to a foreign minister and was immensely accomplished and distinguished in that role as well. Speaking of distinguished, he is a Distinguished Fellow of the Brookings Institution

which brings great pride and satisfaction to all of us.

Javier, what I thought we might do before we get into the topic that Fiona has assigned us which is talking about the neighborhood in the borders at the periphery of Europe, is for you to share with our friends here a little bit both on your experience of Europe, how you see Europe to have evolved, what Europe is, to what extent is it geographical, to what extent is it cultural, to what extent is it idea based and to what extent is Europe as a concept stressed or even imperiled by what's going on there now, and with that in mind we can go on to talk about the regional challenges.

MR. SOLANA: Thank you very much, Strobe, for your kind words. I can speak as a friend and tell you that among the list of my most dear friends probably you are at the top. We have lived so many things together and we continue to live which really for me has been a pleasure, continues to be a pleasure, and I'm very happy to be at Brookings.

I was attempted to answer this question which I didn't know was going to be placed -- by imagining that we don't have an economic crisis. Let's suppose that we don't have a crisis and let's take a look at the European Union in a situation you were before 2008 or 2009 or if you prefer to forget the crisis for a moment and I think it will be a good exercise for everybody of optimism. Europe is a group of countries that had a very dramatic history, a group of countries that were able to go up

into the most sublime situation in history, producing poets, music, cathedrals, but going down very low into the most dramatic events in suffering that man can impose on other men or a country can impose on another country. We have fought wars of 30 years for religious matters, wars of 100 years for religious matters, and as we get closer to the last century, to wars which were terrible. They start in Europe and they became global. So we cannot be very proud of that part of our history. We can be proud of part of our history when we create beauty and good values, et cetera, but we have done really terrible things.

When I look at Europe I have that sentiment of trying to balance these two issues and I think at the end of the Second Great War was a good moment to say *basta*, let's try to avoid that we produce war, let's try not to fight among ourselves and let's try to construct something that could be a model for other places of the world to be used.

What did we do? We tried to put in common or to pull together something very delicate, very delicate, which is sovereignty, and we began in a dramatic matter trying to pull together sovereignty in these issues and move on and try to get -- sovereignty on every time more difficult issues. That as you know is a very difficult process and that's why it takes a long time, but if I were to look back to the beginning of the European Union in 1950 with six members and you look today at the European Union with 27 members with a monetary union, with -- in

common, you can imagine the effort and imagination and the courage that has to be on the leaders to go that far in -- and putting together or pulling together sovereignty.

Everything went fairly well because we tried and we finished in 2005 with the stabilization of the continent. All the members stated that we are part -- new member states but can be Europeans. Poland has been a European country, the Czech Republic has been a very important country, et cetera, and they are all members of the European Union and institutions around the European -- and all that has been done freely. You have given up altogether sovereignty without shooting a shot. We have incorporated countries that have been in the Warsaw Pact willingly and without shooting. I think that is an example of construction of constitutional architecture for the world which has been done in a manner which to my mind is miraculous. Problems -- difficult to the decision-making process, et cetera, but at the end it's such a beautiful building that really I'm still impressed.

In 2009 we finished a very important treaty that started when we thought about creating a new constitution for Europe you remember. The treaty due to several difficulties in the journey to come to that end, the constitution ended up in a treaty in 2009 that changed completely or deepened very much integration of the European Union. For instance, practically decision will be taken by unanimity. Just about any decision

will -- by qualified majorities which is a fantastic, fantastic step in the right direction for creating a structure which can be more functional. But at that time when we were beginning to do that, came our friend the crisis or our enemy the crisis and it caught us at a very complicated moment. We had not finished -- we had just finished one of the treaties, but we had not started to change and to adopt what is the most important thing that is needed when you are in the crisis which is the governance of the economy and the financial part of the European Union.

So here we are. I'm not going to enter into the crisis. We'll spend a whole day just talking about that. But I want to tell you that I would like to see the way ahead of this European Union continue with the same mechanism or the same manner, not mechanism, the same matter, the same values, the same principles, the same moral, the same potentiality that we have constructed in the past. And I imagine the European Union in 5 years or 7 years or whatever years a more integrated union pulling together more sovereignty and trying to be a good institution for the citizens, a good institution for the region and a good institution for the world. Because allow me to say that from my travels, and I've traveled a lot in the last many, many years, I have a sense and you probably don't sense it, I have the sense that is demand of Europe is demand in the world of the voice of Europe. What does it mean? Europe has a manner of doing things, some right, some wrong, but it's a demand that the

European Union structure that we have created had a voice in the world of today, and the world of today that we need as you know very well is structures of governance for the global world. We have common global problems; we need global institutions to show to find a global solution. And I think that molecule in the world which is the European Union with those values, with this way of doing things I think will be very much appreciated in the world of today. And that's what I'm going to continually devote in my energy, whatever is my capacity is left, but I would like very much to finalize that beautiful journey which is the European Union.

We are not going to fool ourselves. We have a very difficult situation. A very difficult situation. And for the first time I would like to say, I don't like to say but I have to say, that we may fail, we may fail, but I hope very much that we will overcome and what we will have at the end of the day is a Europe which more integrated, continues to have relations with all the countries that belong to the European Union and the neighborhood, good relations with the United States and a voice in the international arena.

MR. TALBOTT: That was excellent, and it leads right into the assigned topic. If you would give us a few thoughts on the neighborhood with as much particular reference as you feel is appropriate to some specific countries recognizing of course as we all do that there are very significant differences among these countries and very significant

differences among the challenges that they pose to the question of expanding either the actual membership of the European Union or even partnership with the European Union and I'm thinking here particularly of course about the largest of those countries and one of the more problematic which is the Russian Federation, Turkey which is indisputably a European country and very much part of European history and I would say European culture. By the way, Javier has been here several times since then, but just about exactly a year ago he presented the Sabanci Lecture on this stage addressing the question of Turkey and its role in the world and particularly its role vis-à-vis the United States and Europe. You might have a word or two to say about Georgia and Ukraine for sure. Bill Miller is here, a former ambassador to Ukraine. And then after Javier offers his thoughts on that menu of subtopics, we'll throw it open to all of you and bring you into the conversation.

MR. SOLANA: Let me start with Turkey. I do that because it's a different country from the others. Turkey is a candidate to be a member of the European Union and I would like to underline that because that is the reality of today. It is true that those negotiations are not moving very fast. When I would talk last year on the Sabanci Lecture that Strobe Talbott has mentioned, I said that I expected one chapter to be opened in the negotiations and closed in that year. We are today as we were a year ago. Nothing has happened really on the way of advance in the

negotiations.

What have we done? I am not in the leadership of the European Union anymore. When I talk we, it's that I am not part of it but I feel so close that I still talk about we. What we have done is to create an accelerated track if I may say on political matters with Turkey and this is for advantage of Turkey, particularly for the advantage of the European Union, because to tell you the truth, if we were to talk about foreign policy of the European Union together without Turkey because it's only a candidate and not a member, if you were to look at Turkey probably today in the part of the neighborhood which we have in mind, Turkey is more important than the whole of the European Union. This is difficult to recognize but it is a reality. Vis-à-vis Syria, vis-à-vis the situation in the Arab Spring, et cetera, the role of Turkey is very, very important. So we have created a channel of communication with Turkey on political matters fast. But it's true that we have still not come to a solution to what is going to be the end game of the relationship between the European Union and Turkey. I hope and I -- with passion that it should be a member of the European Union. It will be very important for the European Union to have that country -- country, a country which is Muslim, a country which is democratic and a country that will bring vitality to the European Union that we need. But I think that is my position, but as you know very well, it is not the position of everybody.

Let me go into the problems that I see. I see problems which we have to overcome with a lot of intelligence in the coming year. In the second semester of this year Cyprus will be in charge of the representation -- rotational president of the European Union, Cyprus. You know that Cyprus is a big problem in our relations with Turkey and one of the reasons why Turkey has it more difficult than other countries is because of Cyprus. Turkey is not going to recognize Cyprus in the presence of the European Union. They have been -- already and the preparatory work is clearly that they are not going to deal with Cyprus. Let me complicate a little bit more the issue. As you know very well, in a not long period of time oil and gas has been discovered in the Mediterranean very close to the coast of Cyprus, close to the coast of Israel and very close to the coast of Lebanon. All of this is new. This is a new parameter that enters into the picture because if you're going to drill in the waters that Cyprus will say it's my waters and Turkey will say it's not the waters of Cyprus because Cyprus doesn't exist, Cyprus still doesn't exist for them, we are going to have a little bit of a problem. Let me tell you that to complicate more the issue, Cyprus has been the country with great influence from Russia. You know that. I don't want to enter into that, but you know very well that a lot of laundering of money has been done in Cyprus from Russia. But also it's a place where the Palestinians had a very good friendship. They have been in Cyprus -- they found as a

second or third house. If I were to tell you that in the last 2 months the president of Israel has been in Nicosia twice and Prime Minister Netanyahu has been four times, you see how things are really changing in Cyprus and that is due to a fact which is new in the scheme of the many problems of the Mediterranean which in principle is positive, the discovery of gas, the discovery of oil, how to handle it, et cetera, but it may be also a cause of -- concerns, maybe even very, very complicated -- so let me start to put Turkey on that perspective, a very important country for us and very important for the region and a country that has a role to play vis-à-vis Cyprus and therefore vis-à-vis the European Union in the negative direction. That is far as Cyprus is concerned.

Let me go to Russia. Russia is the first country that in 2012 had elections. There are going to be others. The country of France, then the United States, there's going to be a fundamental change in China, so 2012 from the electoral point of view has been fascinating. No member of the Security Council will have the same leadership problem. The U.K., yes, because they voted already last year, but there is a big change in the P-5. Nobody is going to have the same leadership, the same leadership potential. The President of Russia, we know him. He has been president already and has been prime minister twice so it's somebody we know fairly well. The point which is new I think is that being the same person, the country is not the same. Russia is different. And I think he has tested on

the streets of Moscow what does it mean the limit of power -- expected more and then with the demonstrations and the position of civil society I think that Putin has got a picture clearly of his skin of what is limitation of power. And I think that this is an important fact that we have to look to use -- with Russia we have a very good relationship formally which is called the Partnership for Modernization that was done with Medvedev thinking that the most important problem for Russia is modernization and whatever we can do in that direction we will try to help. Organization and rule of law to my mind which are linked are the two most important things to change for the European Union's point of view in Russia.

Let me go to a good event that has taken place in the year 2011 that has not been so much realized, maybe the end game, yes, but not the process. As you know, Russia finally in 2011 entered into the WTO. That is a fundamental change also in the picture. Remember when China entered into the WTO was the beginning of having a new country, an emerging country, playing by the rules, not only playing with the rules but playing by the rules or trying to play by the rules -- they have rules in the WTO. Now we have Russia with WTO, and you remember why Russia was not in the WTO? If you don't remember, I'm going to tell you. It was not in the WTO because Georgia vetoed the entrance of Russia into the WTO. I don't have to explain why Georgia vetoed. Things happened not long ago that put the relationship between Russia and Georgia in a

very bad situation. How have we solved that problem? How at the end Georgia has changed the veto vis-à-vis the entrance of Russia into the WTO? It has been a very beautiful political diplomatic move. It has been done with the trick, of how you recognize the borders of South Ossetia and Abkhazia with two elements. One, it was negotiated by Geneva by a country that always uses his -- offices to solve complicated problems. And with the presence still underground of the police mission by the European Union there that controls in a way the borders. So a very complicated setup has been established that without recognizing anybody -- Georgia of course recognizes South Ossetia and Abkhazia as part of Georgia. Russia recognizes that they are an independent country. And at the same time we have organized a mechanism that allows for these two countries to control the borders in such a manner that both can be part of the WTO. This is a good thing that has happened in this region.

Let me go a little bit more to Georgia. With Georgia we have a very close relationship, an association agreement that has not finalized which is a very important thing. When you have with a country an association agreement for the European Union it is very important. We have to work with them in order to generate what I think they should generate -- a better climate with the people in Abkhazia and South Ossetia. And we have done that with them, with Georgia. But we are a little bit concerned about Georgia on the democratic side. I understand

that the United States begins to be concerned about that. A debate took place the other day in the Congress for the first time. In the coming year 2012 and the year 2013 there will be elections, parliamentary and presidential. We are going to look very carefully at the parliamentary elections to see it's done. As you know, some of the leaders are emerging from Georgian society, in particular one very rich man, and I don't want to enter into that, which is probably trying to consolidate the opposition in one part and may at the end maybe even challenging Saakashvili in 2013. With that I close the first thing that I wanted to say about Georgia.

I would like to enter into Ukraine. Ukraine for me is one of the most, how would I say, one of the great frustrations that I've had in my life. I was very engaged with Ukraine from the very beginning. I was in the negotiations with Aleksander Kwaśniewski, the ex-president of Poland when the Orange Revolution started and when the elections that took place that year, 2002 I think it was, and Yanukovych won the elections and he was denounced and at the end remember that the elections were redone and Viktor Yushchenko won the elections and was president for a long period of time. All that period of time that started beautifully with oranges and all these things, lasted very little. The battle between Yulia Tymoshenko and Viktor Yushchenko was so tough and so difficult that we had Viktor Yushchenko in his house and lost all political power and Yulia Tymoshenko in jail, and Yanukovych who was the loser of the first election

is now the president of the country. For me it's a great frustration because it is a country that could have done way much better than what it has done. And it has all the complications of a political clash which is really below average. And the incompatibility of characters together with in a way two Ukraines, one in the east and one in the west, one that looks more to Russia and one that looks more to Europe. And they have the problem being the transit country for energy which always is a problem if you don't have your neighbors in good relationships. For the European Union it continues to be a big problem and we signed on the 28th of March of this year, a few days ago, the finalization of the -- initialed, not finalized, the agreement that I started in 2005 with Viktor Yushchenko. So it's slowly going from 2005 to -- is not implemented because with the situation of the justice which was the question of Yulia Tymoshenko in jail and others because she's not the only person who in jail. The other important political figure was Viktor Yushchenko who is also in jail. So if you look at the whole picture, I'd like to say something good that the European Union even in this complicated situation economically continues to be active politically within our neighborhood. Good things, some. And other things which are not moving as I would have liked to see moving. But keep in mind that one of the things we are going to see in this neighborhood is going to be importance related to the position of Turkey vis-à-vis gas, vis-à-vis Cyprus and vis-à-vis other issues like Syria, et cetera, which are

very, very important for the European Union.

So this is how I see the picture with realistic optimism. I don't know if you want to put a capital on the realistic or the optimism, but in the balance really to optimism I think I see the situation. In any case, if we were to look at 10 years back the situation is way much better, I would be today much more concerned with my neighborhood with some members of the European Union. Let me mention one. I am much more concerned with Hungary than I am concerned with other countries which are outside the European Union from the democratic point of view.

MR. TALBOTT: A lot of hands are going up. I'll alternate around. I'll take this gentleman here whose hand went up first I think and then we'll come to one of the two ladies over here.

SPEAKER: My name is -- I am correspondent of Tanjug News Agency from Serbia and my question is on Serbia and Kosovo. Four years ago the United States and 20 E.U. countries recognized the self-declared independence of Kosovo. From then we've seen murders of Serbs there, accusations of human organ trafficking and the highest level of corruption in Kosovo. Besides that, some regions in the world like South Ossetia or -- are asking today for independence and they are comparing their position and their situation with the Kosovo situation. Your country, Spain, didn't recognize Kosovo. Do you think that after these 4 years recognition of Kosovo was a mistake and do you think that

Spain will change her position? Thank you.

MR. SOLANA: I cannot talk on behalf of Spain. I may have a little bit of influence, but no power whatsoever. As you can imagine, I was in favor of the recognition of Kosovo. We did a tremendous amount of effort to get it in a different manner. Remember that Ambassador -- from Germany was in charge of the troika with the Russians and with the United States in order to prepare that. Finally it was impossible to do it and it was recognized. Kosovo is recognized by countries. The European Union doesn't recognize countries. It's members states of the European Union that recognize countries. A good number of countries did recognize it, a smaller number of countries didn't recognize, and still the situation continues to be like that. No change in my mind has taken place since the moment.

What is taking place something positive I think is -- and Serbia is now much closer to the European Union. It has been elected to be a candidate for membership in the European Union. It will have elections in a coming period of time. I don't know what will be the result of the elections in Serbia, but with Boris Tadic as president we have worked very well and we have moved -- as you know for that step to be taken to get Serbia as a candidate, it was necessary to get a better relationship with Kosovo and a big effort has been done by both sides to try to solve the question of Mitrovicia and all these things. I am not going to say that

everything is resolved because I would be lying to you, but without any doubt things are better than they used to be and with the help of the European Union producing this or given that confidence to Serbia that they will be a member of the European Union, I think that something will come out in the right direction solid. I will not compare with South Ossetia and Abkhazia. South Ossetia and Abkhazia remember that have been recognized by very important countries of the world and very close -- very neighbors of the region of South -- so the two countries recognized -- Latin America. One is Venezuela and the other is Nicaragua. None. Not even -- has recognized Abkhazia and Ossetia. So it's a little bit different don't you think than Kosovo?

MR. TALBOTT: If you could bring the mike up here I'll let these two ladies each ask a question and then, Javier, you can perhaps respond to both of their questions.

MS. KAY: Maya Kay from Voice of America Georgian Service. I have a question about Georgia. What do you think what could Georgia expect from the coming Chicago Summit of NATO, if anything? And if I may, a second question. In case of war with Iran, how would it play out for Georgia? What are the prospects?

MR. TALBOTT: Maybe we'll have the second question as well.

MS. O'DONNELL: Thank you. Clara O'Donnell,

Nonresident Fellow with the Center on the U.S. and Europe here at Brookings. I had a question on Russia and arms sales. There have been in recent years several cases where European countries have chosen to sell arms to Russia including the Mistral case which was quite controversial within NATO. I was wondering are your views on the merits of these sales and is there anything that NATO or you can do to avoid such sales creating tensions among other NATO allies?

MR. TALBOTT: Do you need clarification on that?

MR. SOLANA: I don't know if I grasped. What are the sales you're talking about?

MS. O'DONNELL: The fact that France chose to sell their Mistral ships to Russia created quite a lot of tension among some of the central European countries and I was wondering is it a good idea that countries do these sales and what do we do to reassure the others? Thanks.

MR. SOLANA: On the first question on Georgia, I cannot speak on behalf of NATO, but I know something. I don't think they are going to get too much from the situation that was in the previous summits. This is my feeling, but I may be wrong. I may be wrong. You have an agreement which other level that it is today. I do not expect to move very much. That is my impression. But again I cannot -- preparatory work is being done still and I don't know what will be the end.

From Iran, Iran complicates many, many, many issues in the international arena, but I don't know how it's going to affect Georgia. I don't know if you have an angle of looking in which Iran and Georgia have a relationship.

SPEAKER: There have been some speculations specifically Brzezinski just told journalists a couple days ago that in case of war, Russia will become more aggressive and will try to reestablish the old military cases there.

MR. SOLANA: That is a statement by I don't know who.

MR. TALBOTT: Brzezinski.

MR. SOLANA: Brzezinski, with great respect to him, but it's a statement which I think is going too far. Still there is no war with Iran. It's very -- we expect that Russia will continue to be together in the group of the P-5 plus the European Union and the approach that we have collectively Iran. The five countries, the P-5 plus the European Union, don't want to have a nuclear Iran. You have to imagine first that the group of five breaks, then there is a war, then vis-à-vis the Russians -- it's looking too far, I think, from today. I hope that we will not have to look into that for a long period of time.

MR. TALBOTT: And France and arms sales?

MR. SOLANA: I think that we don't have any limitation of selling of anything with Russia. We have still some limitations with China

but not with Russia. And I think that the problem we have with Russia and I hope the only problem really that we have to solve with Russia is missile defense. I hope very much that in Chicago we take a step in that direction of doing something that overcomes the mistrust that still exists in particular in the phase four of the deployment of the missile defense. Up to the phase four we can live with mistrust, but -- deploy the phase four it will be quite a difficult situation. So I think this can be overcome.

Look at the coming period of time. In the coming period of time we have in the neighborhood for the European Union -- I can talk because it's the neighborhood of the European Union, we have a complicated situation in Syria in which we are in different -- Russia has a position different from ours. By ours I can Europeans and Americans. We have missile defense in which NATO countries and Russia have a different position and we have a negotiation with Iran which is a priority in which we need to have a common position with the Russians. So we have a triangle there of Russia vis-à-vis Syria, Russia vis-à-vis missile defense and Russia vis-à-vis Iran that we have to solve and we have to -- what we prefer. If you asked me what I would prefer, I would prefer to solve Iran together with Russia. Therefore I will have to give something in other theaters. I think that the easy one for me will be: get an agreement on missile defense. I think it's possible. I don't think that it will be compatible to have an agreement with Iran and not to have it in Syria at

the end of the day because Syria and Iran are pretty linked in a way also. Therefore I will try to maintain as much as possible the good relationship with Syria on these two topics and be as generous as possible in missile defense which will take place in Chicago in a few weeks.

If you remember there was a picture in "The New York Times" not long ago and a microphone open. Do you remember? There was a conversation between President Obama and President Medvedev. We didn't listen completely to the phrase of them from the microphone, but noticed his words and my sentiment is that President Obama thinks also that missile defense can be resolved.

MR. TALBOTT: I would add a footnote to that. It ain't going to happen in Chicago in terms of a consummated agreement. We have to work out our own democratic leadership process first, so we're talking about --

MR. SOLANA: Chicago is a moment there will be meetings.

MR. TALBOTT: That could lay the ground for something in 2013.

MR. SOLANA: You are more precise.

MR. TALBOTT: No, no. There we are. It's awfully hard to conduct foreign policy in a presidential election year.

MR. SOLANA: In these circumstances.

MR. TALBOTT: This lady right here.

MS. KOVACHKA: My name is Ravsa Kovachka and I'm a Ph.D. candidate at Howard University. It's always a pleasure to listen to you and thanks to the Brookings Institution for giving us the opportunity. I wanted to ask a question regarding the future of Europe. We know as you mentioned that it's a one-of-a-kind institution, one-of-a-kind organization where nations are -- in their sovereignty. Let us imagine that we get over the crisis with Greece and everything goes well. How far do you think it will go? I mean from the Turkish perspective there is always concern about how many more wagons can this train take? How much load can it take? So where do you see the E.U. once we're over this crisis? Will there be a real political union? Will it be the United States of Europe? That's what my question is. Thank you.

MR. SOLANA: Let me tell you what it will not be so we clarify. It will not be a state. It will be not the United States of Europe. I don't think we'll go that far. So from there we can come back. I think that it will be much more than what it is today for the point of view of integration. And the difficulty you will understand very well because the things that we have to integrate today are really at the nucleus of -- is who fixes taxes, fundamental for a nation-state and who approves the budget which is another important thing. Remember that we have abandoned control of our borders. The borders are common now which is a very important thing and for some countries, 17 countries, the currency is the

same. So therefore we have to open a process of integration that has already been -- it will be a step in the right direction in changing the treaty by the end of 2013 and we will be -- that in that sense.

The problem is that not every of the 27 members will be ready to be moving at that rhythm so here comes another problem, is a Europe with two speeds or a Europe of two tiers? When you talk to an Anglo-Saxon -- U.K. member of the parliament they will say we would like European Union with two tiers. That means that countries that not necessarily go in the same direction. I do not conceive that. I conceive we can think about a European Union with two speeds. That means with direction and two rhythms or different rhythms. The point which makes difficult the structure is how the common institutions do apply to the different countries which are at in different rhythms. Of course we entered into such a level of integration, the legitimacy is very, very important to the relation between the citizens and their bodies in their institutions is very important. You use that relation with your own state and in issues as important as budgets you really have to be sure that you give it to somebody you trust that has the legitimacy to do it.

For some countries the situation that we have today is becoming a little bit difficult because they may extrapolate and think that a couple of countries or a country and a half or three countries and a half may have more power and I would not like to have an institution which is

the European Union ruled by power, I would it to be ruled by law, and this is one of the most things in the basis of the European Union, by law.

Sometimes we have the impression or people may have the impression that country X or country Y may impose something on others and that is something that the rules reject and I think most of the people will reject and I think there are perceptions that have to change, realities have to change and the perceptions have to change.

MR. BEERY: Brian Beery, Washington correspondent for Euro Politics. My question is about E.U. enlargement. You touched on Ukraine and Georgia and I would add Belarus. When you were foreign policy chief the E.U. had a clear policy not to explicitly open the door for membership for those countries, and then you're just pointing out that their democracy record is bad or going backwards. Do you think that it was a mistake -- when you look at the Balkans although you have problems in the Balkans, there are sort of edging gradually toward a better democracy because they have the E.U. membership carrot, whereas Ukraine, Belarus and Georgia don't have that? Do you think that in hindsight or in the future that the E.U. should change its policy?

MR. SOLANA: I don't see from the circumstances of today with the crisis, et cetera, I don't see any change in that direction. Maybe -- enough complicated problems to complicate more. But I will try to answer your question by saying that it is true that the magnetic pole, the attraction

of Brussels, has made transformations in countries rapidly and peacefully. The case of Poland, Hungary, et cetera, which Hungary is now less attractive, but the attraction of the magnetic pole has changed many things and this is really soft power at its best, how countries have changed their structures, their democratic values or democratic institutions, et cetera, without use of anything but very soft power which the attraction to be part of the European Union. I think that that magnetic pole has less attraction today than it used to have. Therefore, the capacity to transform by soft power and magnetic pole attraction, those countries you were mentioning it was much more difficult today. I think that it will have to give the European Union much more to compensate for the loss -- at this moment the loss of credibility of the European Union even for that. So this is a difficult situation, difficult moment, difficult -- but I think that Serbia will be part of the European Union. I am not sure that Ukraine will be part of the European Union, and I would not be sure that Georgia will be part of the European Union. I'm not sure about that, but I'm pretty sure that Serbia will be.

MR. TALBOTT: Javier, I wonder if you could say a word in your capacity, you're a citizen of the world and a European, but you're also a Spaniard. Say something about the magnetic effect of Europe's consolidation as a community of democracies in the evolution of your own country.

MR. SOLANA: I was of the generation of people in my country that went through the change from a dictatorship to a democracy, and therefore for us, for me, for my generation, the European Union we should have been and we were not because we were not a democracy, it was a dream. For me always Europe has been -- we have a phrase. Allow me to repeat it. If Spain is the problem, Europe is the solution we used to day. We continue to think, I continue to think very deeply that Europe is the solution, that Europe is the solution. And I think for many countries when you talk seriously with people, they will agree with this, Europe is the solution. But for my own country -- been a fundamental -- absolutely fundamental the moment we had the prospect of being part of the European Union after we had the constitution, the first democratic elections, et cetera, we have been absolutely one of the most pro-European countries and much of the things that Spain has done which it has done many in this period of time, we're always linked to the membership of the European Union.

MR. TRINKL: Thank you very much. Garth Trinkl, the Department of Commerce. I have another Eastern neighborhood question concerning Ukraine, Moldova and Belarus. Your statement on Turkey was clear. You talked earlier about Cyprus and the discovery of natural gas and oil, also exploration for fracking for extraction going on in Poland, in west Ukraine and east Ukraine. 2014 is going to be in small part the year

of -- Russian Federation. Putin is now in preparation for his re-ascension in May talking about the Eurasian union and the Polish foreign minister very much wants Ukraine in the European Union. Putin very much wants Belarus, Kazakhstan, Ukraine not in the European Union. Do you see tensions going forward because of the gas resources on the Continental Shelf of the Black Sea?

MR. SOLANA: You have brought a very fascinating topic.

MR. TRINKLE: Sorry if it was too long.

MR. SOLANA: No, no, no, no. It's a fascinating topic because shale gas is going to be not only in Europe, but shale gas will be really very, very important in China. But the fact that the most important possibility of finding shale gas at this point in time is the Ukraine, Poland line is very important.

Let me say first for Poland, Poland for the first time may be an autonomous energy country. The data that I have, as you know, shale gas is very difficult to measure. It is not you drill once. You have to drill in many, many places and to know exactly what is the quantity that you have is not that easy to do. You can extrapolate what -- tell you that Ukraine and in particular Poland will have a lot is because they have a lot of coal. It's something that comes very united. When you have coal you have shale gas pretty close. That is the tendency that you -- you see it in China. So in Ukraine and in particular Poland has. For Poland it's a

fantastic gift. For the first time it's going to be an autonomous energy country. And they always had the problem of -- from Russia, the lack of -- with Germany. So for them it's a blessing.

How much influence this is going to have? As far as Europe, much. Very important. As far as Ukraine, the only thing I can tell you that Ukraine is a transit country and it may become a producer. It has developed pretty much with companies in Texas already. They are pretty much developing that. But I think that the most important thing in Ukraine is the political class. They have not been able to create political parties. To change leaders from party to party is a common thing. Really the political structure is not functioning. They may have gas, but they've had gas already. They didn't handle it properly. I am very, very, very frustrated with the quality of the political leadership in Ukraine, no matter that they have shale gas or they don't have shale gas. I am really confident that Poland is going to do a very good use of that natural resource that is coming into this country.

SPEAKER: Good morning. My name is -- from Barcelona and -- DIFC but I'm old Georgetown student. I want to ask you, we've been talking about the eastern borders and I'm going to create a hypothetical scenario of the western borders. Let's imagine in 2014 there is a referendum for -- that says independence and obviously that moves into maybe other countries like Belgium -- Flanders -- maybe the Catalan

case, et cetera. If that happens, what will be the legality of these new countries? Would they be European members or not? And what do you think of what has been said for example in Spain -- saying that Spain would not accept any of these new countries, especially Catalonia being part? How would affect European security if you have like four or five new states obviously all hypothetical, but how would that affect the future of the E.U.?

MR. SOLANA: Again this is a question which I have no answer because potentialities -- 2 years -- and don't know what is going to happen. I don't think we should be talking and taking positions on what may happen if. I don't like to do that because I think it doesn't introduce any good. So let's keep on working and you do whatever is your work in Catalonia or in Scotland and let's see what happens. My tendency is to think that it will not be very easy to have a European Union of 17 countries already or 27 countries to accept the process of fragmentation. When you want to contract something that is -- to begin to break it, I think it's a rather contradictory thing -- that respect -- position of referendums in different countries.

MR. TALBOTT: While my colleague is taking the microphone over here to this gentleman, I'm going to make an observation that this very interesting question and careful answer called to me. That is, in this period when the European Union has both broadened and

deepened, there has also been of course not just the integration of Europe, but the disintegration of states. The question of Kosovo came up earlier. Once upon a time some of us even remember there was a country called Yugoslavia. Does that ring a bell anywhere? Czechoslovakia, all one word, no hyphens even. And wasn't there this thing, what was it called, the Soviet Union? And we're talking here about independent countries, some more factually independent than others, that have asked aspirations to be part of an integrated Europe. And I must say, and Fiona and others in the room could probably speculate, certainly more intelligently and maybe more ominously about the prospect of existing members or let's say founding members of the European community breaking up and then exactly the dilemma that you pose could arise.

MR. SOLANA: We have been talking a lot about that, in particular one founding member, but it never happens. At the end it never happens. Brussels, Belgium continues to be united. We feared 2 years ago or 3 years ago that after almost a year without government, without central government, but it recuperated and kept on, so I think that you may have looser structures within the countries. We have -- the European Union is well constructed because it has a place where the regions of the different regions from not one country, from different countries, get together, so it's very versatile on doing these types of things already. So I -- we can use much better what we have, the institutions that we have,

without going through that -- of countries which I would not recommend, but I mean it's -- I don't recommend as a European.

MR. WOLF: My name is Alexander Wolf. I am a Visiting Fellow at Johns Hopkins University and I have a Far Eastern neighborhood question. You said earlier that the world of today needs structures and institutions for improved global governance and that the E.U. engages in building these structures and acts as a model for that. My question would be how does the rise of China and other emerging powers influence that task given that they reject European notions of shared sovereignty and provide an alternative model for global governance amidst the Euro crisis?

MR. SOLANA: Thank you for the question. I think it's very pertinent. I don't think that every country in the world has to be united with others in what we call molecules. You have in Asia a very good example that is in a way a reflection of the European Union -- because Asia started to move at a very slow pace and the leaders of Asia established a commission that went to work with me in Brussels. After this learning of how the European Union was working, they introduced a document and that document with any doubt has moved the integration of Asia today to a much deeper form that you never expected. Now they are now as we were in the monetary system before, before entering into the Euro Zone, and the monetary system, you remember the monetary system was where

the U.K. had that problem with Soros. You remember. So I see the potentiality of other regions of the world, a group of countries, getting together sharing sovereignty without losing the identity of the countries and making the global governance way much easier than we have it today. So allow me to play with this metaphor from my previous incarnation. I am a professor of theoretical physics. Imagine that you have oxygen here and hydrogen here. Suppose that. Two gasses. And you take one electrode from here and instead of rotating around this, you are allowed to rotate -- and suddenly with a little, little change recognizing this hydrogen, Italy, and recognizing this is hydrogen, the Netherlands, by -- electron they come a gas which is water which solves the problem of our life. So small changes without losing your identity may produce enormous changes, that we see in the natural world and I think that can be seen in the real world -- is no longer valid in a world in which we are so much interdependent. Interdependence and -- I think have some friction. I don't mean that every country has to do that. In nature you have very big atoms which are autonomous. Let's put it that way. They don't share with anybody else. You can think of countries which are big enough that they don't need any sharing with anybody. But if we were to look into that in Latin America, look at Europe. Europe is a country that gets united with different languages, different languages which is -- difficulty, a common history. Latin America is common history in a way, common language and

they have some difficulties to get together. They have tried and they will continue to try and they will do it, and I am sure they will do it with not one but maybe three. So you will have -- that in the Gulf countries. You see how the Gulf Cooperation Council is moving economically. It's very spectacular what is going on. They're moving toward a common currency very much. So we are seeing this movement which is -- world in which I think it will be much easier to find structures of global governance. And we need structures of global governance. I believe that. I believe that. We cannot continue living without any structure of governance which are more efficient than the ones we have today. We have climate change for instance and so many things that cannot be governed -- type of structures which we have to be more imaginative and I think that is why the European Union apart from what I said has an enormous value today as model if it functions. It has functioned. The crisis has come as a big disturbance, but I think we will be -- to the crisis.

We have been very productive, useful, et cetera, in good weather. Remember that from the year 2001 to the year 2009 the spread of 10 years bonds of Spain and its relation to Germany, of Italy with Germany zero, Spain with Germany was zero, Portugal with Germany was zero. We have really a moment in which we're going to create the Euro bonds without any difficulty. So they could be back this situation. So I think that is a good model still to maintain on our radar screen even to

those who want as I do and Strobe does and this institution does, want to work for having a world with governance which is more sophisticated than the one we have today.

MR. TALBOTT: While the microphone moves over to Ambassador Kazarich. I'm going to recall listening to Professor Solana, Professor of Physics Solana, compare nations to atoms, how he once also commented on either the coincidence or the significance that the number of atoms is approximately, that is to say the number of atoms on the Periodic Table, is approximately the same as the number of states in the United Nations.

MR. SOLANA: A little bit more states.

MR. KAZARICH: Rich Kazarich, Nonresident Fellow here with Fiona Hill and also Brookings or at George Mason University. I want to take you to another institution. You were very eloquent about the future of the E.U. Can we go to NATO and have you think a little bit about where NATO is heading setting aside missile defense for a moment? Chicago is going to be about Afghanistan as well and the impact that that experience has had on the alliance as well as its members. And factored into that of course are the financial problems that all the member countries of NATO face on the defense side going forward. What do you see as the future of the alliance and particularly the nature of the U.S.-European relationship within that context not only given the experience in Afghanistan but also

the experience of Libya?

MR. SOLANA: I don't know as I said what is going to happen in Chicago. But looking for the experience of these last times, I think NATO has a role to play and has played. You may like it more or less, but it has played a role. It is true what you have said, but that is true also for the United States. The United States has to cut the military budget, the defense budget. If we follow what Secretary Panetta said and he said it very clearly in the meeting in Munich in February, that it will be cut seriously and there will be priorities and the priorities will be the military point of view more toward the East and Pacific than other places, the Middle East maybe. But it will have to prioritize. We will have to get an agreement with the United States how do we handle NATO expenditures because it is true what you have said that in a period of crisis it's more difficult to look about increasing the budget of defense unless you see something very dramatic happening and it doesn't seem to be the case. So we'll have to look into that with a lot of care. I don't think that without an engagement of the United States, NATO can survive very long. I think it's needed that leadership and in an alliance it's necessary to have a country like the United States leading. That is my experience. So if the United States doesn't lead in the alliance it will decline to my mind.

MR. TALBOTT: We're going to take one last question, this lady right here.

MS. CHOY: -- Choy -- Partners -- E.U. energy policies, when I look at E.U. 27, 36 percent energy natural gas import from Russia, one-third from crude oil, one-third -- from import from Russia. My question is in light of what happened to Japan last year, Germany has changed its energy mix. So do you see any other countries will change -- mix in E.U.? The second question is when I look at the E.U., as E.U. implement its sanction in Iran, those countries who suffered most from sovereign debt issues, i.e., Italy, will have impact on its energy policy. Do you see any E.U. commission addressing these issues? Thank you.

MR. SOLANA: You've touched on a very, very complicated issue that will take -- we will see changing very much in the coming period of time. Shale gas. We're entering into a century where gas is going to be way much more important, but gas not necessarily through pipelines. The division between consumers and producers is going to change dramatically. China will be -- producer if it puts into operation the amount of shale gas that they may have. Poland will be a -- producer. So -- you have liquefied gas, becomes -- the value of consumer and producer is changes very much. So I think we are going to see a lot of things, and the countries that have the pipelines and the gas will have to adapt also to the new realities because the situation will be very, very different. The most important research for shale gas of today are in China, so imagine the change what is going to take place in the world if this becomes

operational. Yesterday was here the Director General of the IMF, spoke from here from this place. He said something when asked about the price of energy, something very interesting that I would not -- because it's the first thing that we are going to see, how Japan substitutes their nuclear energy, and that will tell us a lot of how is going to be the short-term at least evolution of energy prices, et cetera, and how rapid is going to be the fracking. The fracking is the breaking of the shale gas, how rapid this is going to take place. There are different legislations. We still don't know how the fracking is going to -- climate change, environmental issues, so these are still big questions and big question marks. But I think in the world of energy we are going to see fascinating changes. Also for the European Union.

MR. TALBOTT: You certainly managed to elaborate and give us all a chance to share in your, what did you call it, was it realistic optimism or optimistic realism?

MR. SOLANA: It's --

MR. TALBOTT: Either way.

MR. SOLANA: The order is not important.

MR. TALBOTT: Either way. Before thanking Javier, I want to thank all of you for first being here and also participating in such a terrific way. It was a great discussion and please join me in thanking Javier for coming back to Brookings.

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