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## P R O C E E D I N G S

MR. TALBOTT: Friends, ladies, and gentlemen, could I ask that everybody please take seats. Thank you very much. We have a couple of our participants and also some members of the audience who are going to have to leave around 1 o'clock or shortly thereafter so we do want to get started. For those of you who I haven't had the pleasure to meet I am Strobe Talbott and it is my great honor for coming up on 13 years to work for the solvers of the Brookings Institution. I want to welcome all of you to what we regard at Brookings as a very, very special event. I want to begin with a special thanks to two diplomats, two ambassadors whose skills and achievements particularly in support of the transatlantic relations, underscore the commitment that both the Federal Republic and the United States of America have to the bilateral relationship and the transatlantic relationship, and that's Ambassador Wittig and Ambassador Kimmitt.

And on behalf of Martin Indyk who is the Director and Vice President of our Foreign Policy Program, and Fiona Hill who is the Director of our Center on United States and Europe, and all my other colleagues at Brookings, I want to extend our gratitude and special thanks to our partner, and it's not just a partner for today, it's a long-term partnership, and that is our relationship with Robert Bosch Stiftung, which is represented here by Ingrid Hamm and Joachim Rogall, and their team. As everybody in this room I'm sure knows the Bosch Stiftung is one of Europe's largest and most admired foundations. For over 50 years it has realized the vision of its founder who was an inventor, a businessman, and a philanthropist, and his commitment to social responsibility as a key factor in helping democracy. The Stiftung priorities align closely with those of the Brookings Institution, of the welfare of functioning and equitable international system, the challenges posed in the field of education, environment, science, and health issues.

We also share a conviction on the importance of the Transatlantic Partnership as an alliance and of course as a community of shared values. Moreover our Center on the U.S. and Europe has been increasing its focus on Germany's parliaments and the economic, political, and security future of the continent of Europe, but also of the world as a whole.

And at that point in the narrative, enter Constanze. She is the inaugural holder of the Robert Bosch Stiftung Senior Fellowship at the Brookings Institution and she has hit the ground running even while dealing with movers who had moved her into her new home here in Washington. It's also terrific that Ivan Vejvoda and Stephen Szabo of the German Marshall Fund are with us today given Constanze's very close important ties there. And it also underscores or at least resonates with the pledge that Karen Donfried and I have made to collaborate in an institutional way in the years to come.

It's also worth mentioning that month Constanze participated along with Karen as well Ambassador Wittig and others here today in a deep dive brainstorming session with U.S. and German experts on the challenges to European security and Transatlantic solidarity that have emerged this year. Constanze's own expertise in human rights and international law will enlighten, enrich, and broaden our overall agenda at Brookings which is a good point at which to turn the proceedings over to my friend, Ingrid, who has been instrumental at making it possible for Constanze to come to Brookings and therefore to this gathering. So thanks again for everything, Ingrid, and I will now turn the proceedings over to you. (Applause)

MS. HAMM: So again thank you, my dear friend, Strobe, for this very, very kind welcome. And thanks to you and your team and everybody at Brookings, all the experts and outstanding personalities for putting together this wonderful event today. Dear Ambassadors, Ambassador Wittig, Ambassador Kimmitt, distinguished guests, and

also thank you, Constanze. I have the honor to introduce the first Robert Bosch Senior Fellow at Brookings. That has not happened before and we are extremely grateful to Brookings to impress us in this issue. Last month Constanze joined a team of the Brookings Institutions as the inaugural Robert Bosch Senior Fellow. This position has been established first and foremost in order to strengthen understanding between the United States and Europe and this what we call Chair on Germany plus Europe is definitely the right thing at the right time.

Thanks to Strobe, really thanks to Strobe and Brookings who came up with the idea two years ago. We really would like to thank you for your foresight that we have now in place that Chair, that Senior Fellow to meet all the challenges that have occurred in the latest past and will occur in the future even more. To illustrate what we are talking about I would like to mention very lately study that asks German and American about their entrenchment, the relationship, and asks about their preparing future for the transatlantic relationship. Only 19 percent of all Germans would like it to become closer. This means a decrease of six points since 2013 and the majority, for the very first time a majority of 57 percent of the Germans said they would like a more independent approach. And this means an increase of 70 percentage points since 2013. On the American side only 34 percent would like the relationship to become closer, a 9 percentage point increase from 2010. And of course this is quite disappointing, but although it shows the quality and the character and the profile of the actual relationship. And on top of that we all know that the plurality of the political crisis in Ukraine, Iraq, or Syria also demand a very strong Transatlantic partnership in which those work together closely in order to come back to their peaceful, global environment. And therefore to build on that relationship is extremely important. And that means Constanze is exactly the right person at the right time. She is a committed Transatlantic and she also

somebody who is carrying everything in a balance. She is by nature a (inaudible), she is by academics a lawyer, she is a researcher, she used to work with all kinds of expert groups you can think of in the past, and she is somebody who can also work with foundations, she can work in that really political area very well and she's an American I would say as much as a German because she spent so many years here with her parents as a child and afterwards too.

So definitely the right person that's been sent back to Strobe because he made -- not only him, but Brookings made a good selection that you shared with me and he very easily came to the point they would have loved to have Constanze in the position and finally she agreed and we are very happy about it. To put it really briefly, to me Constanze is smart, extremely fast, and she's brave. What is a character profile that I like a lot about her, she has covering wars in Africa as well as in Afghanistan for Die Zeit in Germany, one of the larger weekly publications there.

So, Constanze, we are honored that you accepted the Fellowship and we are very much looking forward to your work here at Brookings and I know they have many plans with you and we appreciate it very much.

We are very thankful that two ambassadors, two highly profiled ambassadors from Germany and from the States will have the discussion today about the launching of (inaudible) and thank you so much for joining us today.

I will stop at this because I know there is some time pressure on us. So thanks again, Strobe, thanks again all of you and the floor is yours. Thank you.

(Applause)

MS. STELZENMÜLLER: Good morning, everyone. I'm Constanze Stelzenmüller and it is my pleasure today to moderate this discussion between two distinguished diplomats who really need no introduction here. I did want to say thank you

very much for Brookings for bringing me here in the first place. It's true this is in many ways a homecoming, not just because I have lived in this county before as a child and as a student, there was also a **Stelzenmüller** immigration to American in the 19th century which I won't go into here, but I am deeply rooted in many startling ways, so it's nice to be back. And thank you all for the warm welcome that you've given me; it couldn't have been nicer.

Our two speakers today really need no introduction. We'll start with Ambassador Wittig who has had a distinguished record of public service in Germany. He was most recently Germany's permanent representative in New York, 2011 and 2012, a time when it was -- how do I put this -- limited fun to be a German diplomat in that position. What you perhaps may not remember, Ambassador, is how you and I first met. We met in Kinali Airport (inaudible) in 1995 when you were the personal secretary for I think Foreign Minister Kinkel who came on a famous trip to Kinali in the summer of 1995. I was a journalist for the Die Zeit covering this. It was an exciting trip in many ways, although perhaps more pleasant than that of Kofi Annan two years later which I also accompanied. Ambassador, you have come to Washington, you've been here a year now, I think?

AMBASSADOR WITTIG: No, six months.

MS. STELZENMÜLLER: Six months -- at a time when there are many, many things occupying America and Europe, America and Germany, the crisis in Europe, the TTIP negotiations, Syria, Iran. Things couldn't be more fraught. There is a general sense of the international order that was created by the West and guaranteed by America for a generation appears to be disintegrating around us, the challenges are many, and it is an exciting time certainly to be a German ambassador here. We look forward to your remarks. Thank you.

AMBASSADOR WITTIG: Thank you. It's good to be here. Thanks, Strobe, Mrs. Hamm, thanks to Brookings, and to Bosch for their generosity, and congratulations to Constanze. This is a great assignment. I think to have enlisted Constanze is a real prize catch here. She brings with her a wealth of experience in transatlantic relations, a great record as reporter, fearless, reporting from all four corners of the world, and great intellectual capacity. Creativity at work, I think she will be a great enrichment to intellectual and private life in D.C. And it's a pleasure to be on this panel with Bob, my friend, and one of the most distinguished U.S. ambassadors I think that we had in Germany.

I want to look briefly at three challenges for Germany through the lens of German-American relations. The first is of course Europe and the future of the European Union. The economic and financial crisis that has evolved over the last five years has as you all know exposed some fragility in the institutional structure in Europe and has resurfaced some of the fault lines that we have believed to be overcome. And I learned in this job here that not only among Europeans but also among Americans and Germans the approaches to managing that financial and economic crisis in Europe differ sharply at times. While the U.S. experts and also government officials believe that Germany has done too little and too late in terms of easing the monetary and fiscal policies of my country we I think believe that we embarked and insisted on a more difficult approach, and a more sustainable approach, namely the part of fiscal and structural reform. At the same time I would claim Germany has been pretty pragmatic about some of the specific European and Eurozone crisis management instruments. And we have shown as others in the European Union or in the Eurozone quite above solidarity also in terms of financial contributions. Now the crisis of excessive sovereign debt, the lack of competitiveness that social contract had to be rewritten in some of the countries have led as you all know

to a rather serious crisis in confidence in the European Union, and in some countries a crisis of governance. But we believe that we made some headway, especially in some countries, and that we need perseverance and also strategic patience if you will to succeed. And I'm not belonging to that doomsday school of thought that sees decline around every corner in Europe. I believe in this project of the European Union and if we look around our neighborhood, especially after the Ukraine crisis, we should find comfort in the fact that we will still regard it as a supremely important model of integration in that part of the EU.

Now there is one challenge I want to point out and I sometimes also say this to our critics, and there's a strategic dilemma I see looming for us maybe. What if Germany's partners are no longer able or willing to submit themselves to the competitive pressures of a globalized economy? What if the current reform efforts across Europe fail to produce the economic convergence that is ultimately preconditions for coherence in further integration? So I think it's important to know that the situation where Germany would be compelled to choose between competitiveness and European integration as two imperatives, this situation must be absolutely avoided. I think we would all agree that the German question is only put to rest within the solid framework of the European integration. This is where our good future lies, and this is where our productive role in the world emanates from.

Second challenge, our relationship to Russia and the future of our relationship to Russia. And the Ukraine crisis was a paradigm shift in East-West relations. It took a time that we realized and it trickled down to the mindset of the German people that this partnership with Russia that we had gotten used to is gone maybe for many years. Now it also propelled my country into an unexpected leadership role. I think there are few leaders in the world rather than Chancellor Merkel and now



Foreign Minister Steinmeier that invested that much capital and time and effort to speak and to deal with the Russian leadership. And despite the unpredictability of Putin, in time he has made a sort of his signature of his policy, I think our approach was consistent with -- I think it's a three-pronged approach. First economic, financial, political support of Ukraine and all those countries in the gray zone between Russia and the EU. Second, a rather effective sanctions regime, targeted sanctions, yet disproportionately effective. And reassurance and resilience vis-a-vis our eastern partners in NATO. And the third element is dialogue with Russia. It's important to keep on trying to engage Russia not only to play a constructive role in the Ukraine crisis, but to play its part in the important local and regional challenges where we still need Russia.

So this is the approach which we will continue to pursue in the future. One thing I think I've seen rarely an area where our two administrations, Germany and America, have worked closer and more trustfully together than in the Ukraine crisis is on our policy vis a vis Russia. And I think that's a tremendous asset. Western unity on Ukraine and Russia has been a tremendous asset and the value of which I think is hard to overestimate.

Third challenge and then I'll close in the transatlantic challenge. Of course the unexpected result of Russia on the post Cold War order has led to a fresh reevaluation of the -- maybe also renaissance of the Atlantic Alliance, but I think our challenge that we are facing go well beyond Russia. We are witnessing the threat to deliver international order; I think nothing less than that. And it's under siege, be it from the Middle East, be it from parts of Asia, be it even in parts of Africa. Now I want to leave aside the much invoked shared values, but there are other imperatives and I share those values and I share the importance of the shared values, but there are other imperatives and even common interests that tie us together. And from my point of view I can only say

Germany is the most connected major economy in the world in terms of goods, people, and information. So we are dependent on keeping up this apparently crumbling, hopefully not disappearing liberal international order, and we have much to lose from that. And this is why we should invest more in transatlantic relations, this is why we have to do everything to reach an agreement with TTIP as the new global gold standard, this is why it makes sense for Germany to assume more integrated and national best policy, whether it be in Afghanistan or ISIL.

But there's one caveat and then I'll close. It's true, Germany as some have said the reluctant hegemon that found itself as a pivotal player in Europe is incrementally developing a greater leadership role in international affairs, but our foreign policy will still be characterized by a degree of restraint and humility if you will. For historical reasons, because we have to bring our society along, but also for another reason. We believe that in the world of tomorrow our ability to shape desired policy outcomes in third places will probably shrink due to the many stakeholders that are involved into the complexities of the crises. So realism regarding the limits in the short-term is also part of I would say German pragmatism.

But I wanted to close with an optimistic note. I believe in the end it will be the power of our own example in the West and life with opportunities, life in freedom, life in physical and social safety. This model that remains our most potent instrument to shape the world, and for that a thriving transatlantic alliance is of course key.

And I'll close here; thank you. (Applause)

MS. STELZENMÜLLER: Thank you very much, Ambassador. Thank you, Ambassador. And you really have given us a great deal to think about, and I'm sure that the audience will want to engage with you on a number of points.

I'm going to go straight to our second speaker, Ambassador Robert

Kimmit who needs even less introduction in this room than Ambassador Wittig does. And somebody with a distinguished record in public service and his country both the military and diplomacy, and in the private sector a former ambassador to Germany right after the fall of the wall. The one thing I didn't know about you reading about your biography, Ambassador Kimmitt, has not only three Bronze Stars but a Purple Heart from his service in Viet Nam. That's pretty impressive. I wonder whether your Atlantic service must not have somehow struck you as a harsher duty than Viet Nam. I look forward to remarks. Thank you very much for joining us here.

AMBASSADOR WITTIG: Thank you, Constanze. I'd like to joint my friend, Peter Wittig, in thanking Brookings, Strobe Talbott, Fiona Hill, for this kind invitation. One admin note, I'm here in my capacity as Chairman of the American Council on Germany, but I noticed that the bio for my law firm, Wilmer Hale, showed up in the program. So the American Council has a wide range of activities advising clients at some point (inaudible) so (laughter) I wanted to clear that up. Those who are closer here's some written materials.

I too would like to congratulate Constanze and her selection as the inaugural Robert Bosch Senior Fellow here at Brookings. I would note that Constanze was also the inaugural speaker in the American Council on Germany's Kissinger speakers program also sponsored by Bosch Foundation, to take eminent speakers from Germany to speak not just on the East Coast of the United States, but also in our 19 (inaudible) chapters around the country.

In thanking Bosch I'm also taken back 23 years to the fall of 1991 when I had just arrived as the first American ambassador appointed to a United Germany in over 50 years. One of my first visits was to Stuttgart and I had to listen carefully to something Chancellor Kohl had said during the 2 plus 4 process and the aftermath where he said we

needed to add new lanes to the transatlantic bridge. And we were really at that time pursuing a more multidimensional -- I'd say a three dimensional approach to Germany looking not just at traditional and political diplomatic issues, military security issues, but also economic and financial issues. And Stuttgart was a great place to visit; we had a Consulate there at the time. Politically I visited Minister President Erwin Teufel and the oberburgermeister of Stuttgart Manfred Rommel. A very interesting time because unfortunately for me named Republikaner, the republicans, a far right wing group had just come into the (inaudible) and there was great concern about whether this was a pronounced shift to the right in Germany for this to have happened in a major state like (inaudible). Great to discuss those issues. Unfortunately that was their high point activity. I think that was a little bit about immigration a lot about the costs of unification which was just then becoming clear.

Militarily I went out the corner of Stuttgart that was and still is the headquarters of the U.S.-European command. At that time we were talking about implementation of two plus four, the drawdown of U.S. forces, the drawdown and eventual departure of Soviet forces, the seventh corps which was headquartered there was getting ready to go out of existence. They deployed to the Gulf and instead of coming back to Germany they went home to the United States, and we were just starting to look at the Balkans question. It was an issue I think that was more live in Europe at that point than it was in Germany. I think we had a little victory fatigue coming out of the first Gulf War, didn't want to engage quickly again, particularly on a topic like the Balkans that did not lend itself to the UN based strategy that we had in the first Gulf War because of the hesitation of the then-Soviet representation. But we also were starting some discussions and real debates with Europe on something called the European Security and Defense Identity, the Franco-German Corps, and the question of whether there was

going to be some separation between the U.S. and Europe on critical defense issues. I would say one young Marine Corps Brigadier General who was introduced to me at that time at the U.S.-European Command Headquarters was General Jim Jones, later the NATO commander, but who held a traditional Marine position in the Operations Department there.

But in addition to those visits which would have been both visits made and topics raised by my predecessors, a very distinguished group of predecessors, I also knew that we had to focus on economics and finance. So I went by IBM's headquarters which has been in Stuttgart now for over 50 years, and then went to Robert Bosch and had a chance to meet with Hans Mericla, Marcus Spearish, Heron Scholl, and Tildan Tonehooker, and why did I do that, because there were tens of thousands of Americans working in the United States for Bosch and the same number working for IBM in Germany, and that relationship it seemed to me was one that we had taken a little bit for granted during the Cold War that we needed to put some more emphasis on. Today although things have changed remarkably since 1991, I would say changed remarkably since 2001, even since 2011, I think that multidimensional approach to the relationship is still an important one to follow political, military, as well as economic and financial. Politically it's a very interesting time inside Germany. You have a grand coalition, always an interesting structure to deal with, but you also have a red-red-green coalition now in Thuringia. What does that mean in Germany, what does that mean in Europe, what does that mean in the transatlantic relationship? Also this question raised by Peter about Germany's leadership role in Europe and that the Berlin and Brussels connection, whether it plays out in political, security, or economic areas I think is something much more current and actual than it was two decades ago.

On the military side those people who thought that NATO was out of

business were shocked back into a realize that we need a structure like NATO to deal with Russia-Ukraine as Peter mentioned, but also Afghanistan, and even as we look at Syria and ISIL. I would also say though that Germany plays a much more pronounced role now than it did in the '90s on tough issues like Iraq, where in the P5+1 or EU3+3, Germany plays an exceptionally important role not least because of the centuries-long tradition and relationship between Germany and Iran. I would also say we have good discussions with Germany on countries far from the NATO zone and that would include China. When I visit China I'm asked as many questions about Germany as I am about the United States. Those questions are both political but also economic and financial.

And then on the economic side, as Peter said, I think TTIP is a crucial test for the relationship. If we are able to secure passage of TTIP then I think the political alignment in the U.S. is better now for that. I think we'll have done something as important for the future of the relationship at the North Atlantic Treaty was for the past and remains important today. Key letter in TTIP is investment. It's the first time we've ever had a trade agreement with the word investment in it. Trade and investment are related by they are separable, and it was really the United States that wanted the word investment there because there is pretty good alignment in the United States about the benefits of investment, still some differences on trade. Five and a half million Americans work for companies headquartered overseas, including 700,000 Americans who work in the United States for German headquartered companies and an equal number in Germany, of German workers who are working for American companies. So I think there are tremendous economic benefits. I think there are also tremendous political benefits by further binding the relationship and not just in that traditional political, military side, but also the economic and financial side.

If I compare those periods when I was in service in Germany to today

again in '91-'92 even though we had come through euphoric period that led to Germany unification we were having debates about the European security and defense identity, whether a united Europe was good for the United States, a lot of concerns expressed about German assertiveness. And we had to find a way to work through those; I think we did fairly successfully, essentially saying that a Europe that came together on an outward looking basis was good for Europe, was good for the U.S., was good for the world, and also Germany doing more in collective action toward common goals had to be something good for the bilateral relationship and transatlantic relationship. Obviously we went through some difficult times in '03 and '04 because of the Iraq War, not just with Germany but with other countries. Today we have a new issue though on the table and that is trust, an issue that had not come up in those previous times even though we had some fairly deep political differences of opinion. It's caused by Snowden; it's caused by some other issues. I think some of the polling data that was mentioned showed that there was a latent concern about the balance in this relationship and perhaps some of that is being brought to the fore. I think there's an excellent title program and that is, how do we engage the pivotal player in Europe. And even as we both quite naturally look elsewhere in the world, including to the emerging markets like China and Brazil, India and elsewhere, I think it is very important for the United States to keep its foot firmly planted in the heart of Europe. And by the way, for all the Cold Warriors in the room you may recall an acronym called ATTU, that was Atlantic-to-the-Urals, and that was the area in which you did your counting for arms control purposes, both nuclear and conventional. West Coast of Ireland to the Eastern side of the Urals, Northern Coast of Norway to the Southern Coast of Italy. When you go home today draw that square and then bisect it both North-South and East-West and you'll find it lands almost right on top of the Brandenburg Gate. And I say that because a lot of Germans think Berlin is pretty far to

the East and a lot of Americans think of Germany sort of planted in Western Europe and an awful lot going to the East. And in fact Germany is that central country, Berlin is that central capital, and I think again a very pivotal player, but the key word for me in the title was "engage". I think this question of how to engage is really one of great importance and great complexity. During the Cold War it was relatively easy. We didn't talk a lot about it, but there was a quad inside NATO, Germany, France, the UK, and the United States. It was really the executive committee for NATO. We would meet under the auspices of having a discussion about occupied Berlin. That discussion would take about one minute and then we'd moving to setting the agenda for NATO and the transatlantic relationship. We also had a comparable G5 process that was much smaller than G7, G8, or now G20. I think today the question of how we engaged pivotal players like Germany, especially that Germany also committed to being as Peter said a good European, is a real challenge. We have a strategic economic dialogue with China --- actually it's now strategic and economic dialogue with China. We also have our Secretaries of State and Defense going out for annual meetings with the Japanese, with the Australians. We even have a forum at a strategic level with India. We don't really have that with Germany. And I guess, Peter, one question I have is, is that possible now with the European Union and European Council construct with a high representative for foreign policy? Clearly we have to have good bilateral discussions both in government-to-government channels, it's very important to have Track Two dialogue opportunities like the one that we have today. But I think and hope you'll find that the U.S. is more interested in that engagement but I think we need a little advice from Germany and the European Germany on how to conduct that engagement in a way that doesn't complicate life for you in Europe.

Thank you. (Applause)

MS. STELZENMÜLLER: Thank you very much, Ambassador Kimmitt,



for a fascinating set of reflections and for reminding us of the challenges that you faced when you were ambassador in Germany at the beginning of the '90s. Some of that today seems very far away, and some of those decisions seem far away. They almost seem -- even the notion of, you know, Europe becoming -- and Germany being too authoritative while Europe too unified and too integrated, that seemed like what we in German would call a (speaking in German), a luxury problem these days.

In reality the strategic dispensation that we now live with is quite a different one, one where we are all conscious of the limitations on our power, the limitations as you said, Ambassador Wittig, on our ability to produce desirable outcomes through policy. And the important but also the problems that we face in bringing our publics with us and as policy makers and politicians on both sides of the Atlantic.

And I'm going to jump straight to the question that Ambassador Wittig raised as the end of his remarks, which is the question of how Germany can invest in protecting, preserving, adapting the international order that we seem to be seeing crumbling around us. And in that context I'm going to ask you something very specific, it's been mentioned with some interest I think that Germany is a candidate for the chairmanship of the OSCE in 2016 coming after Switzerland which has it this year and Serbia which has it next year. Now the OSCE is as many of you know was pivotal and in fact subversive in the Cold War, helping to end it, but has been living it's only fair to say a somewhat shadowy existence recently, not least because it includes Russia and Russia hasn't been shall we say particularly helpful in that format. What makes you think that you can run the OSCE chairmanship in such a way as to help recreate an order on the European continent and one that you can control?

AMBASSADOR WITTIG: It's interesting to have concern that the OSCE who in the eyes of the Republic lay dormant and that led to its failed existence has

become a factor with the emergence of the Ukraine crisis. And that points, and you mentioned it, to the genesis of the OSCE which was a creation of the Cold War. And it worked within the paradigms of the Cold War to a very limited extent, but it managed to come up with let's say the Helsinki Principles of 1975 because that was also at the time in the interests of the Soviet Union. So the OSCE has strong limitations because it's based on unanimity, but it can be a tool if all partners decide to use that tool, and that in today includes Russia. So the OSCE has done some very useful work also and thanks for a very able Swiss leadership here this year in the Ukraine crisis. It has hidden roadblocks and I'm thinking here of the issue of for instance using drones under the umbrella of the OSCE in order monitor the Ukrainian-Russian border, and has it hidden various other roadblocks but it can serve as a vehicle to bring things forward with the consent of the parties. It is a limited role, but it is an important role especially in the Ukrainian conflict. And we will be chairs in office of the OSCE in 2016, still some time to come, but I think we will fill it with life as have the Swiss government and hopefully can be put to use in this crisis and in other maybe frozen conflicts.

MS. STELZENMÜLLER: Thank you very much, Ambassador.

Ambassador Kimmitt, you mentioned how deep the German-American relationships were when you came to Germany in the early '90s. They were a huge number it seems now of American forces stationed on German soil, and unlike the Soviets of the GDR they engaged actively on a daily basis with the German population, there were the (inaudible) which you didn't mention and which were the cultural centers like the (inaudible) Institute which has since sadly all been shut down to the great regret of many Germans. There was a great deal of travel, there were in other words living vibrant social networks which to a great degree today have disappeared. And as we had in discussion earlier this morning where it was noted that during the Cold War almost all American commanding

officers had at some point or another served in Germany. These days they have all served in Afghanistan and Iraq. How can we under these circumstances, all of the diverging regional focuses and diverging interests, maintain the kind of knowledge and understanding of each other that is key to resolving the trust issues that you mentioned?

AMBASSADOR KIMMITT: Could I make one remark on Russia and OSCE?

MS. STELZENMÜLLER: Yes.

AMBASSADOR KIMMITT: I think with Russia it seems three is our number for today. You have to, number one, convince Russia that you have respect for them as a major power. Number two, you have to engage. During the Cold War we had a three-part engagement agenda with them, arms control, regional issues, and bilateral issues. But we used CSCE and other forums. UN at the time was not particularly productive to have an engagement. The third I think there needed to be pressure. Russia during the Cold War had an economy that was in decline and I think a lot of the pressure that was put on them was through the rating buildup and the recognition that they were not going to be able to keep pace with the crumbling economic infrastructure that they had. I think today we have to send that signal to Russia that this is not a zero sum game; they're respected as a major power. I think we do have to engage them. The UN is a more fruitful place to do it today. I think the OSCE presents the opportunity as Peter suggested. We have the permanent 5+1, the EU troika, and other ways that suggest that Russia will continue to be an important player on these major issues.

But I would also say that on the pressure side we agree that we have great alignment on the Russian-Ukraine Western policy and I think the coalescing feature has been the economic sanctions and in many cases Europe and Germany were ahead of the United States, but I think there is good alignment now.

I would also think that at a point where the ruble is now at levels not seen since the ruble prices in 1998 when Putin was fairly close to Boris Yeltsin as Yeltsin went from the evaluation to default and departure in one year from the start of the crisis, he has to be very concerned about what public markets think about the Russian economy, the VAT on oil and energy. And I think it's also important that we make economic decisions, particularly energy decisions, that are in our own interests both in the United States in Europe, particularly in Germany, that lessen dependence on Russian gas and oil, not as an attack upon Russia, it's the right thing for us, it's the right thing for the global economy. But I think that will have an even more pronounced effect than sanctions will.

Germany. I would say that good news is for every American soldier who has left Germany he or she has been replaced by a German working for an American company. It's almost perfect alignment, and that is almost 250,000 new jobs have been created in that 25 year period. And so these are the new forces in our relationship. It's not (speaking German), the military forces, but (speaking German), and I think that is important; we need to recognize that. Secondly, I really regret that we don't have the America house that we did before. We opened a consulate in Leipzig when I was ambassador; we were just starting to get into the computer age. We had Martin Luther King's "I Have a Dream" speech on a computer; young people could come in and see that and listen to it. It's a tremendous multiplier. Unfortunately given the budget stringencies the State Department faces today, some realignment of the public affairs and public diplomacy function I think we've moved away from that. It's fortunate that we have some people who have set up comparable institutions in Cologne, Munich, and other cities. There might be a lot of concern about what's going on in the technology world, whether it's sort of smooth on one side, or something concern being stressed by

European politicians particularly in Brussels about Google and other U.S. tech companies, but at the same time social media is available to us today in a way that it wasn't 25-30 years ago and I don't find at least among my children and their counterparts, people they got to know when they were quite young in Germany, they have any trouble keeping up with each other. I do think that the point you made that we had that balance of 15 million Americans who between 1947 and 2007 had lived in Germany either as soldiers or family members is a tremendous asset. The good news is for at least another 10 years of military leadership will almost invariably have 1, maybe not 2 or 3 German tours on their record. I think it's a good time to begin that discussion now, and then as how do you retain that engagement because the interest is being maybe losing a little bit on the political side, gaining on the economic and financial side.

MS. STELZENMÜLLER: All right. Thank you so much, Ambassador. I'm conscious of the passage of time. One of our speakers has to leave here at 1:15 sharp to get transportation to New York City where he has to give a talk in the evening, so that we do have time for some questions. You can make questions or comments but I would like them to be brief and succinct, and if you could address them to someone and also introduce yourselves that would be great. Do we have a microphone in the -- yes, we do in the back. No?

SPEAKER: They're on their way.

MS. STELZENMÜLLER: Okay. They're on their way. Okay. In that case I would urge you to speak loudly and clearly and I apologize that the microphone isn't here yet. Okay, the gentleman here in the middle please.

SPEAKER: Good afternoon and thank you very much Ms. **Stelzenmüller** for an excellent presentation and the Ambassadors as well. Just a brief, you know, comment and a question to Ambassador Wittig. The fragilities you're referring

to we actually found when we were in 1992 the very day the parliament collapsed. And (inaudible) was Helmut Schlesinger who at the time was at Bundesbank. There were discussions in regard to what Germany was supposed to provide in terms of support. I suppose my question to you, Ambassador, coming from the other side of (inaudible) is (inaudible) prescriptions looking up where we ought to be it seems there are frictions between military side and the fiscal side. You spoke on the second point of the leadership which Germany has played with Russia affairs, but in economic matters in Europe Germany is the only game in town. So I suppose the question is what do you think it will take, will it take deflation across the entire Eurozone before Germany to provide fiscal support for military policy has reached its plateau? That is what Mario Draghi was saying at Jackson Hole this past August? Thank you.

MS. STELZENMÜLLER: Could you briefly introduce yourself please?

SPEAKER: Oh, pardon me. Francois (inaudible) with (inaudible) from the Office of University of Chicago.

AMBASSADOR WITTIG: Well, first of all Germany is not the only game in town. (Inaudible) games in Europe, they are very strong economies that go through difficult phases and will rebound. And I think we have seen some great success stories in Europe like Holland or Spain that embarked on a painful way to do structural reforms in economy, so I'm sure there's a lot of potential in the Euro community economies.

Now you referred to that issue of quantitative easing to lose economic policy, and that's an issue about central banks in Europe and our Bundesbank is sort of strict on the issue because Bundesbank has an assignment and that is to look after the monetary stability and not to do fiscal policy or economic policy. So that's really ingrained in our culture. But as I said in my introductory remarks our view on some of the specific policy instruments of especially the European Central Bank has been very problematic.

So we on the one hand insist on the need to have a policy of fiscal stability and consolidation, but on the other hand we, you know, have shown certain pragmatism towards the instruments that the European Central Bank is using. Now I'm not speaking for the Bundesbank, but I am speaking for the government. This is a lively debate and in Europe we insist that the most stable way for competitiveness and growth is the one that includes structural reform and managing of debt. And this is something that sometimes in the U.S. is not fully appreciated to say the least. (Laughter)

AMBASSADOR KIMMITT: Can I just make one comment? I agree 100 percent with Peter on the important independent role of Central Banks. I would note though that the key Central Banks in Europe, Mario Draghi at the European Central Bank, Jens Weidmann at the Bundesbank, and Mark Carney, a Canadian the Bank of England, all held senior fiscal positions before they moved into their monetary positions. I actually think the coordination you put in monetary fiscal policy particularly as to timing over the past five years in Europe has been really an example of how independent central banks knowledgeable about the fiscal and political pressures on the other side both shape their programs and timed them, and the fact that Mario Draghi didn't until after its critical meeting in November of 2010 of the European Union into 2011 started talking about taking whatever means were necessary I think was in part because everybody wanted the Central Banks to step in and rescue politicians from having to make difficult fiscal decisions. He didn't do that. And I think again this balance, not just in Europe, U.S., Asia, and then also between the fiscal and monetary side it's going to be something really to watch and I'm glad it's part of our foreign policy debate these days.

MS. STELZENMÜLLER: Well, this obviously a topic on which we could spend entire days. Maybe that's something we can try and organize in a slightly more in depth manner around the next spring meeting of the IMF. I think we can all be certain

that the subject will not go away by then. (Laughter)

Who's next? The lady in the back there. And may I have the microphone? Thank you, Caitlyn.

MS. DEBERNSKY: Ann Debernsky, I'm a reporter with the Russian (inaudible). I have a question for Ambassador Wittig about the planned placement of 100 Abrams tanks, and other fighting vehicles in Germany as part of Operation Atlantic Resolve? Given the complex relationship that the German public has with Russia and the connections between the governments what kind of reaction do you anticipate to these new vehicles for Operation Atlantic Resolve on the government side and also on the public side?

AMBASSADOR WITTIG: Can you elaborate on that suggestion to -- I'm not aware of that.

MS. DEBERNSKY: Oh, it was just announced today by a top U.S. general that there are already 50 Abrams tanks positions in Germany as part of Operation Atlantic Resolve and an additional 100+ tanks and other fighting vehicles are likely to be in place in the next --

AMBASSADOR WITTIG: I was really frank with you; I don't know those news and I can't really comment on it.

MS. DEBERNSKY: Could you comment more broadly on the German government and the public position on participating in Operation Atlantic Resolve?

AMBASSADOR WITTIG: Well, I can comment on the broader view of our policy in the framework of reassurance from NATO. And I made some mention of it in my introductory remarks; it's part of our strategy of our approach since the Ukraine crisis. I think we've gone out of our way -- I mean speak of NATO, to make sure that there is no further push towards NATO members. And, you know, the members of NATO



on the Eastern Britain are very scared about what happened in Ukraine and so we decided on a series of measures, air policing, maritime surveillance in the Baltic Seas, a beefing up of Northeastern headquarters of NATO in Poland where my country is actively participating in other things, (inaudible), flight, and et cetera. And there will be also an increased presence of military forces in those NATO countries. We always make a point that we don't want to jeopardize the NATO-Russia Act of 1997, but we feel the need that we should reassure our NATO allies that guarantee of NATO forfeiting threat that emanates from whatever country it makes and that's part of our philosophy. It's widely shared by the way by our public opinion and so I can assure you that there is a broad consensus for this NATO policy.

MS. STELZENMÜLLER: It's worth noting that Moscow's (inaudible) measures, one of the regular surveys commissioned by the main German TV station asked Germans about economic sanctions and Merkel's criticism of Russia and found widespread agreement on this. The polls I think really shifted in response to the MH17 downing and the lack of a constructive response either from the separatists or from Moscow on that, and that's putting it very mildly.

Next please. The gentlemen here at the front. Wait until the microphone gets your way. And again we have about six more minutes so please if you could keep it very succinct roughly.

MR. DROVAK: Okay, very short. My name is Stefan Drovak with Euronews, European television. Ambassador, they said intelligence played --

AMBASSADOR WITTIG: There are two Ambassadors here, which Ambassador?

AMBASSADOR KIMMITT: When I heard that question I'm sure it's for you, Peter. (Laughter)

MR. DROVAK: All right. They say intelligence going to publish a CIA torture report as early as tomorrow and I was wondering what to expect and what your reaction from Germany and from the German (inaudible)?

SPEAKER: I understand the report has 6000 pages so give me some time. (Laughter)

MS. STELZENMÜLLER: I think that takes care of that. (Laughter) Yes, Martin Indyk. My boss; I have to take it. (Laughter)

MR. INDYK: Well, at this rate you'll be able to take five more questions. I want to add my thanks to Strobe and Constanze and Robert Bosch Stiftung for making this day and the Senior Fellowship Constanze possible; we're very grateful to you for that and for the Fellowship they now have established.

My question is about the challenge that Iran poses to the international order that is nuclear inspirations. Wonder if I could get both of you to address the situation as it stands now for the Germans especially. How does it view the extension of the negotiations, and in particular the potential, perhaps even likely that the United States Congress will try to move into position for additional sanctions and perhaps additional condition sanctions? And (inaudible) not just as an investment but (inaudible) public and private policies issues. Do you see the position of additional sanctions by the Congress if (inaudible) would help the effort to (inaudible)?

MS. STELZENMÜLLER: Thank you very much for reminding us, Martin, of the fact that there are other issues out there than Ukraine and Russia. We sometimes forget that. Bob, did you want to go first?

AMBASSADOR KIMMITT: Peter? Please.

AMBASSADOR WITTIG: Thank you, Martin, for that question. A couple of remarks. First I think those were very, very serious negotiations in that second round.

And I think an important point to make is that those countries that were negotiating with Iran, six countries, were rather unified in their approach. And I say this because it points to the constructive role the Russians played in the framework of those negotiations. So the Ukraine crisis, if I may say so has no contaminated those negotiations on Iran and that's an important point to make. I think here we still see him boldly speaking eye-to-eye with those six countries.

A second remark is I think those six countries were very, very serious in trying their best to reach a meaningful agreement and that of course includes first and foremost the United States. I think I can commend this administration for going out of its way to find a solution that will make sure that the Iranian nuclear program is a civilian one and cannot be used for military purposes. And there was a sincere desire to put an agreement. It was not meant to be within that framework. My take is that the Iranian leadership needs to take if you will a strategic (inaudible) and a decision whether they renounce on some of their enrichment capacity for some time in order to make it even possible, in order to sell which is a necessary breakout time as they say.

Now as for the sanctions, how should we react on the extension of that negotiating time, I can only say for my country we will not lobby for new sanctions within the European Union or we will not adopt sanctions unilaterally. We think we have -- give them another time we should make sure of -- I know that there are plans in the draw in Congress. I just hope that when there is action on those sanctions it will be crafted in a way that they don't jeopardize the possibilities to come to an agreement.

MS. STELZENMÜLLER: Thank you. Bob, actually I'll just put it over to you, but as Martin was saying in light of the Republican Party.

AMBASSADOR KIMMITT: Yeah. What I would say is there very few things that unite republicans and democrats in the Congress, but sanctions is one of

them. (Laughter) Robert Menendez just announced that they're going to pass new sanctions against Venezuela and Russia and getting political support for new sanctions against Iran would not be difficult at all. Between 2005 and 2009 there was no new pieces of sanctions legislation. Why? Because we in the second Bush 43 term follows an approach where we had multiple U.S. Security Council resolutions on Iran and on North Korea which led to actions in the European Union and elsewhere. Then the Congress saw us pursuing policy that was increasing pressure on Iran at that time in an effective way, multilateral, even global way. I think what make bait the case whether they want no sanctions or some tailored sanctions, that that's part of a multilateral effort that's going to lead the termination of Iran's nuclear military program. I think that's a very high bar for them. Otherwise I think you'll find that the new Congress struggling to find ways to do things across the aisle might land upon sanctions as the easiest way to move forward.

MS. STELZENMÜLLER: Well, that's a daunting prospect. January will be interesting. With that I'm afraid I'm going to have to break things off here. I know that there were many people on the list still, but we do have to get Ambassador Wittig onto his train to New York. I would like you to help me thank our speakers who I think have given us a very rich debate this morning. (Applause)

And finally a thanks for me for coming here in such large numbers and for helping me finalize I hope permanently the period where people talk about me rather than with me (laughter). I am now looking forward to not being the new panda at the zoo, but the familiar panda at the zoo. (Laughter) Thank you for Bosch and Brookings for making that possible. (Applause)

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