



# The Obama Moment

European and American perspectives

Edited by Álvaro de Vasconcelos  
and Marcin Zaborowski



European  
Union  
Institute for  
Security Studies



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# **The Obama Moment**

## **European and American perspectives**

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Alexandra Bell, John Bruton, Tom Cargill, Joseph Cirincione, James Dobbins, Nikolas Foster, Daniel Hamilton, Michael O' Hanlon, Bruce Jones, Erik Jones, Ibrahim Kalin, Andrew Kuchins, Rouzbeh Parsi, Glen Rangwala, Paweł Świeboda, Álvaro de Vasconcelos, Alex Vines and Marcin Zaborowski

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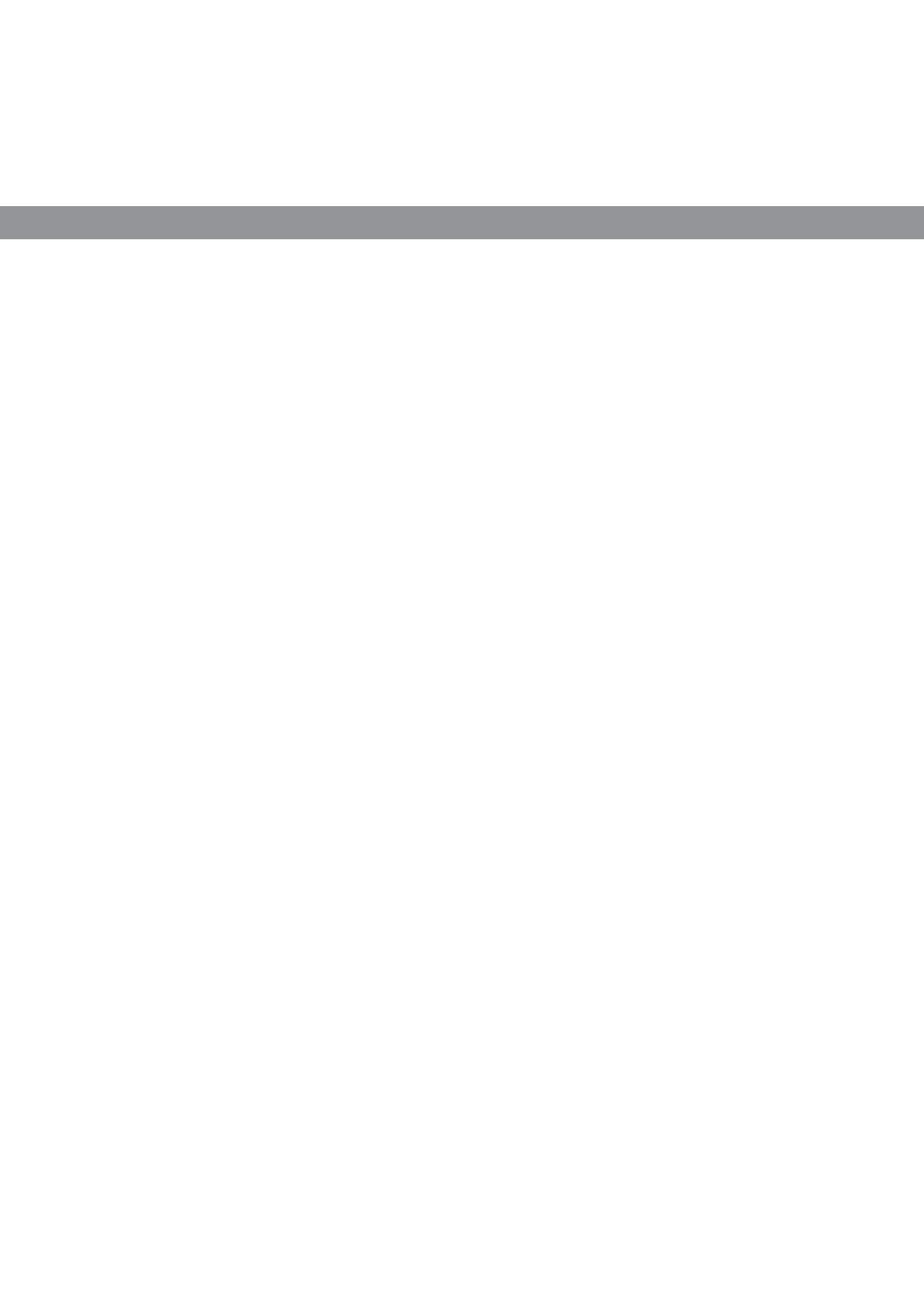
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# **Introduction – Responding to the Obama moment: the EU and the US in a multipolar world**

**Álvaro de Vasconcelos**

*L'enracinement et l'élargissement d'un patriotisme terrestre formeront l'âme de la seconde mondialisation, qui voudra et pourra peut-être domestiquer la première et civiliser la Terre.*

Edgar Morin

Barack Obama's approach to foreign policy has nothing in common with that of George W. Bush. US foreign policy has changed radically under President Obama, and the radical departure from the confrontational style of conducting foreign policy that characterised the Bush era throws a window of opportunity wide open for the EU ambition of a world governed by effective multilateralism – a notion that echoes the ‘assertive multilateralism’ of the Clinton years – to see the light of day. The nature as well as the scope of this radical change, both when it comes to issues and to individual countries and regions, must be fully understood if the European Union wants to keep the window open and realise its long-held ambition of shaping a ‘better world’. Obama-sceptics, in America and in Europe (mostly Eurosceptics themselves), argue that the harsh reality of power and one-sided American interest in predominance will inevitably have the upper hand, and continuity will prevail. This view fails to take into account the fact that power does not predetermine its use. This vision, which ties right into and takes further the post-Cold War vision of the Bush-Clinton years, is indeed very close to the classical EU vision – to the point of shaking Europeans’ belief in the ‘uniqueness’ and distinctiveness of a EU world role. Obama’s vision must be ultimately under-

stood, beyond its own merits, as a new vision of international relations based on an awareness in Europe and the United States, and indeed in many other parts of the world, of the realities and consequences of globalisation and the concomitant emergence of an international civil society.

The French philosopher Edgar Morin has developed the concept of world patriotism: in his words, we need to assume that we are all citizens of ‘la Terre-Patrie’.<sup>1</sup> It is only natural that the rise of a world consciousness should indeed be more clearly linked to issues readily perceived as affecting the whole of mankind, like nuclear proliferation and climate change. Both of these issues are of major concern to President Obama, reflecting his vision of a common humanity which of course marks a radical shift from the neo-conservatives’ belief in America’s hegemony. In his first UN speech President Obama quoted Roosevelt, who declared in 1949 that ‘we have learned ... to be citizens of the world, members of the human community.’ This is certainly much more the case today when globalisation and an unprecedented level of interdependence, not war, has brought the world together. Globalisation has brought about not only greater economic interdependence, but also security interdependence; global challenges know no borders, and regional challenges increasingly transcend national boundaries; what happens inside the borders of one state is scrutinised by international public opinion. This is why it makes sense to speak of interdependent security. In his chapter in this volume, Bruce Jones stresses the fact that a sense of interdependent security lies at the heart of Obama’s vision of foreign policy.<sup>2</sup>

The world today is dominated by two trends: one of increasing interdependence and a rising world polity that erodes state borders, and one of increasingly assertive aspiring world powers, whose rise is challenging the sense of sovereignty innate to the traditional big powers that shape multipolarity. The first calls for a universal system of multilateral governance; the second, while not necessarily impeding it, may just as well make it an impractical goal. The resulting tension is the most salient feature of the present international system. The grand EU bet is that the inherent contradiction can be solved by creating international rules and norms that reflect the will of international civil society and at the same time create the conditions for a stable and peaceful relationship among the big powers. Europe’s strong disagreements with the Bush administration owed much to its pursuit of power politics in the tra-

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1. Interview with Edgar Morin, « Porto Alegre, ‘l’internationale en gestation’. Pour Edgar Morin, Davos et Porto Alegre incarnent les deux visages de la mondialisation, inséparables et antagonistes », by Vittorio de Filippis, *Libération*, 5 February 2001

2. Bruce Jones, chapter on ‘The coming clash: Europe and US multilateralism under Obama’ in this volume, pp. 63–77.

ditional unilateral sense and the concomitant excessive reliance on military might. Obama has effected change in recognising that this policy line in an interconnected world is doomed to fail, and furthermore that it is not merely desirable but possible to develop a global coalition to deal with the problems of our time through engagement rather than confrontation.

Europeans are firmly convinced, with good reason, that the American President shares the same principles and values that lie at the heart of European integration, founded on the delegitimisation of power politics. This fundamental convergence provides a sound basis for the development of a common EU-US approach to give a multilateral dimension to multipolarity and set up the global governance structures needed to sustain it. The capacity to lead, that is to say to put forward those policy proposals that will attract the international goodwill needed to make them successful, is thus in our as yet only decade-old twenty-first century, more ethically- and principle-based than military-powered. The very use or threat of use of military force is increasingly constrained by international legitimacy. Soft power definitely matters more than ever – and this is by no means an exclusive European prerogative. The United States has vast reserves of soft power, which President Obama is unsurprisingly willing to use. Venus has more American suitors, and certainly many more the world over, than the neo-cons thought.

Soft power can accomplish little without leadership. Timely initiatives must be taken and imaginative solutions must be sought that, in order to be workable, require the commitment of a far greater number of state and non-state players than in the past in all parts of the world. Its recognised foreign policy weaknesses have kept the EU from fully using its soft power and the international legitimacy it enjoys in order to take the lead in a number of areas. Obama's ambition is to prevail there where the EU has failed, by providing leadership backed by a unified capacity for initiative primarily reliant on soft power. He will obviously face a number of domestic constraints that will at times prevent him from acting in a decisive way, but much less so, predictably, than the EU – even an EU armed with the ratified Lisbon Treaty. In the years to come, EU external action will perhaps be judged, at least as far as effectiveness is concerned and not least by its own citizens, on the ability to react effectively to Obama's international agenda.

The vastness of the tasks ahead, when it comes to the economic crisis, climate change, disarmament, stopping proliferation, dealing with extreme nationalism and radical militancy, eradicating poverty and disease, is beyond the reach of the United States and Europe, whether acting alone or in tandem. When it comes to

decisively dealing with global challenges, the imperative of not attempting to monopolise leadership and to share evenly the responsibilities for world governance applies to any combination of world powers, say the United States and China for example. Any ‘G2’ or even ‘G3’ would be equally powerless on its own in the face of the challenges facing the international community. This is generally recognised when it comes to the economic crisis or the deadlock in trade negotiations, but it holds equally true when it comes to dealing with environmental, energy, security and other development-related issues.

The conviction shared in Europe and the United States, with Obama, is that being open, democratic and culturally diverse societies, gives them the capacity to play a central role in shaping globalisation. In fact most Europeans share President Obama’s conviction that power politics and attempts at imposition of national interests, particularly by military force, are not only against the values they share, but are not effective in an interdependent multipolar world.

### The Obama-EU agenda

President Obama’s international agenda is quite broad in scope, spans virtually the globe, and includes a number of ambitious goals. Some of these were pre-ordained in that they relate to disposing of an extremely difficult legacy. This included ending Iraq’s ‘war of choice’ (in Obama’s words) and dealing with the seriously deteriorating – some say hopeless – situation in and around Afghanistan. Another set of goals arise from presidential choice; these were defined and are being pursued since Obama’s first day in office. By and large, American priorities are the same as Europe’s. This can hardly come as a surprise, since US and EU interests virtually coincide as well. The argument that an agenda primarily designed to pursue American interests can only run counter or be inimical to European interests or indeed any other nation’s is entirely misguided. This resuscitation of the old paradigm that competition among states is a zero-sum game could not be further removed from the European interpretation of the current international paradigm – that in a globalised world there is an unprecedented degree of interdependence of national interests. This is hardly different from President Obama’s thinking as reflected in his UN speech: ‘... in the year 2009 – more than at any point in human history – the interests of nations and peoples are shared.<sup>3</sup> This is after all what, at continental level, from Portugal to the borders of Russia, the European experience of creating converging interests has proven: that is possible to build, among states, including

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3. President Barack Obama, Address to the United Nations General Assembly, 23 September 2009.

those who have been at war with one another for centuries, a multilateral system of norms and rules. An important dimension of the shift in American policy is the recognition, as became apparent twenty years ago with the fall of the Berlin Wall, that the US is an actor of European process, with a vital interest in the EU's unity and the deepening of its integration. America's support for Turkish membership, even if controversial in some European capitals, must also be seen in this light.<sup>4</sup>

Europeans should look upon Obama's agenda not with suspicion as if it were masking some hidden agenda, part of some hegemonic conspiracy, but at face value, and thus judge it according to policy content. This simple exercise will make Europeans realise that essentially the new American agenda bears a strong similarity to the European agenda as defined in the 2003 European Security Strategy. This is easily demonstrated by examining how first priorities already in place match stated policy goals: closing Guantanamo, thus placing justice not war at the heart of the fight against terror; scheduling the date (end of 2011) to withdraw all US troops from Iraq; joining the Comprehensive Test Ban Treaty; removing pre-conditions in talks with Iran; advocating an audacious agenda for nuclear disarmament that goes well beyond non-proliferation, which has for years been an objective of European civil society; and most of all, perhaps, from day one of his presidency, having engaged in the search for a solution for the Palestinian question, seen as the core issue of an agenda for peace in the Middle East. The vision of an effective or assertive multi-lateralism supported by a strong United Nations is what the Europeans have been proposing for years. This is no longer a piece of idealistic rhetoric, but rather a vision that has now been translated into a political agenda. The European Union and other international players need to understand this and act accordingly.

Even if we come to the self-evident conclusion that the Obama agenda is essentially no different from the European agenda, and that there is unparalleled convergence as to fundamental assumptions and global visions, it is equally obvious that there are differences in emphasis, priority ranking, policy formulation and immediate interests, and also differences of opinion. In some cases US goals are more clearly stated than others, in a number of areas like Afghanistan Europeans see a further need for clarification; the same is true of climate change and world trade negotiations, where some measure of disagreement can likely be expected. In any circumstance, the European Union has a strategic interest in the success of Obama's international agenda.

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4. See Álvaro de Vasconcelos, 'Leçons de la révolution européenne: 1989-2009', *Issues*, no. 30, EUISS, October 2009. Available online at: <http://www.iss.europa.eu>.

### Priority areas for Euro-American joint action

If Europe and the United States now share essentially the same agenda, priorities are not defined at both ends exactly in the same way or necessarily in the same order. For Europe, the Middle East, Russia, the Balkans and climate change doubtless top the list. For the United States, Afghanistan, disarmament, China and the Middle East come first. This is a deliberate simplification that ignores strong interconnections – for instance between Russia and disarmament – but which is intended to illustrate how US and EU priorities are normally seen from Europe. As a consequence, the United States and Europe do not come up with exactly the same priority areas for EU-US cooperation.

In order to take full advantage of the ‘Obama moment’, the EU must shortlist, among its own priorities, those where it sees greater potential for closer cooperation with the US administration. There will be areas where this will mean the EU should settle for a supporting role, others where far greater assertiveness is needed. The logical main EU candidates are the Middle East, Russia and climate change. The Americans favour Afghanistan, Iran and disarmament, and to a certain extent development, as main areas for common action. All are important issues in the EU foreign policy agenda, but none is a top priority.

This dysfunction is the result of two things: first, Americans do not believe that Europe can really deliver on the Middle East – the one unquestionably shared paramount priority; second, the sense of urgency in resolving the Afghanistan question, where European involvement was never a matter of a deeply-felt conviction regarding the ensuing benefits to world peace, but rather an expression of solidarity *vis-à-vis* the United States.

There are other areas, as Bruce Jones rightly argues, where in order to achieve meaningful progress it is indispensable that the United States and the European Union work closely together, such as human rights and support for democratic aspirations worldwide; this long-term priority is so interconnected with the current new agenda of priorities that it will inevitably generate European and American common action.

#### *The Middle East*

The Middle East stands out as the one area where Europe has more to gain from the success of President Obama’s agenda, but also as the one area where Europe needs to capitalise on its strong points and prove the decisiveness of its role. It is of no small import, then, to understand the reason why Americans underestimate the

EU's role. Some will be tempted to say it is because the US still tends to see the region as a sort of policy preserve. Inertia induced by a traditional sense of supremacy is indeed faintly discernible, but it explains little. The fact is that Europe is seen as incapable of coming up with and much less acting upon a common position in relation to Israel, and equally incapable of even forging a common position with the Arab states. And yet, President Obama could not be closer to the Europeans on the fundamental issue in the Middle East. Obama has become the first American President in office to recognise that the key issue in the Middle East conflict, as he said in his much acclaimed Cairo speech, is the suffering of the Palestinian people who have 'endured the pain of dislocation' and continue to 'endure the daily humiliations – large and small – that come with occupation', a situation that with 'no doubt' is 'intolerable'.<sup>5</sup> For many years, since the Venice declaration of 1980<sup>6</sup> this has been the position of the Europeans almost word for word, who also concur that it is in the best interests of all those involved, and notably of both Palestinians and Israelis, as the US President stated, to back 'the legitimate Palestinian aspiration for dignity, opportunity, and a state of their own.'

What course of action must be taken to implement the policy outlined in Cairo is now the pressing issue. As Ibrahim Kalin points out in his chapter on the Israeli-Palestinian conflict in this volume, 'the European role in the new process ... cannot be confined to statements or even providing financial aid to the Palestinian Authority. A just and lasting peace in the Palestinian lands requires serious political commitment and consistent efforts to mobilise all available resources.'<sup>7</sup> The Obama strategy seems to be incremental, first to ask the Israel government and Hamas to modulate their irredentist ideological positions, which they have done to a certain extent, with Netanyahu saying that he accepts the principle of a Palestinian State and Hamas recognising Israel's right to exist within the pre-1967 borders. This will not work however without a 'big bang' strategy, as John Bruton puts it: 'Sooner or later, that political reality has to be faced by the United States and a clear choice put before Israel – a viable two-state plan or a one-state plan with equal votes for all residents'.<sup>8</sup> For the two-state solution to still have a chance, external parties must forcefully step in to assist Israel and Palestine in bridging differences regarding fi-

5. Remarks by President Barack Obama at Cairo University, 4 June 2009.

6. 'A just solution must finally be found to the Palestinian problem, which is not simply one of refugees. The Palestinian people, which is conscious of existing as such, must be placed in a position, by an appropriate process defined within the framework of the comprehensive peace settlement, to exercise fully its right to self-determination'. Extract from the European Council Declaration on the Middle East, Venice, 12/13 June 1980.

7. Ibrahim Kalin, chapter on 'The Israeli-Palestinian encounters: trauma, truth and politics', in this volume, pp. 167-85.

8. See chapter by John Bruton on 'EU-US transatlantic relations: the Obama moment' in this volume, pp. 27-37.

nal status issues, steering them clear of ‘in-between’ or provisional arrangements. Compliance by each on final-status arrangements must be monitored closely, and non-compliance sanctioned, and guarantees provided to both, involving overseeing and enforcing implementation of the two-state solution on the ground. This new approach implies that the European Union will have to move from managing to settling the Middle East conflict, as Javier Solana recently proposed, and this would include support, should it come to that, to a unilaterally-declared Palestinian state.<sup>9</sup>

These should be the EU policy lines supporting Obama’s willingness to deal with the Palestinian question, also recognising the need to include all relevant Palestinian actors in the process, including Hamas. Turkey should play a role in developing EU policy in the region.

### Russia

EU and US Russia policies have different main drivers. In his chapter on this topic, Andrew Kuchins writes that in their conduct of policy towards Russia the United States ‘are principally driven by three goals: (i) the heightened urgency of resolving the Iranian nuclear question; (ii) the need for additional transport routes into Afghanistan to support a larger US military presence; and (iii) a return to a more multilateral approach to ensuring nuclear security and strengthening the non-proliferation regime.<sup>10</sup> Again, these aims are shared by the EU but not to the same extent. Where Russia is concerned, vital EU interests are energy and the common neighbourhood. The Obama ‘reset policy’ is welcomed by many but certainly not all European leaders. Both the EU and the US have a common interest in avoiding a confrontational bipolarity with Russia and multilateralising Moscow’s mounting assertiveness. The EU-US-Russia triangle of assumed interdependence of the 1990s was shaken by Putin’s nationalistic policies and George W. Bush’s support for the anti-Russian rhetoric of East European politicians. To rebuild it is an important goal that is greatly facilitated by the reset policy. The EU needs to move with a far-reaching response to Medvedev’s proposal of a new pan-European security deal, and the US needs to do the same. But the critical issue in EU–Russia relations will remain the common neighbourhood. The EU has yet to develop a coherent policy regarding neighbourhood building based on the success it achieved in stopping the war in Georgia. This is an area of the world where the EU needs

9. See Muriel Asseburg and Paul Salem, ‘No Euro-Mediterranean Community without Peace,’ *10 Papers for Barcelona 2010*, no. 1, EUISS & IE-Med, September 2009.

10. See chapter by Andrew Kuchins on ‘The Obama administration’s “reset” button for Russia’ in this volume, pp. 187–200.

to take the lead, developing a coherent strategy, and the US should accept that in the Eastern neighbourhood of the Union the best option is the EU strategy of democratic inclusion and vigorously support it. The US needs to further integrate the EU goal of democratic stability in the Eastern neighbourhood in its bilateral dealings with Russia.

### *Climate change*

Climate change is an area where the EU will likely continue to take the lead worldwide. There is strong Europe-wide backing for EU climate change proposals, and the Obama administration has taken the cue from the EU to introduce domestic change and find support inside America to confront what the new US President has said is a challenge in the context of which our generation ‘will be judged by history’.<sup>11</sup> This provides what remains for the moment the one example of proactive EU policy that proves that while vigorously pursuing its own interests on a global issue the EU is able not only to take advantage of but also to actually promote change in the American agenda. Paweł Swieboda in his chapter on climate policy highlights this by stating that ‘The EU moved speedily to capitalise on the opportunity presented by the change of leadership in the White House by putting additional pressure on the United States to adopt ambitious new regulations on climate change.’<sup>12</sup> This is seen by the EU as a unique chance to see its approach to climate change, the Kyoto cap-and-trade system, become the international norm. Europeans are persuaded that climate change is an area where the combined pressure and example of the EU and the US will have a decisive impact in bringing about an international agreement along those lines: as in other global issues, the EU and the US are not alone and developing nations like China, India or Brazil are crucial to a universal regime.

### *Other issues: Afghanistan, non-proliferation and disarmament*

But the EU cannot afford excessive selectivity in external action or too narrow or immediate a view of its own interests and priorities. Tradeoffs are after all part of the game for all world players. Acting on top priorities in the Obama agenda will earn it the attention needed for its own. Daniel Hamilton and Nikolas Foster write that EU efforts in Afghanistan and Pakistan ‘will do much to determine Europe’s credibility in Washington’s eyes as a global security actor and its ability to deploy “soft power”

11. Speech by President Barack Obama, UN Summit on Climate Change, 22 September 2009.

12. Paweł Swieboda, chapter on ‘Climate policy: the quest for leadership’, in this volume, pp. 111–123.

tools of aid, trade and diplomacy to stabilise troubled nations.<sup>13</sup> This is in line with European interests, and makes further sense due to the involvement of the EU in Afghanistan and the EU's vested interest in meaningfully developing ongoing strategic partnerships with powers neighbouring Afghanistan, i.e. India, China and Russia. The same can be said of Iran, a country that is virtually a neighbour of the EU, bordering on Turkey, and another critical issue for the EU in spite of the different degrees of emphasis and focus between the EU and the US. In both cases, the change in US policy, now concentrating on diplomacy and finding political solutions as opposed to a former preference for a predominantly military option, greatly facilitates a European role supported by European public opinion, which is quite sceptical for the time being as to involvement in Afghanistan, largely seen as a Bush legacy. But it will be more difficult to achieve consensus on a substantial European involvement in stabilising Iraq, due to enormous public opposition to the Iraq venture. President Obama's decision to withdraw all troops is an important step that will give more legitimacy to the Iraq government to find support among its neighbours and in the EU, as Glen Rangwala argues,<sup>14</sup> for what is going to be a very complicated and demanding period of reconstruction and peacebuilding. Here again the EU and the US will need to work closely with regional players like Iran and Turkey who will play a critical role in the future of Iraq.

The disarmament agenda stands in a category of its own. Throughout the Cold War and beyond, disarmament and non-proliferation remained extremely popular with European publics. In contrast, Obama's audacious proposals (though backed by adherence to the CTBT, a long-standing European demand) were received with a mixture of scepticism and hope among politicians. Former French foreign minister Hubert Védrine described Obama's disarmament agenda as an 'exercise in demagogic.' European leaders in both nuclear and non-nuclear states who were rightly critical of the Bush administration's opposition to multilateral non-proliferation conventions have however re-stated their commitment to disarmament as part of a smart non-proliferation strategy based on a strong multilateral regime. The constellation of issues around disarmament particularly illustrates the cross-cutting question raised by Joseph Cirincione: 'Now that the Europeans have what they seem to want in terms of US policy, what will they do with it?'<sup>15</sup>

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13. Daniel Hamilton and Nikolas Foster, chapter on 'The Obama administration and Europe' in this volume, pp. 37-55.

14. Glen Rangwala, chapter on 'From drawdown to partnership: Iraq after the American exit' in this volume, pp. 125-135.

15. See chapter by Joseph Cirincione and Alexandra Bell on 'Prague and the transformation of American policy' in this volume, pp. 91-108.

Europeans certainly welcome Obama's overtures both towards North Korea and Iran, but as the chapters of Michael O' Hanlon and Rouzbeh Parsi show,<sup>16</sup> the likelihood of success in both are quite thin, and will depend not just on American and European smart policies, but above all on domestic developments in both countries, which international action can do little to influence matters. It would be unreasonable to consider that the responsibility for lack of success in this area derives from the wrong approach and to argue against all reason that unilateralism could have succeeded there where effective multilateralism failed.

## Revisiting the transatlantic paradigm

One of the most compelling examples of the shift in America's vision of the world and Europe's place in it was President Obama's first visit to Europe. He came to Europe to look outside the transatlantic paradigm.<sup>17</sup> To London, to take part in the G20 meeting addressing the global financial crisis; to Prague, chiefly to outline his broad proposals on disarmament; to Turkey, to speak to the countries where the majority of the population is Muslim. In an area where common EU-US action has been most concentrated, i.e. dealing with the economic crisis, global players like China are just as important interlocutors from an American perspective.

As Daniel Hamilton and Nikolas Foster point out, 'When it comes to the new world rising, transatlantic partnership is indispensable – but also insufficient.' EU-US relations will be judged on the capacity to deal with questions and challenges well beyond the borders of the European Union. Europeans need to come to terms, more importantly, with the fact that when it comes to regional and global issues Europe will often be neither an exclusive nor even the main partner of the United States. This is of course an extraordinary transformation from the days of the Cold War and the post-Cold War Balkans agenda. Its consequences must be well digested, especially when looking at the best institutional frameworks for dealing with the added complexity of a global multipolar world. The dynamics created by the G20, in order to deal with the economic crisis, should be used not to build new forms of condominium, i.e. either a G2 or G3, but rather to find ways to integrate all relevant players and move to a reform of multilateral institutions. As Erik Jones<sup>18</sup> argues in his chapter, the key driver of the transatlantic relationship should be to find new patterns of cooperation with emerging market economies.

16. See chapters by Michael O'Hanlon and Rouzbeh Parsi in this volume, pp. 201-211 and pp. 153-166.

17. See Álvaro de Vasconcelos and Marcin Zaborowski, 'Obama's visit: looking beyond Europe', EUISS Analysis, April 2009. See: <http://www.iss.europa.eu/publications/analysis>.

18. See Erik Jones, chapter on 'Transatlantic Economic Relations' in this volume, pp. 79-90.

The current framework of global governance is inadequate to deal with the main topics of the Obama-EU agenda. If we have seen some progress in new initiatives to deal with the economic and financial crisis through the G20, the same is not true with regard to international security, the one issue for which the UN was created. The financial crisis, as well as the pre-crisis awareness of the economic dimension of globalisation and the deficit of institutions to regulate it, have infused the initiatives in this area with a sense of urgency. Until now, world security has seen no G20-type initiatives but this is an area where the level of interdependence is no less challenging. As Bruce Jones notes, the period ahead is likely to be characterised 'by mounting recognition that national and international security are interconnected. It is also likely to be characterised by the growing assertiveness and capability of the rising powers.'

There will be very few initiatives where success will depend solely on an agreement between the EU and the US. This has already been the case in the Doha round of trade negotiations, blocked by India, notwithstanding the existing agreement between the EU and the US, and it is also the case with the present negotiations to reach a universally binding agreement on measures to tackle climate change. A strong partnership with the US remains vital to creating the dynamics of positive change, but the EU would be wrong to pin all its hopes on a single partnership. Not primarily because of internal American difficulties, but because no multilateral agreement will be effective without China, India and other rising powers. This seems to be more clearly understood by the Americans than the Europeans. Although a common global agenda is a more difficult exercise than a Euro-American agenda, it remains essential if we want a world system governed by effective multilateralism. On climate change for instance it is necessary to bear in mind that in an interdependent world it is necessary, as Paweł Swieboda argues, to ensure that 'emissions-reduction targets would have to be based on the consumption of goods that cause emissions in the first place rather than production.' And also the implications in terms of climate change of Western industries delocalising to developing countries need to be taken into account.

In addressing climate change, to be effective, it is necessary as with other issues to think globally and define agendas and policies based on shared global interests, to find ways for the West to integrate the interests of 'the Rest' in the development of their policies, rather than assume that this is always the case due to the automatic universality of their principles, even though those interests may sometimes appear to be at odds with EU interests.

International security is perhaps the area where the world will benefit most from a correct handling of the ‘Obama moment.’ First, because this is an area where the power asymmetry between the US and other players is self-evident, and the US administration’s change of course will consequently have a more profound impact. If today it is as true of security as of other issues that the West can do little without ‘the Rest’, it is equally true that the US under Obama is now in a position to take the initiative. The EU should join in this effort to build a more effective multilateral system by proposing a set of norms and principles that should guide international security and drive the institutional reforms necessary to assure the participation of all relevant actors whether they are global or not. It must be clear for all that there will be no effective participation without fair representation. China cannot be expected to contribute to global economic recovery while its voting rights in the International Monetary Fund (IMF) are lower than those of the UK or of France; India can simply not be expected to play a major role in keeping international peace without a reform of the UN Security Council. A common agenda for peacebuilding in the UN framework should lead to the creation of structures involving all relevant partners – a peacebuilding G20 of sorts – so as to give voice to those outside the UN Security Council willing to contribute.<sup>19</sup> The participation of the US in European Security and Defence Policy (ESDP) operations in Kosovo is an auspicious sign in the context of the development of a common approach to crisis management that must be open to forces from other countries.

The new paradigm of EU-US security cooperation is one that needs to go beyond NATO, so as to be able to engage ‘the Rest’. This will require the United States to develop a stronger security relationship with the EU, where NATO is just one of the elements, not the dominant element. Peacekeeping and peace-building, not war, will constitute the bulk of that cooperation. Success in Afghanistan will depend on the ability to move from war to peacekeeping and peace-building, which would imply greater EU-US coordination on stabilisation and reconstruction, as James Dobbins points out in his chapter.<sup>20</sup> Afghanistan should be the exception not the rule with regard to NATO’s role in international security.

Africa will remain a priority for human security, from prevention of genocide to crisis management, an area where notably China and Brazil will try to develop a perspective of ‘responsible powers’. The EU and the US, as Alex Vines writes, agree there is a need to ‘coordinate efforts to support African Union capacity-building includ-

19. See report by Radha Kumar on ‘Peace-building, international justice and human rights: principles for a common effort’, for the 2009 EUISS Annual Conference (unpublished). Available online at: <http://www.iss.europa.eu>.

20. See chapter by James Dobbins on ‘Obama’s Af/Pak strategy’ in this volume, pp. 139-151.

## Introduction

ing financial accountability and the development of the African Standby Force.<sup>21</sup> Coordination efforts in order to be effective need to include China; its growing influence in the continent makes it an indispensable partner.

From a EU perspective, the best legacy that can be hoped for (and actively sought) from Obama's presidency is genuine advancement in building an international system based on norms and rules. Multilateral regimes must be strengthened, and this calls for universal adherence to common agreed principles of multilateral governance. To accept the limits of state sovereignty is part of the EU's founding principles and is compatible with American internationalism. The challenge ahead is now to translate the concept of 'world patriotism' and 'common humanity' into universally accepted rules of global governance. This is not an easy task or a task for one generation. As President Obama said in his Prague speech on nuclear disarmament: 'This goal will not be reached quickly – perhaps not in my lifetime. It will take patience and persistence.'<sup>22</sup>

The same can be said of other ambitious objectives of their common agenda, but it is the ability to integrate their actions in the present with their ambitions for the future that will allow the international community to take full advantage of the Obama moment.

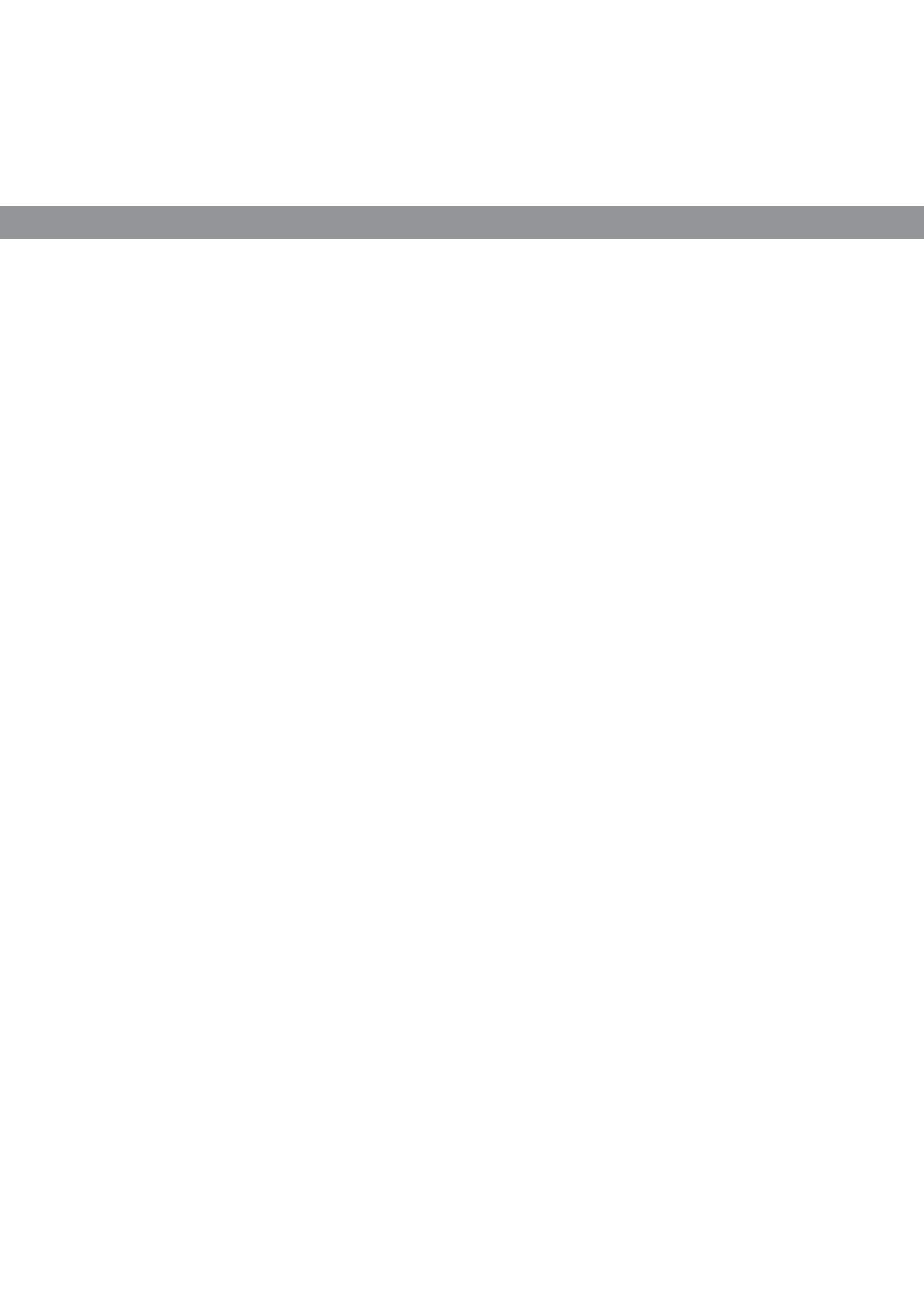
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21. See chapter by Alex Vines and Tom Cargill on 'Obama's sub-Saharan Africa policy: implications for Europe' in this volume, pp. 213-225.

22. Remarks by President Barack Obama, Hradcany Square, Prague, Czech Republic, 5 April 2009.

# Part one

Change in the US and  
transatlantic  
relations



# 1. EU-US transatlantic relations: the Obama moment

John Bruton

*The author, Ambassador of the European Commission to the United States from 2004 to 2009, has written this article in a personal capacity and the views expressed therein are not necessarily those of the European Commission or of other organs of the European Union.*

## Introduction

*Indeed, we can recall the words of Thomas Jefferson, who said: ‘I hope that our wisdom will grow with our power, and teach us that the less we use our power the greater it will be.’*

President Obama in Cairo on 4 June 2009.

*If the EU is slow to decide it may also be slow to make mistakes – which is not always the case with major powers.*

Response by Robert Cooper of the European Council to the Centre for European Reform’s paper ‘Is Europe doomed to fail as a power?’ (July 2009).

*America has always seen itself as an idea, as a dream, more than a place: it is a land where anyone prepared to lift his or her eyes to the horizon can become someone new. To this extent, it is the exception to history.*

Derek Leebaert in *The Fifty-Year Wound – How America’s Cold War victory shapes our world* (2002).

The first two quotations above are recent and sum up aptly the convergence of attitudes to foreign policy-making in both the United States and in the European Union. Many Europeans believe that the United States has used its military power too much and too often in recent times and thereby exposed the limitations of that power. The European Union may not be able to make

decisions in foreign policy with the speed that a traditional nation state can make them because it has to get a broad consensus from all of its 27 members, but the caution and delay has its rewards in the form of carefully nuanced and practical common positions. If the European Union did not exist, Europe would be a much more difficult place for the United States to do its business. The countries of the European Union may not agree on all things, but the EU gives them an institutionalised structure of consensus-building that has never existed before.

The third quotation, on the other hand, points to an enduring difference between the European Union and the United States. Americans do see their nation as an idea, and not merely as a state. The nations of Europe, while not without ideals, are much more modest in their goals and focus primarily on the defence of their own interests. Because Americans see their interests in such idealised global terms, they have tended to elevate principles to the level of dogma, including principles such as anti-communism, anti-terrorism, democracy and free markets. Indeed, the debate on foreign policy can be so idealised in the United States that rational adjustments to changed realities can be difficult. They can be mistaken as a betrayal of a fundamental ideal, rather than as a sensible learning from experience. While President Obama has a new approach to many foreign policy questions, he still has to operate within the idealistic paradigm that has influenced his predecessors.

### **Obama's new agenda**

President Obama's approach differs from that of his predecessor, President George W. Bush, in a number of key respects.

For example, he has said he is willing to engage in direct talks with Iran on the nuclear issue. His opening to talks with the Iranians has not yet met with much meaningful response and the Iranian nuclear programme has continued. This may be partly due to the internal weakness of the Iranian regime arising from the disputed presidential election. But President Obama did make it easier for the Iranians to respond positively by stressing the obligations of all signatories with nuclear weapons under the Nuclear Non-Proliferation Treaty (NPT) to move to eliminate them. This obligation applies to the United States, Russia, China, Britain and France. It should also logically be applied to countries who are not signatories to the NPT, like Israel, India, and Pakistan. This has not been stressed as much as it might be by President Obama. But the fact that President Obama has pushed these wider nuclear issues forward gives Iran something to work with diplomatically, if it has the wisdom and foresight to do so and is proactive and inventive rather than dilatory in the talks now underway.

President Obama is also more forthright than his predecessor in promoting the two-state solution to the Israeli/Palestinian dispute. He has shown his realism by opposing both the expansion and building of new Israeli settlements in the small remaining portion of the territory of Mandate Palestine that is left for a Palestinian State. The time window is closing here. If settlement activity continues, a two-state solution will become geographically impossible. Given the scale of US aid to Israel, the US has influence to stop settlement activity that it has yet to use.

While President Obama does continue to emphasise the use of military force to resolve problems, notably in Afghanistan, he is proposing a very substantial increase (11 percent) in the foreign aid budget of the United States and is developing a civilian response capacity to help build the administrative and judicial structures essential to creating functioning states in places like Afghanistan and Somalia. In other words, he is stressing that the US must be prepared to deploy soft as well as hard power.

He has also removed two important justifications of resistance to the United States; firstly he has made it clear that the United States is not seeking to establish a long-term military presence or military bases in either Iraq or Afghanistan; and secondly he has disavowed the use of torture and committed himself to closing the detention facility in Guantanamo Bay, although it remains unclear what will happen to those detainees there who are regarded as a continuing threat, but against whom there is no evidence sufficient for a trial. The position of detainees in the US base at Bagram also remains to be clarified.

President Obama is further willing to tackle the problem of climate change in a way that President Bush was not, and specifically he advocates a cap-and-trade approach to limiting CO<sub>2</sub> emissions, a position very close to that of the European Union.

Building on the work of his predecessor who dramatically increased US aid to Africa, President Obama is giving increased flexibility to programmes like PEPFAR<sup>1</sup> and is proposing a \$3.5 billion food security initiative to help countries in Africa to develop the capacity to produce their own food. This is a big departure from the attitudes of many in Congress, who see places like Africa as somewhere to dump surplus American farm produce without regard to the effect that has on the market prices obtainable by local African farmers and on the longer term development of African agriculture.

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1. President's Emergency Plan for AIDS Relief.

On all of these issues, President Obama's position is much closer than that of the previous administration to that of the governments of the European Union and to European public opinion. There is thus a solid policy basis for the enthusiasm demonstrated in Europe for President Obama, both before and since his election.

### Obama versus Bush: continuity as well as change

But the extent to which Obama represents a major shift from the stance of the previous US administration should not be exaggerated. There are other significant areas where President Obama's policy does not depart much from that of his predecessor. One is the vagueness and indeterminacy of some United States policy goals. In his speech in Cairo, President Obama stated that: 'The first issue that we have to confront is violent extremism in all its forms.'<sup>2</sup>

Did he really mean all forms of violent extremism? How different is this from a 'war on terror'? Both terror and extremism are abstractions. And the exercise of US power itself has sometimes involved the use of substantial 'violence', even violence that some would claim was excessive and outside that permitted by international law. The trouble with such vague objectives is that it is hard to say when one has achieved them, whether in Afghanistan or elsewhere.

President Obama himself has taken pains to stress that there are forms of violent extremism that do not have their origins in the Islamic world, and that violent extremism is sometimes found in the United States itself. Such domestic extremists are confronted through the criminal justice system rather than by military methods.

The US needs to make out a better case to explain why the criminal justice system is insufficient to deal with extremist violence from the Muslim world. It also needs to convince its friends and allies that deploying forces in Afghanistan is the most cost-effective way of dealing with violent extremism and its associated threats. If the fear is that Afghanistan could again become a base for al-Qaeda, one has to take into account that other lawless places like Somalia could just as easily do so too, as could some parts of otherwise well-governed states. The criteria being used to decide where military intervention is needed, and where it is not, need to be made clear.

There are other areas where some further elaboration of US goals would be helpful. In his Cairo speech, President Obama said:

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2. President Barack Obama's speech at Cairo University, 4 June 2009.

To play a role in fulfilling Palestinian aspirations, to unify the Palestinian people, Hamas must put an end to violence, recognise the past agreements, recognise Israel's right to exist.

No sensible person could disagree with this statement. Violence will get the Palestinian people nowhere. Past agreements recognising Israel's right to exist are a commonsense acceptance of a twenty-first century reality. But perhaps it is more realistic to expect Hamas to accept these positions irrevocably as an essential outcome to any negotiation, rather than as a precondition to their participation?

President Clinton faced a similar dilemma in the context of the Northern Ireland peace process. The IRA had to renounce violence irrevocably and to accept that clauses in the Irish Constitution, which from 1937 to 1998 denied Northern Ireland a *de jure* right to exist, would eventually have to be dropped. These questions were treated by President Clinton as appropriate outcomes of the Irish peace negotiations, but not as preconditions for a party to enter them. They were eventually achieved, but might never have been if they had been made preconditions for the beginning of negotiations.

It may be the case that a majority of Israeli opinion favours a two-state solution, but the Israeli political system makes it next to impossible to form a government that does not include elements that insist on a type of settlement activity that makes a Palestinian state impossible. Sooner or later, that political reality has to be faced by the United States and a clear choice put before Israel – a viable two-state plan or a one-state plan with equal votes for all residents.

Europeans would welcome a further evolution in policy by the Obama administration in regard to the International Criminal Court. The United States has insisted that those who committed war crimes in the Balkans should be brought to justice. This reflects a fundamental principle shared on both sides of the Atlantic, well expressed by President Obama in his Cairo speech when he spoke of his unyielding belief that all people yearn for certain things including 'confidence in the rule of law' and the 'equal administration of justice.'

The equal administration of justice should apply as much to the prosecution of war crimes as of other crimes. The fact that the United States still excludes itself from the jurisdiction of the International Criminal Court, notwithstanding many concessions won by US negotiators in the drafting of the Treaty setting up that Court, departs in a major way from the principle of equal administration of justice. The

self-exclusion of the biggest military power in the world from the jurisdiction of the Court set up to judge war crimes, while much smaller militaries come under its jurisdiction, gives ammunition to ill-intentioned critics of the United States.

### Constraints in the conduct of US foreign policy

It is important, of course, that Europeans should recognise the constraints under which President Obama, or any US President, must act in the field of foreign policy.

One of these constraints is that foreign policy is more openly and democratically politicised in the United States than it is in most European countries. While a US President may theoretically determine policy by his own individual decision, in contrast to the European Union where all 27 countries must agree, in reality he is subject to many pressures.

Take the example I have just given, adherence to the International Criminal Court. One of the reasons for the US staying out of the Court is the substantial political influence of the US military, a very large voting bloc in elections. The United States has 2.5 million voters in its armed forces, 737 military bases throughout the world, 3,800 military installations at home and a defence budget of \$700 billion. This represents a substantial electoral and economic weight that can sway US policy-making, which no President can afford to ignore. The military budget affects every congressional district in the United States.

Although the United States has doubled its defence budget since 2001 and its military expenditure is as great as the next 45 nations in the world combined, there are still calls in the United States for even more defence spending. For example, an article suggesting new defence expenditure appears in a recent edition of the prestigious American journal *Foreign Affairs* entitled ‘The Pentagon’s wasting assets – the eroding foundations of American power.’<sup>3</sup>

Another constraint on the President’s power is the influence of important ethnic or religious constituencies. The Armenian voting bloc affects US policies towards Turkey. Jewish Americans and some evangelical Christian groups have religiously-founded views with regard to the policy that the US should follow on the Palestinian question. African Americans are taking an increasing interest in their ancestral continent.

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3. Andrew F. Krepinevich Jr, ‘The Pentagon’s wasting assets – the eroding foundations of American power’, *Foreign Affairs*, vol. 88, no. 4, July/August 2009.

Domestic US politics also constrains the President's foreign policy options in other ways. As Leslie Gelb, President Emeritus of the US Council on Foreign Relations, said in a recent article: 'Politics is at once integral to the democratic process in the United States and the cause of politicians' acting against the national interest in order to win or stay in public office.'<sup>4</sup>

This is because politics has a short-term focus. Electoral opinion is not constant in its willingness to see a policy through. One has only to note that many politicians, who initially supported the invasion of Iraq, later became strong opponents of the policy they had espoused.

There is also a tendency in a highly politicised foreign policy debate to frame complex foreign policy decisions in simplified moral terms, to exaggerate the nature of threats and to argue for bold but unattainable foreign policy goals. This is a reflection of the remarkable optimism of the United States, of its sense that if one can describe a goal, one can achieve it – abroad, just as much as at home. This disposition makes life difficult for those who want to follow a modest policy of temperate realism about what the United States really can, and cannot, do. The present dilemma in Afghanistan is an example. The real goal may just be to police or contain al-Qaeda, but to be acceptable it has to be presented in much loftier terms.

Finally, the constraints imposed by the separation of powers on the President's freedom of action must be recognised. It could be argued that the entire American Constitutional system, with its finely balanced separation of powers of the President, the Houses of Congress and the Judiciary, was actually designed to prevent a President (or for that matter a House of Congress) taking precipitate action on any issue. Any treaty signed by an American President can only come into force if it is supported by a two-thirds majority in the Senate, which is an increasingly difficult goal to attain in the partisan state of US politics. The President does not even have control over the majorities of his own party in either House and nor does he have complete control over the budget they will send him to sign. He does have a veto, but that power is a very blunt instrument that it is being used less frequently.

These then are some of the constraints applying to the United States in its interaction with the countries of the European Union on foreign policy questions.

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4. Leslie H. Gelb, 'Necessity, Choice and Common Sense – A Policy for a Bewildering World', *Foreign Affairs*, vol. 5, no. 88, May/June 2009.

### Constraints facing Europe as a foreign policy actor

What about Europe's capacity to respond? Arguably Europe's constraints are even greater than those which limit the US President.

Most of the European Union's foreign policy decisions have to be reached by unanimous agreement among 27 States. Apart from this, Charles Grant of the Centre for European Reform has recently claimed that: 'Now that there are 27 foreign ministers around the table, they seldom have substantive conversations. One reason is that there are no longer any secrets in the Council of Ministers ...'. He even goes as far as to say that: 'the Israeli, Russian or US government may know what a minister has proposed (*at the Council of Ministers*), even before a meeting has broken up.'<sup>5</sup>

But, despite this, the European Union has become increasingly active in foreign and defence policy. Since 2000 it has deployed forces or monitoring missions in the Eastern Congo, Aceh in Indonesia, Chad, Georgia, Kosovo, and off the coast of Somalia. The discussions that led to these deployments may have started in a halting way, may have lacked confidentiality, and may have taken longer than they should, but as Robert Cooper points out in his response to Charles Grant: 'The question is not how the discussion begins but how it ends: whether a common approach can be agreed. More often than not it is.'<sup>6</sup>

A good part of this problem will be resolved when the Lisbon Treaty comes into force. The fact that the Council of Foreign Ministers of the European Union will no longer be chaired by a rotating minister from a Member State, whose main full-time job is acting as Foreign Minister of his home country, will help. The new Chairman of the EU Council of Foreign Ministers will be working full-time on European affairs. He will be the head of the European Union's new External Action Service as well as being a Vice-President of the European Commission. He will thus have the time, the status and the resources to consult intensively with the 27 Foreign Affairs Ministers whose meetings he will chair, which a part-time, rotating minister from a Member State could not have.

This is not to say, of course, that the European Union will have a united foreign policy as soon as the Lisbon Treaty is ratified.

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5. Charles Grant (with a response by Robert Cooper), 'Is Europe doomed to fail as a power?', Centre for European Reform, London, July 2009.

6. Ibid.

In fact, an increasing tendency can be noted, in the enlarged European Union, for Member States to overtly pursue national interests, and to use the European Union as a platform for national grandstanding. The bigger the number at the table, the less effective is peer pressure on an individual minister to pursue a ‘European’ rather than a national line. We have seen this in the frequent blocking by one country of another country’s application for EU membership, and in national concerns blocking the creation of a common EU energy policy.

If the European Union fails to agree on a common energy policy, it should not then surprise us if the EU’s energy policy is formulated in Moscow rather than in the EU. Likewise, if the EU fails to come up with its own plan to reform the International Monetary Fund (IMF) or the United Nations, it should not surprise us if the reform decisions are made for Europe by the rest of the world in the G20 or somewhere else.

If the politics of the European Union continue to be confined within national boundaries, European foreign policy thinking will continue to be dominated by national policy thinking and no political price will have to be paid by any political leader who gives priority to national interests over European ones.

The best way to reduce the tendency of EU Member States to pursue national policies to the exclusion of European solutions is to create a viable and well-informed constituency in favour of ‘European’ solutions.

There is, of course, a debate about ‘European’ foreign policy among elites in publications such as this. But that debate rarely strays far outside these rarefied circles.

This weakness is a function of the deliberately created structure of European Union politics. If European Union issues are debated at all, they are debated in 27 different national fora and among the public at large in 27 different states. Even the elections for Members of the European Parliament are conducted on the basis of 27 entirely separate national campaigns.

Because there is no truly Europe-wide debate, and because no Europe-wide office holder is chosen by the EU electorate in a Europe-wide election, a Europe-wide public opinion has had no chance to develop. That is why there is no political constituency for a common European foreign policy. A Europe-wide public opinion will only develop if there is a Europe-wide election. Such a Europe-wide election could be for either a President of the European Council, a President of the Commission or

for a slate of MEPs elected across the whole continent. The Heads of Government at Laeken in 2001 specifically asked the Convention on the Future of Europe to consider the issue of a Europe-wide election, but the matter was barely discussed in the Convention.

Strategic considerations play a small rôle in EU aid disbursement except in programmes with countries to the south and east of the EU under the EU's neighbourhood policy. Pakistan is a case in point. Although it is currently of great strategic importance to Europe, Pakistan has only received from the EU, on a *per capita* basis, one twentieth as much aid as the EU gives to Nicaragua.

US foreign aid, on the other hand, is not only less than half that of the EU's but is also much more concentrated and more closely tied to US military and strategic interests. Even though it is already an advanced country, Israel is the highest *per capita* recipient of US aid dollars, \$323 *per capita*, followed by Jordan at \$120 *per capita*, and Afghanistan at \$33 *per capita*. Ethiopia, in contrast, gets only \$6 *per capita*. This means, as I have pointed out earlier, that the US has greater influence on Israeli policy than it has on Ethiopian policy.

## Conclusion

Looking to the future, what is the future of the EU-US relationship in the foreign policy field? I believe the current division of responsibility will continue, with the US taking the lead in the exercise of hard power (i.e. military interventions) and the EU Member States, in varying degrees, putting more emphasis on soft power, including peacekeeping.

But although we can expect the transatlantic relationship in foreign affairs to remain solid, and it is to everyone's advantage that it should, the global context in which this partnership operates is changing radically. What is happening now, is what Fareed Zakaria has called 'the Rise of the Rest.'<sup>7</sup> It is a potentially revolutionary change.

The US and the EU will remain very substantial world powers, economically and politically, and there is no likely challenge to America's military and strategic strength in the short or even the medium term. But neither the EU nor the US can expect to dictate the global agenda any more. They can still influence it, particularly when they are united, as in the G20 process, and hopefully in relation to climate change.

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7. Fareed Zakaria, *The Post-American World* (New York: W.W. Norton & Company, 2008).

I believe the biggest challenge facing the EU now is that of framing a common approach towards Russia. Russia has a capacity to exploit divisions within the European Union. EU Member States have different historical and economic relationships with Russia. But, if the EU takes itself seriously, it has to mould these differences into something common.

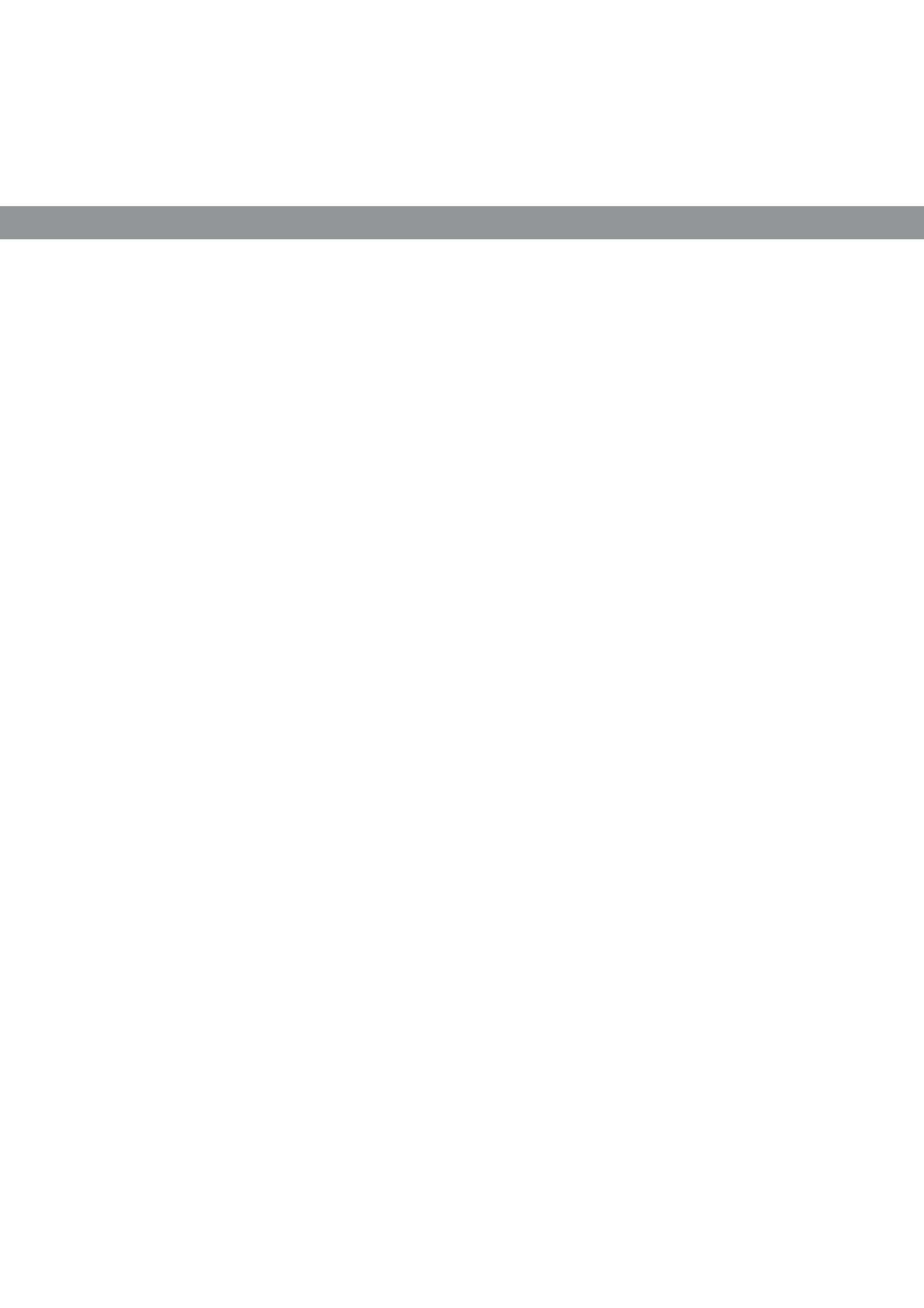
This will require a huge investment of time by full-time EU leaders, who are working day-in and day-out to identify and articulate the common EU interest.

The Lisbon Treaty can play a key rôle. In addition to a full-time Foreign Minister, the Lisbon Treaty will also give the EU a full-time President of the European Council to preside over the quarterly meetings of EU Heads of Government in the same way as the Foreign Minister will preside over the 27 Foreign Ministers.

I believe he or she will be the key figure in coordinating the entire EU policy-making operation. Working at the highest level with Heads of Government, the President of the European Council will be able to resolve difficulties that may arise with and between other EU institutions, and become the principal interlocutor for the EU with the President of the United States. While there will be no comparison in terms of their respective power, the President of the European Council will have a capacity to respond to the President of the United States in a unique way. He or she will have the time, the contacts, and the institutional clout necessary to forge agreements between the EU institutions and the 27 EU Member States.

Progressively the President of the United States will find that it will be easier, and less time-consuming, to develop initiatives by working through the President of the European Council, and where appropriate the President of the European Commission, than by trying to work individually with Heads of individual EU Member State governments. At the end of the day, all policy-making in the EU depends on the consent of Member States, who remain sovereign, so it will be important that the President of the European Council be given strong backing from the outset by bigger EU Member States, so that he or she will be able to develop a unique relationship with the US President.

But, just as they have been able to achieve more in the economic field by voluntarily pooling their sovereignty, the European Union countries will find that they will achieve more by working as a unit with the United States, than by working separately.



## 2. The Obama administration and Europe

Daniel Hamilton and Nikolas Foster

### Introduction

In the initial months of his new administration, US President Barack Obama and his foreign, economic and security policy team made it clear that they consider a revitalised transatlantic partnership essential when it comes to tackling the world's most pressing challenges. No US president in recent memory visited Europe as often as Barack Obama after such a short time in office. US Secretary of State Hillary Clinton has argued that 'in most global issues, the US has no closer allies' than the Europeans.<sup>1</sup>

Obama's early decisions to close the detention centre at Guantanamo Bay, ban the use of 'enhanced interrogation techniques', proceed with US troop draw-downs from Iraq, push new arms control agreements, reenergise US efforts to seek Middle East peace and combat climate change were received warmly in Europe and signalled that the new President's words would be matched by deeds. Europeans were further encouraged by signs that the Obama administration would eschew the unilateralist proclivities of the Bush administration in favour of multilateral approaches. Barely two weeks into office, Vice President Biden travelled to the annual Munich Security Conference to declare that:

The threats we face have no respect for borders. No single country, no matter how powerful, can best meet these threats alone. We believe international alliances and organizations do not diminish America's power – we believe they help advance our collective security, economic interests and our values.<sup>2</sup>

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1. Remarks by Hillary Clinton during Senate Foreign Relations Committee hearing on January 13, 2009. Available at <http://www.state.gov/secretary/rm/2009a/01/115196.htm>.

2. Remarks by Vice President Joseph Biden at 45<sup>th</sup> Munich Conference on Security Policy, 7 February 2009. Available at [http://www.whitehouse.gov/the\\_press\\_office/RemarksbyVicePresidentBidenat45thMunichConferenceonSecurityPolicy](http://www.whitehouse.gov/the_press_office/RemarksbyVicePresidentBidenat45thMunichConferenceonSecurityPolicy).

America, Biden declared, would seek ‘partnership whenever we can’, while going ‘alone only when we must.’

The President and his team have also resisted the lazy argument that with the Cold War over and new powers rising, the transatlantic partnership has had its day. The President and his advisors realise that close relations with key European allies are indispensable to tackling many challenges confronting the United States, and that if the US is to enlist the kind of help it needs, it also needs to address the concerns of key allies. They have gone to considerable lengths to reestablish traditional bonds of trust and patterns of collaboration that had withered over the past decade.

Despite these positive overtures, the Obama administration is likely to approach transatlantic partnership far more pragmatically, and with less of a Eurocentric focus, than many Europeans may expect. When it comes to the new world of rising powers, transatlantic partnership is indispensable – but also insufficient. Whereas European-American relations during the Cold War focused almost exclusively on stabilising Europe itself, and whereas the George W. Bush administration was inclined to view European efforts through the prism of its ‘Global War on Terror’, Obama’s team is likely to judge the value of the transatlantic partnership in relation to Europe’s willingness and ability to tackle together with the US a host of challenges ranging far beyond the borders of the European Union. ‘America will do more,’ Biden declared, ‘that’s the good news. The bad news is America will ask for more from our partners, as well.<sup>3</sup>

### A new paradigm for the transatlantic partnership

The administration has been forthright in its expectations for a transformed transatlantic partnership. It has sought European assistance with the closure of Guantanamo, asked for greater support in Afghanistan, requested that higher priority be assigned to Pakistan, urged Europeans to do more to stimulate their economies in the wake of the global economic crisis, and pushed for continued EU enlargement, including to Turkey.

Europeans across the continent welcomed Obama’s election, and his popularity remains high. Public support in Europe for Obama’s foreign policy is four times higher than it was for the foreign policy of George W. Bush. According to the most

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3. Ibid.

recent Transatlantic Trends survey,<sup>4</sup> Obama is more popular in the EU (77 percent) than in the US (57 percent). The decision to award Obama the Nobel Peace Prize vividly symbolises Europe's high expectations for the new president.

It is still an open question, however, whether the 'Obama bounce' will translate into more effective transatlantic cooperation. First, while overall public opinion in Europe is overwhelmingly positive, most eastern and central Europeans, as well as most Turks, are more reserved than western Europeans about Obama's ability to handle international challenges. Second, on a number of issues Obama's popularity has not persuaded key European governments to fully align themselves with US priorities. Europeans welcomed the President's announcement that Guantanamo would be closed, but have had difficulties accommodating his request to accept some Guantanamo inmates. Only a few allies responded positively to the administration's request for greater support in Afghanistan and Pakistan. European leaders balked at US requests for more economic stimulus spending, arguing that the real need was to adopt better global financial regulations. Many have been unnerved by the administration's sceptical approach to free trade, including its acceptance of the 'Buy American Act' in the US stimulus package. And some were scathingly critical of Obama's encouragement of EU membership for Turkey.

Third, a number of headaches in US-EU relations, including spats over trade protection and issues such as 100 percent cargo screening provisions and potential taxes on European tourists, stem from the US Congress, not the Obama administration. Congress is key to effective climate change legislation, ratification of treaties, and a host of major issues important to Europeans. Even though the Democrats hold the majority in both the Senate and the House of Representatives, Europeans would be mistaken to view the Congress as a European parliamentary body. On most key issues, the administration must work to cobble together legislative coalitions to advance its agenda – and success is never preordained.

Fourth, regardless of the President's personal popularity, the issues themselves – from Afghanistan, Pakistan and Iran to global economic governance and climate change – offer tough tradeoffs and few easy choices. Most Europeans want Obama to succeed. But they also want him to deliver on issues important to them. And on a range of topics, the collective sigh of relief heard in Europe on Election Night 2008 has been replaced by signs of exasperation and anxiety as the administration

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4. German Marshall Fund of the United States, Compagnia di San Paolo et.al., *Transatlantic Trends: Key Findings 2009*. Available at: [http://www.gmfus.org/trends/2009/docs/2009\\_English\\_Key.pdf](http://www.gmfus.org/trends/2009/docs/2009_English_Key.pdf) (assessed 10 September 2009). Support for the US president jumped a full 80 percentage points in Germany, 77 points in France, 70 in Portugal, and 64 in Italy.

still finds its footing and is preoccupied with an ambitious domestic reform agenda while beset by serious economic woes.

In short, while tone and style have changed for the better, differences in national interest and outlook, both across the Atlantic and within Europe, could mark the limits of charisma. And as the geopolitical framework for transatlantic partnership shifts, the relationship is challenged to adjust accordingly. Seven benchmark issues offer a guide to prospects for more effective US-EU relations.

### Seven challenges

#### *The economic crisis*

The first task for the US-EU partnership is to tackle immediate economic challenges while positioning the transatlantic economy for the future. Few issues are likely to shape European-American relations over the next few years as the global economic crisis. The Great Recession should have erased any doubt about how interconnected the transatlantic economy has become. The deeper and more prolonged the downturn, the greater the risks of inward, insular policies on both sides of the Atlantic. The Obama administration and its European partners face a common challenge: to show their citizens and billions around the world that it is possible to reap globalisation's benefits while making its costs bearable to those most directly affected, without succumbing to protectionist temptations.

To date, the Obama administration and its European partners have struggled in their efforts to confront the economic crisis. The US has spent about 6 percent of GDP on its 'American Recovery and Reinvestment Plan.' European plans have varied widely, with Spain spending 2.3 percent, Germany 1.5 percent, France 0.7 percent, and Italy only 0.2 percent of GDP – despite the Obama administration's call for greater stimulus efforts. Many of the key differences, however, are to be found among Europeans, rather than between Europeans and Americans. France and Germany, for instance, have teamed up to urge stricter financial regulation, but the British – keen to protect the City of London's global financial position – have resisted. Britain and France, in turn, have tried to borrow their way out of recession, while German politicians have retained their historical opposition to public debt. French President Nicolas Sarkozy has attacked the monetary policy of the European Central Bank for being deflationary while German Chancellor Angela Merkel has criticised it for being inflationary.

Despite differences, US and EU leaders have aligned their positions on the need for greater transparency and higher capital reserve requirements at banks and other financial institutions, and agree on the following priorities: to regulate compensation for finance industry executives; to use the G-20 as an informal ‘steering committee’ for the global financial system; to initiate a ‘peer review’ of one another’s economic policies so as to avoid future financial crises; and to reform the governance structure of the IMF and World Bank. The tougher challenge is to prevent the kind of huge global imbalances that many analysts believe were central to the issues at stake in the financial crisis – particularly the imbalance between the soaring indebtedness of the United States, with its consumer economy, and the mounting surpluses of China, Germany and other countries whose growth has relied on exports. Yet here too the G-20 nations have at least pledged to avoid such imbalances in future.

Nonetheless, governments on both sides of the Atlantic have acted to protect domestic producers by providing massive subsidies to banks, automakers and other companies. They have sidestepped their World Trade Organization (WTO) obligations by reintroducing tariffs or practices they had voluntarily curbed or continue activities they never agreed to forego in the first place. Nagging trade disputes also continue to simmer; currently, the US and the EU have about a dozen cases pending against each other in the WTO. One observer has labelled Obama a ‘passive free trade[r].’ He concludes that the administration ‘has shown that it will take action to avoid being labeled protectionist, but it has yet to demonstrate any eagerness to make trade liberalization an important part of its economic recovery program.’<sup>5</sup>

The question for US-EU relations in the economic realm is whether the transatlantic partners will continue to spend their political capital on such transatlantic disputes as chlorine chicken washes and state aid to industry, and seek to eke out marginal advantage through preferential trade arrangements with tiny markets – or whether they will invest in new forms of transatlantic collaboration that would enable them to be true pathfinders of the global economy. The rise of China, India and other developing countries will no doubt change the world. But it is important to keep in mind that on a Purchasing Power Parity basis the transatlantic econo-

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5. See Craig VanGrasstek, ‘Building without BRICs: Lessons from the “Buy American” Debate,’ *Bridges*, vol. 13, no. 1 February/March 2009. Available at <http://ictsd.net/i/news/bridges/44271>(accessed 30 July 2009).

my accounts for around 45 percent of world GDP.<sup>6</sup> Over half of world exports and imports originate with the transatlantic economy, and in 2007, the transatlantic economy accounted for nearly three-quarters of global outward foreign direct investment stock and 60 percent of global personal consumption spending in 2007 – higher than a decade ago. The global weight of the transatlantic economy means that US-EU spats invariably take on a global dimension. Without US-EU cooperation, the stalled Doha multilateral trade negotiations are bound to fail. Aid and assistance to the world's developing nations will also flounder.

Economic recessions are invitations for change, for new ideas. The present economic climate is ripe for change, and is thus an ideal time for both the United States and Europe to work jointly on such large-scale initiatives as energy security, sustainable economic development and global climate change. Innovation in these areas could generate new long-term avenues of growth and prosperity. Europe and North America are better positioned than most other economies to break the link between the generation of wealth and the consumption of resources. But it is still unclear whether the new administration or its European partners are prepared to assign such efforts the priority they deserve.

### *Afghanistan and Pakistan*

A second urgent priority is Afghanistan and Pakistan. The mounting number of thwarted plots and terrorist attacks in the US and Europe emanating from the Afghanistan-Pakistan border regions presents an acute threat to transatlantic security. The September 11 attacks on the United States were masterminded from Afghanistan and carried out to a large degree by individuals living in Europe. Other potentially catastrophic schemes planned for Europe and North America have been stopped by Western counter-terrorism officials before they could be executed. From its safe haven in Pakistan, al-Qaeda is actively plotting further attacks, training fighters and recruiting new adherents.

North America and Europe share a fundamental interest in preventing such attacks and ensuring that Afghanistan and the tribal areas of Pakistan never again serve as a base for terrorism. If the situation in Afghanistan continues to deteriorate, terrorist

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6. The transatlantic economy remains very strong on a secular and structural basis, generating \$3.75 trillion in total commercial sales a year and employing up to 14 million workers in mutually 'onshored' jobs on both sides of the Atlantic. See Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy 2009: Annual Survey of Jobs, Trade and Investment between the United States and Europe* (Washington, D.C.: Center for Transatlantic Relations, 2009), available at [http://transatlantic.sais-jhu.edu/Publications/TE\\_2009\\_finaltext.pdf](http://transatlantic.sais-jhu.edu/Publications/TE_2009_finaltext.pdf); also Daniel S. Hamilton and Joseph P. Quinlan, *Europe and Globalization: Prospering in the New Whirled Order* (Washington, DC: Center for Transatlantic Relations, 2008), available at <http://www.amchameu.be/Pubs/globalizationeuropeFINAL.pdf>.

networks will be able to operate there again with relative impunity, posing a direct threat to the European and North American homelands and to neighbouring Pakistan. Instability in nuclear-armed Pakistan, in turn, would pose a severe threat to regional and global stability. The costs and risks of failing to stabilise Afghanistan and Pakistan are significant for the US and Europe, and considerable violence in both countries warrants an urgent response.

The Obama administration has been clear that a comprehensive regional strategy for ‘Af-Pak’ is of highest priority. The administration has boosted the US troop presence in Afghanistan, appointed Richard Holbrooke as the President’s Special Representative for the region, increased economic assistance to both countries, and is working with both governments to improve the delivery of basic services and build their economies. The administration quickly engaged European allies in its effort to forge a new approach to Afghanistan focused on creating an environment in which Afghans are able to exorcise terrorists and govern themselves.

European governments initially welcomed the Obama administration’s more vigorous efforts towards ‘AfPak,’ but most have struggled to step up their own commitments. Many European forces in Afghanistan operating through NATO lack operational and tactical lift, preventing them from moving from one region to another. Others operate under national caveats that dictate when, where and how they can be deployed. Not all caveats are declared in advance, complicating planning and operations. The pressure on nations to meet their force requirements has exposed fissures between allies; some feel they are carrying the combat burden while others get off lightly. Even though individual European governments and EU bodies are engaged in all sorts of ways, they seldom coordinate their activities. While the US has one special envoy for Afghanistan and Pakistan, more than a dozen EU governments have appointed their own special envoys for those countries, in addition to the EU’s own Special Representative. Yet Pakistan is barely referenced in the European Security Strategy and the relationship between Pakistan and the EU, its largest trading partner, has been limited largely to issues of humanitarian assistance, education, and poverty alleviation. On a *per capita* basis the EU has given about 20 times more aid to Nicaragua than to Pakistan.<sup>7</sup> Prompted by the US, the EU is starting to take Pakistan more seriously. It ran a successful election monitoring mission in February 2008, and at the first EU-Pakistan summit in June 2009 announced an extra €65 million in humanitarian aid. But overall EU assistance pales in comparison to US

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7. See: [http://ec.europa.eu/external\\_relations/asia/rsp/07\\_13\\_en.pdf](http://ec.europa.eu/external_relations/asia/rsp/07_13_en.pdf); [http://ec.europa.eu/trade/issues/bilateral/countries/pakistan/index\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/countries/pakistan/index_en.htm); [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressdata/EN/reports/104630.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/reports/104630.pdf).

aid to Pakistan, and EU trade with Pakistan is relatively marginal and strained by bilateral disputes.

The Obama administration has been quite disappointed by what it regards as a relatively feeble European response to its calls for help in Afghanistan and Pakistan. Having recognised that most European governments are unlikely to boost substantially their troop presence in Afghanistan, the administration wants Europeans to build on their self-proclaimed strengths in civilian crisis management to join a ‘civilian surge’ that could improve Afghanistan’s governance, rule of law, policing capabilities and sustainable economic development that does not rely on poppy production. EU support for a broader reform agenda in Pakistan that would encompass assistance to strengthen Pakistani democracy, resistance to violent extremism, and greater economic engagement and support would be welcomed by Washington. EU efforts in both countries will do much to determine Europe’s credibility in Washington’s eyes as a global security actor and its ability to deploy ‘soft power’ tools of aid, trade and diplomacy to stabilise troubled nations.

The situation in Afghanistan, however, is grim, and there are no easy choices. At the end of August 2009 General Stanley A. McChrystal, commander of NATO forces in Afghanistan, told the White House<sup>8</sup> that the mission risked ‘failure’ without more troops, stepped up efforts to deal with a corrupt Afghan government, and implementation of a genuine counterinsurgency strategy. While he concluded that ‘success is still achievable,’ he warned that unless the international community seizes the initiative within the next 12 months, it may be ‘impossible’ to defeat the growing insurgency, and Afghanistan could again become a base for terrorism. In response the administration initiated a wholesale reconsideration of the strategy it had announced only months before. This hesitation, together with a surge in violence in the country, has reinforced doubts in key European capitals about the nature, purpose and prospects of Western engagement. In short, the way forward seems unclear, and allied solidarity will be tested.

### *Common security challenges*

Beyond Afghanistan and Pakistan, Europeans and Americans are challenged to tackle a broader range of international security challenges that they face together. Closer transatlantic cooperation is not only essential to prevent Iran from developing nuclear weapons, it will be even more essential in crafting an extended deterrence regime in the Persian Gulf/Middle East if Iran does in fact acquire such

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8. Bob Woodward, ‘McChrystal: More Forces or “Mission Failure.”’ *The Washington Post*, 21 September 2009.

weapons. Solutions to the Israeli-Palestinian conflict and civil instability in Lebanon depend first and foremost on the people of the region. But transatlantic cooperation is essential to develop a new roadmap for peace, keep the process on track, offer assistance and humanitarian support, and facilitate new forms of regional diplomacy. Stronger support also needs to be given to Algeria, Morocco and Tunisia in their efforts to reform and contain radical Islamists. And even though many Europeans opposed the US/UK-led invasion of Iraq, Europe has an interest in a secure, stable and unified Iraq. In each of these areas, the Obama administration and its European partners have signalled their interest in working more closely together.

In many of the world's hotspots, however, US-EU cooperation remains perfunctory. Of the ten countries on *The Failed States Index* from 2008 published by the magazine *Foreign Policy*, real US-EU cooperation can be said to take place in relation to Sudan, Iraq, Afghanistan and Pakistan.<sup>9</sup> But in the remaining countries, which include Zimbabwe, Congo, Chad, Ivory Coast, and the Central African Republic – all of which could suffer from large-scale violence in the future – US-EU diplomatic cooperation has largely been a matter of routine, but with little sign of genuine collaboration such as joint situation analysis or development of common or complementary strategies.

In the Balkans, US-EU links are relatively strong, generally aligned, and still needed, given continued turbulence in the region. The dearth of cooperation in many other regions, however, may be traced to a number of factors, including the traditional US policy preference of working exclusively within NATO; the reluctance by European governments to use EU institutions; uneven European military capabilities and lack of a common strategic culture; differences in approach to such issues as police reform, reconstruction and stabilisation, promotion of democracy and good governance; and difficulties in sharing sensitive information.

On both sides of the Atlantic there is a growing desire to move beyond these differences to generate more effective collaboration on conflict prevention and crisis management, not only between NATO and the EU, but also potentially between the US and the EU directly. Peace-building and stabilisation operations have become a dominant paradigm for the use of force in the post-Cold War world, and offer a framework in which EU-US collaboration may be advanced. The US and the EU

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9. The authors are indebted to Daniel Serwer of the US Institute of Peace and Daniel Korski of the European Council on Foreign Relations for their views on this topic, presented in June 2009 as part of a multi-think tank project co-sponsored by the Center for Transatlantic Relations on 'Forging a Strategic US-EU Partnership.'

also need to develop a clearer agenda for conflict prevention and crisis management at the United Nations (UN). In many of the world's unstable regions, it will not be US soldiers or European diplomats who will broker ceasefires, police demilitarised zones or staff post-conflict reconstruction missions (though the US and EU will likely continue to carry the costs). The burden falls on the UN, which in turn relies on contributions from Asia and Africa. This makes it all the more important for the US and EU to join forces in building the capacity of both the UN and the developing world, while agreeing on common or complementary approaches where conflicts are likely to occur.

The Obama administration has also staked out new US positions in arms control and disarmament. In addition to launching negotiations with Russia on follow-on arrangements for the START treaty, which expires on 5 December 2009, President Obama has endorsed the goal of 'global zero'; affirmed US interest in a verifiable fissile material cutoff treaty that would end production of fissile materials for use in atomic bombs; asserted his intention to secure US Senate ratification of the Comprehensive Test Ban Treaty; and proposed measures to strengthen the Non-Proliferation Treaty. Obama has also invited world leaders to attend a Global Nuclear Summit in Washington in March 2010 to discuss steps to secure loose nuclear materials; combat smuggling; and deter, detect, and disrupt attempts at nuclear terrorism.

Overall, the new course being charted by the administration has been welcomed by its European partners.<sup>10</sup> Yet beneath the congratulatory rhetoric there are a host of European anxieties and apprehensions that require deft US diplomacy and alliance management. This was showcased by the dustup over Obama's missile defence plans. Obama scrapped the Bush administration's proposed antiballistic missile shield in central Europe – a sophisticated radar facility in the Czech Republic and 10 ground-based interceptors in Poland – in favour of deploying smaller SM-3 interceptors aboard ships by 2011 and later in Europe, possibly in Poland or the Czech Republic. Under Obama's plan, such defences will be deployed seven years earlier than under the Bush plan, in response to evidence that Iran has made greater progress in building short- and medium-range missiles that could threaten Israel and Europe than it had in developing the intercontinental missiles that the Bush system was more suited to counter. In addition, the administration has indicated

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10. Nuclear powers like France are still staking out their position on this issue. Former foreign minister Hubert Védrine called Obama's plans for a nuclear weapon free world 'pure demagoguery' (see: <http://www.spiegel.de/politik/ausland/0,1518,617759,00.html>) while President Sarkozy had previously outlined his own disarmament strategy.

that it would proceed with plans to provide a Patriot anti-missile battery to Poland, but would rely on a limited radar in Turkey or the Caucasus as well as satellites and newly developed airborne sensors, rather than the sophisticated radar proposed for the Czech Republic. Administration officials are also actively exploring alternatives such as using radar installations in Azerbaijan and Russia to monitor developments regarding Iranian missiles.

The administration's focus is the evolving nature of the potential threat Iran poses to its neighbours, Israel, and Europe. Its response has been substantive and considered. Europe will be better protected, more quickly, against existing missile threats, and work to protect against longer-term threats will continue. Yet central Europeans had never viewed the missile shield primarily in response to an Iranian threat; for them, it was a means to secure a direct bilateral American security commitment, particularly with regard to Russia, that went beyond NATO's Article 5 collective defence guarantee. When the administration changed course, many central Europeans felt abandoned.<sup>11</sup> Some West European governments had also viewed the missile defence issue as primarily an issue related to Russia. They too were less concerned about Iranian missiles, and understood the missile defence scheme as an effort by the Bush administration to confront the Russians and pander to what they believed to be exaggerated central and east European anxieties about Russian intimidation. When the Obama administration announced its change of tack, the response in some West European capitals was relief and a call for new efforts to cooperate with Russia. The administration's own focus – Iran, not Russia – was lost in the cacophony of European responses. Russia, of course, quickly interpreted the decision as a victory, fuelling inner-European divisions.

### *Resurgent Russia*

The missile defence episode highlights a fourth challenge for US-European ties: how to approach Russia. Strengthened by its nation's resource wealth, the Kremlin has wielded political, economic and energy power and employed military force to intimidate its neighbours, assert a self-proclaimed right to 'privileged interests' throughout eastern Europe and the post-Soviet space, attempt strategic control over key energy transportation corridors, and establish itself as an independent Eurasian power. Russia's assault on Georgia in August 2008 was an audacious demonstration of contempt for post-Soviet realities.

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11. For more, see Kurt Volker, 'Deciphering the Fallout on Obama's Missile Plan,' *International Herald Tribune*, 24 September 2009. Available at: [http://www.nytimes.com/2009/09/25/opinion/25iht-edvolker.html?\\_r=1&hpw](http://www.nytimes.com/2009/09/25/opinion/25iht-edvolker.html?_r=1&hpw).

As strong as the Putin-Medvedev system may appear, its foundations betray serious fissures. The high growth of recent years has stalled, oil and other commodity prices have plunged, the ruble and the stock market have collapsed, inflation is raging, unemployment is rising and currency reserves are being depleted. The leadership has failed to invest its energy wealth in efforts to diversify its economy or tackle formidable health challenges, decaying infrastructure and a host of other domestic ills.

As these challenges mount, the leadership is likely to face some key choices. It could decide to invest in its society, transform its economy, and forge productive relations with its neighbours; or it could turn to further bluster and adventurism. The West has a vested interest in making sure that Russia understands the opportunities and consequences of its decisions, and urgently needs to develop a coherent and coordinated framework of relations to help shape those choices.

President Obama has pointedly criticised Russian interference in Georgia and Ukraine and defended the right of any country to join NATO, and has acknowledged that ‘on areas where we disagree, like Georgia, I don’t anticipate a meeting of the minds anytime soon.’<sup>12</sup> But he has also declared his interest in hitting the ‘reset button’ in relations with Russia, and thus far has been able to avoid letting the contentious issues block progress in other areas. In addition to the US-Russian START follow-on negotiations,<sup>13</sup> Russia agreed to allow overflights of US equipment to Afghanistan, and US and Russian officials have signed several agreements and issued joint statements on topics ranging from the resumption of military-to-military co-operation to the establishment of a bilateral presidential commission and working groups on security and economic issues.

Here again Europeans are divided in their reactions to Obama’s approach. EU countries such as Germany, Italy, Spain and France are supportive, welcoming broader engagement with Russia. Yet the recent letter to Obama by a number of former presidents and prime ministers of central and eastern European countries reflects a growing nervousness that Obama’s efforts to ‘reset’ relations with Russia could come at the expense of relations with central European allies, and that the Kremlin could exploit the opening offered by the administration by seeking to reassert Russian dominance over the Caucasus, Ukraine and Central Asia, thus rendering

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12. Television interview with Fox News, 7 July 2009.

13. Under a joint understanding signed 6 July 2009, the United States and Russia will reduce their numbers of strategic warheads from a maximum of 2,200 to a range of 1,500–1,675, and their strategic delivery vehicles from a maximum of 1,600 to a range of 500–1,100.

central Europe itself less secure. The missile defence decision simply confirmed these fears.

The challenge of forging a coherent transatlantic approach to Russia is further complicated by differences in energy policy. The EU still lacks a single market in energy. 40 percent of its imported gas comes from Russia, which has carried out more than 50 politically-motivated supply shut-offs or coercive energy threats since the end of the Cold War.<sup>14</sup> The Obama administration has signalled its desire to deepen US-EU energy engagement by appointing a Special Envoy for Eurasian Energy; pushing for a European approach to energy security so that, in the words of Secretary of State Clinton, ‘individual nations are not put in a very difficult position trying to secure enough energy’;<sup>15</sup> and working toward a new energy corridor that could bypass Russia and bring Caspian gas to Europe. Yet little has happened due to conflicting European positions. Sweden and other Baltic Sea states have worked to block or at least delay the German-Russian North Stream pipeline under the Baltic by citing environmental concerns or asking for route changes.<sup>16</sup> The Nabucco pipeline project, which would bring gas from the Caspian region and thus lower European dependency on Russian gas, is being challenged by Russia, which has been garnering support from Austria, Bulgaria, Greece, Hungary and Italy to support its rival South Stream pipeline project. Germany and Italy – two countries traditionally in the vanguard of European integration – have been among the most hostile to common EU energy policies, lest they act against the interests of domestic energy firms. France and Germany have led a group of countries in blocking the Commission’s plans to ‘unbundle’ the supply of gas and electricity from its distribution. In short, until the EU succeeds in creating a truly single market, it will be hard for it speak with one voice on Russia, and current prospects for such European unity seem dim.

### *Wider Europe*

Fifth, despite the historic progress made to extend democratic stability on the European continent, Europe itself is not yet whole, not yet free, and not yet at peace. Wider Europe beyond the EU and NATO is still beset with historical animosities and multiple crises on or near its borders, including a number of festering conflicts that in some way affect all the countries of the region. The US and its European

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14. See Jakob Hedenskog and Robert L. Larsson, ‘Russian Leverage on the CIS and the Baltic States,’ FOI-Swedish Defence Research Agency, June 2007. Available at: <http://www2.foi.se/rapp/foir2280.pdf> (accessed on 22 June 2009).

15. Remarks by Hillary Clinton during Town Hall Meeting in Brussels, 6 March, 2009

16. See: <http://www.eurotopics.net/de/preseschau/aelttere/NEWSLETTER-2009-04-07-Der-neue-Dialog>.

allies share an interest in extending the space of democratic stability where war simply does not happen. They also share an interest in a confident, capable, outward-looking Europe, not one so beset by turmoil or so focused on instability along its periphery that it cannot play a broader role. Successes in this region – more effective democratic governance grounded in the rule of law, progress against corruption and trafficking, peaceful resolution of conflicts, secure energy production and transit, more confident and prosperous market economies – could resonate significantly across the post-Soviet space and into the broader Middle East. Failure to deal with the region's problems risks destabilising competition and confrontation among regional and external actors, festering separatist conflicts, greater transnational challenges and dysfunctional energy markets, the negative consequences of which could also spill into Europe, Eurasia and the Middle East.<sup>17</sup>

The Obama administration has been forthright in its support for the sovereignty and independence of all European states, including those that emerged out of the former Soviet Union, such as Georgia, Ukraine and Moldova. It has remained firm on NATO's Bucharest Summit commitments to Georgia and Ukraine and pledged further assistance to both countries through the NATO-Georgia and NATO-Ukraine commissions and bilateral programmes in implementing needed political and defence reforms. Yet while remaining committed to further enlargement of Euro-Atlantic institutions, the administration has opted to focus on nurturing democratic and economic progress in what it has called the 'still-fragile reformers,'<sup>18</sup> rather than forcing a showdown with allies reluctant to admit such countries to membership. In short, the administration has been careful not to close the door to the countries of the region, but its immediate focus is to work with European allies and the states of the region to create conditions under which ever closer relations can be possible. Such an approach has the advantage of focusing efforts on practical progress in promoting democratic governance, the rule of law, open market economies, conflict resolution and collective security, and secure cross-border transportation and energy links – in essence, to work to create conditions whereby the question of integration, while controversial today, can be posed more positively in the future.

In this area, too, there are some differences of approach. Both President Obama and Vice President Biden have stressed the importance of European Union enlargement

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17. For further perspectives, see Daniel Hamilton and Gerhard Mangott, *The Wider Black Sea Region in the 21<sup>st</sup> Century: Strategic, Economic and Energy Perspectives* (Washington, DC: Center for Transatlantic Relations, 2008).

18. See: <http://www.uspolicy.be/Article.asp?ID=929B98B7-FF20-495B-9BFB-FAD98C86B2A5>.

to include the Balkans<sup>19</sup> and, most controversially, Turkey. Obama has been unambiguous in his support for Turkey's membership in the European Union:

The United States strongly supports Turkey's bid to become a member of the European Union. We speak not as members of the EU, but as close friends of both Turkey and Europe. Turkey has been a resolute ally and a responsible partner in transatlantic and European institutions. Turkey is bound to Europe by more than the bridges over the Bosphorus. Centuries of shared history, culture, and commerce bring you together. Europe gains by the diversity of ethnicity, tradition and faith – it is not diminished by it. And Turkish membership would broaden and strengthen Europe's foundation once more.<sup>20</sup>

European reactions varied greatly. French President Sarkozy said that the decision on Turkish entry rested with EU Member States, not the United States. 'I have always been opposed to this entry,' he retorted. 'I think I can say that the immense majority of member states shares the position of France.' European Commission President José Manuel Barroso struck a different tone: 'There is unanimity, clear unequivocal unanimity in the European Union about the need to go on with negotiations with Turkey. And that has been the clear and consistent position of the European Commission and so I very much welcome the clear statements of President Obama on that matter.' Obama's comments split Germany's coalition government down the middle: the Social Democratic Party (SPD) welcomed Obama's remarks, while the Christian Democratic Union (CDU) objected.<sup>21</sup>

### *Cooperation on justice, home affairs and building 'transatlantic resilience'*

A sixth transatlantic challenge is to work more effectively together to protect European and American societies. If Europeans and Americans are to be safer in an age of networked threats and potentially catastrophic terrorism, efforts on either side of the Atlantic must be aligned with more effective transatlantic cooperation. Co-operation between the EU and the Bush administration was uneven. Some progress was made, but most achievements were *ad hoc* and of relatively low priority, rather

19. In a speech in the Serbian Palace, Vice President Biden declared: 'First, the United States strongly supports Serbian membership in the European Union and expanding security cooperation between Serbia, the United States, and our allies. We will use our influence, our energy, and our resources to promote Serbia's Euro-Atlantic aspirations.' Available at: [http://www.whitehouse.gov/the\\_press\\_office/Remarks-By-The-Vice-President-At-The-Palace-Of-Serbia/](http://www.whitehouse.gov/the_press_office/Remarks-By-The-Vice-President-At-The-Palace-Of-Serbia/)

20. President Obama's speech to the Turkish parliament, Ankara, 6 April 2009. Available at [http://www.whitehouse.gov/the\\_press\\_office/Remarks-By-President-Obama-To-The-Turkish-Parliament/](http://www.whitehouse.gov/the_press_office/Remarks-By-President-Obama-To-The-Turkish-Parliament/)

21. See: <http://www.reuters.com/article/GCA-BarackObama/idUSTRE5341P920090405>; <http://www.rtv.rtrlondon.co.uk/2009-04-05/1e611b0a.html>; <http://www.sueddeutsche.de/politik/640/464241/text/>; <http://www.spiegel.de/politik/deutschland/0,1518,617698,00.html>.

than integrated elements of a comprehensive approach, and the entire effort was overshadowed by bitter public spats over such issues as data privacy and rendition.

The Obama administration has maintained the Bush administration's priority of destroying al-Qaeda and its allies. Yet it has dropped Bush's 'Global War on Terror' and his Manichean 'you're either with us or against us' rhetoric, and rejected interrogation tactics such as waterboarding. Obama has argued that such approaches undermine rather than enhance US national security by confusing means and ends; increasing the determination of enemies and serving as a recruitment bonanza for terrorists; playing into the misleading and dangerous notion that the US is somehow in conflict with the rest of the world; setting the US apart from other nations and thus having an adverse impact on their willingness to work with the US; and giving al-Qaeda more credibility than it deserves. Rather than define foreign assistance, development and democracy promotion simply as extensions of the fight against terrorism, Obama has insisted that the campaign against violent extremists be conducted as part of a much broader agenda that advances wider US interests. This agenda should address conditions that fuel violent extremism. As John Brennan, Obama's senior adviser for counterterrorism, has noted:

If we fail to confront the broader political, economic, and social conditions in which extremists thrive, then there will always be another recruit in the pipeline, another attack coming downstream ...Addressing these upstream factors is ultimately not a military operation but a political, economic, and social campaign to meet the basic needs and legitimate grievances of ordinary people: security for their communities, education for children, a job and income for parents, and a sense of dignity and worth.<sup>22</sup>

In this regard, the administration's position is more closely aligned with European understandings and offers a foundation for practical collaboration with key allies. As mentioned, the EU and its Member States have expressed their readiness to help resettle on a case-by-case basis some of the detainees who have been held at the Guantanamo Bay facility; the issues are difficult, however, and it is questionable whether the US will in fact be able to close the Guantanamo detention facility by January 2010. Department of Homeland Security (DHS) Secretary Janet Napolitano and other DHS officials have already initialled several agreements with European counterparts to increase cooperation on counterterrorism, enhance informa-

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22. Remarks by John O. Brennan, Assistant to the President for Homeland Security and Counterterrorism – As Prepared for Delivery 'A New Approach to Safeguarding Americans', The White House, Office of the Press Secretary, 6 August 2009. Available at: [http://www.whitehouse.gov/the\\_press\\_office/Remarks-by-John-Brennan-at-the-Center-for-Strategic-and-International-Studies/](http://www.whitehouse.gov/the_press_office/Remarks-by-John-Brennan-at-the-Center-for-Strategic-and-International-Studies/).

tion-sharing arrangements, deepen judicial cooperation in criminal matters, tackle cross-border crime, and ensure high standards for personal data protection. US-EU Extradition and Mutual Legal Assistance Agreements negotiated during the Bush administration have now been ratified by all countries and are due to enter into force in late 2009. The transatlantic partners are working on a set of mutual ‘principles’ to guide further cooperation in justice and home affairs. The administration will more effectively address transnational challenges through a newly integrated National Security Staff at the White House. A broader, more comprehensive effort is still required, but there have been some promising beginnings.

### *Preserving a habitable planet*

The seventh transatlantic priority is renewed effort to preserve a habitable planet, including improving the human condition of those most impoverished and distressed. How Europeans and Americans work together and with others to tackle the related issues of climate change, energy efficiency, resource scarcity and human development will determine whether we will live securely in the world of tomorrow.

The headline issue on this vast menu is climate change. President Obama abandoned the Bush administration’s go-slow approach, declaring climate change to be one of the ‘defining challenges of our time.’ In just a few short months the Obama administration charted a new course for US energy policy by appointing dedicated environmentalists and world renowned scientists such as Nobel Prize winner Steven Chu, investing billions of dollars in developing clean technologies, raising auto fuel-efficiency standards, and working with the Congress on legislation that would establish a cap-and-trade system in the US and cut US carbon pollution by more than 80 percent by 2050.

By placing climate change high on his domestic and foreign policy agendas, President Obama has changed the dynamics of climate discussions with the EU and in global climate negotiations. In July the G8 nations endorsed the same goal of 80 percent reductions by 2050,<sup>23</sup> and then with nine other countries (including Brazil, China, India and Indonesia) in the Major Economies Forum, together representing 75 percent of global emissions, made unprecedented commitments to reduce emissions, provide developing nations with more financial resources to help them deploy clean-energy technologies and create low-carbon growth plans, and double research and development of transformational clean-energy technology.

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23. See: <http://www.globalsolutions.org/08orbust/pcq/obama>.

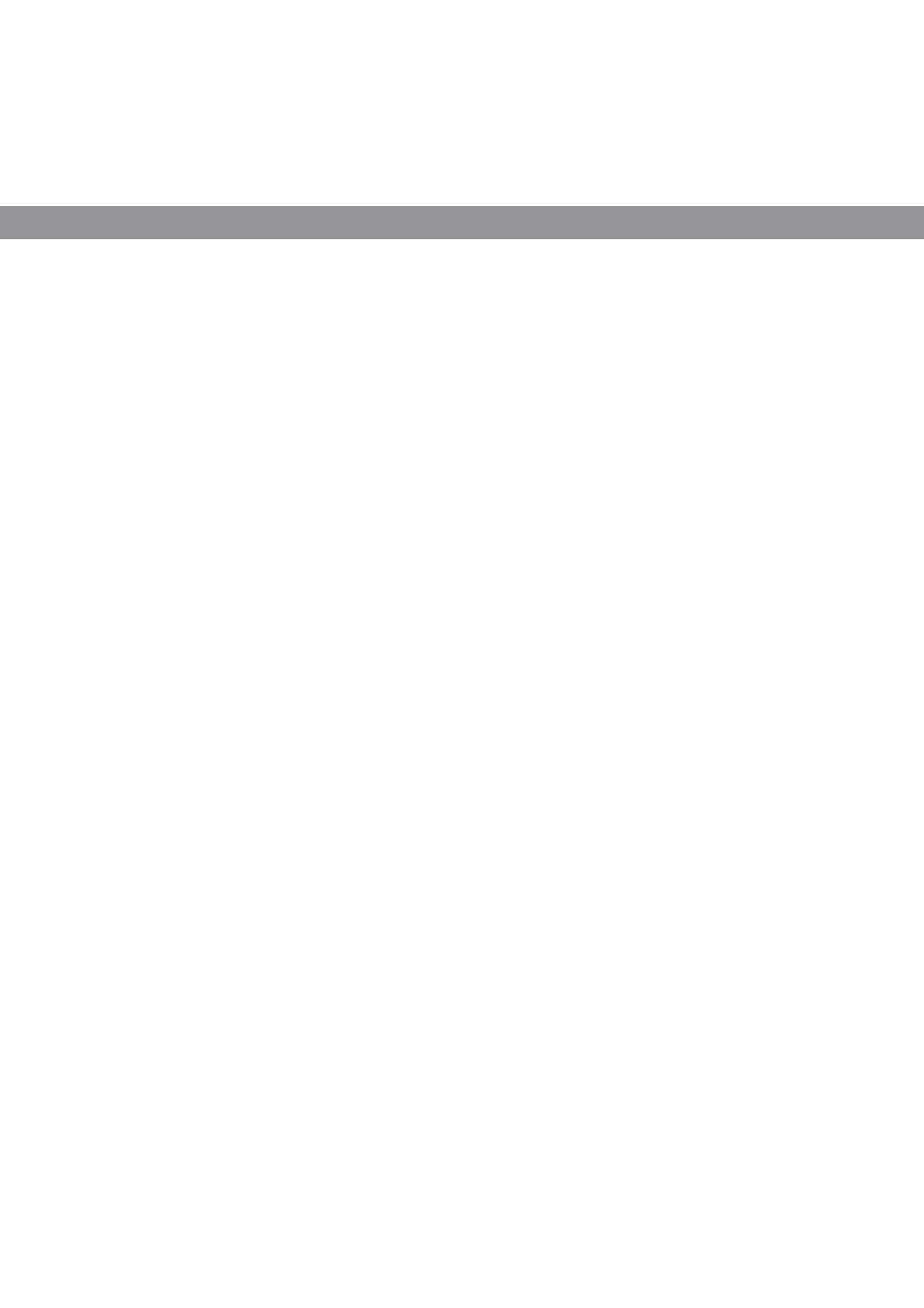
Europeans have applauded Obama's commitment to environmental issues. Nevertheless, they believe that Europe, not the United States, has been the global leader on climate policy. As the US dithered over the past decade, the EU created the European Trading System (ETS), the world's first platform for mandatory trading of carbon credits, and moved towards an ambitious target to reduce Member States' CO<sub>2</sub> emissions by 20 percent from 1990 levels by 2020 – the so-called 20/20/20 initiative. EU leaders make the point that if the global 2050 pledges are to be realised, developed country emissions will need to be cut to 30 percent below 1990 levels by 2020 and the growth of developing countries' emissions reduced 15-30 percent by 2020. They have been encouraged by the Waxman-Markey Bill, which seeks to reduce US emissions 15 percent from 2005 levels by 2020 and 83 percent by 2050 and was passed by the US House of Representatives, but they are concerned that the bill will be watered down by the US Senate. They are not convinced that the US will be prepared to make solid commitments at international negotiations in Copenhagen in December 2009 to replace the Kyoto Protocol, which expires in 2012. European officials are frustrated with the US position, believing it has fallen short on both its level of ambition to reduce emissions and on offering aid to developing countries.

The Obama administration, in turn, has made it clear to the EU that it will be coming to Copenhagen with both different targets and a different baseline than Europe, and that for domestic political reasons it is practically inconceivable that the US Congress will agree to mandatory emissions reductions legislation before Copenhagen. Nor is the US Senate likely to ratify a post-Kyoto treaty without binding commitments from China, India and other major developing countries. Close US-EU collaboration is likely to be important to securing binding commitments from developing countries, yet the transatlantic partners are still approaching the issue from considerably different vantage points. Instead of agreeing on a legally binding international treaty, it is more likely that individual nations will commit to take steps domestically within some broadly defined framework.

## Conclusion

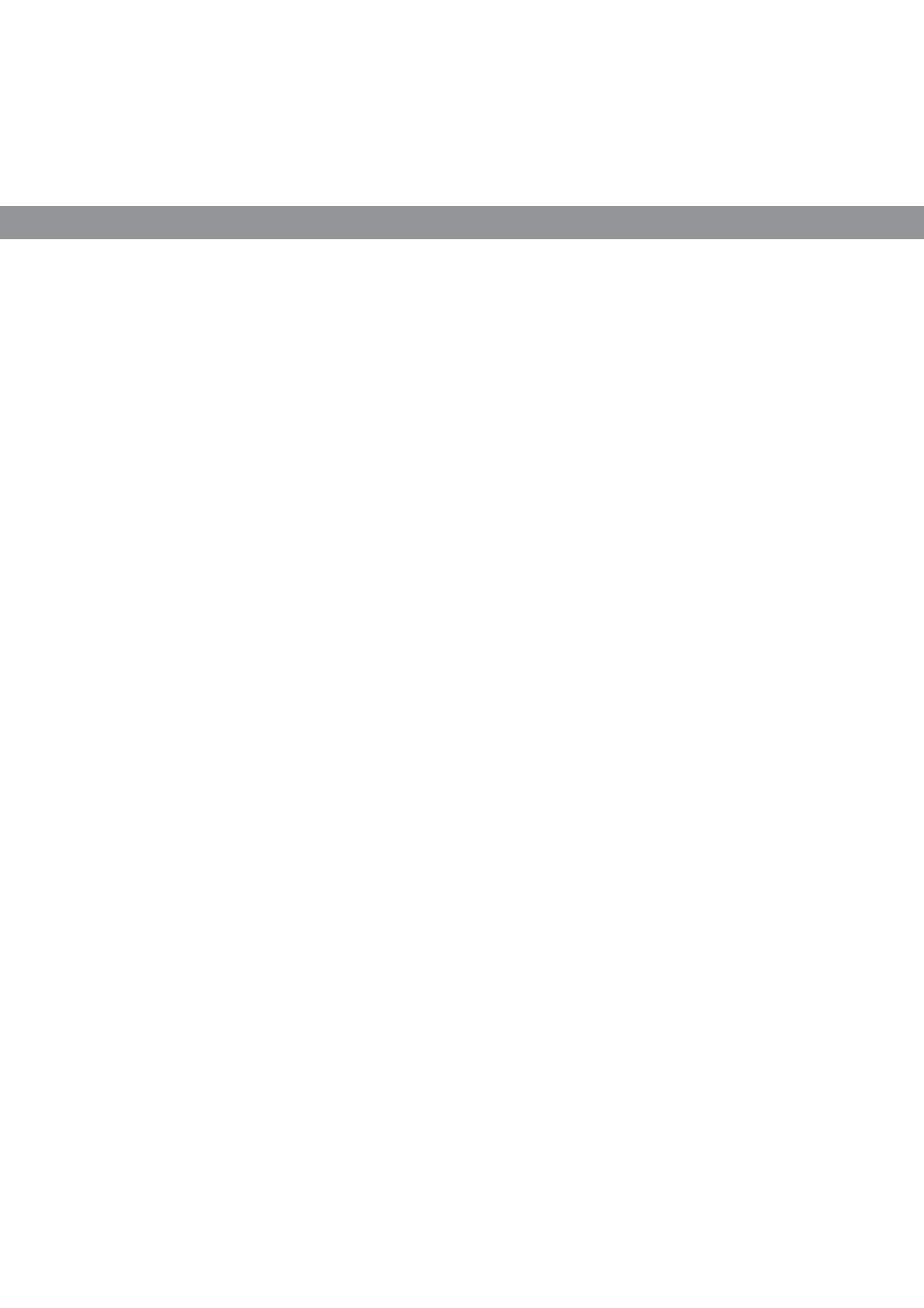
Taken together, these seven benchmark issues underscore the challenges facing a more strategic transatlantic partnership. They highlight the growing mismatch between the global nature of our problems, the capacity of our institutions, and the tools at our disposal. They underscore the reality of inner-European differences on many of these issues, the important role played by the Congress as well as the administration, and the difficulty the administration faces in translating the President's popularity into concrete achievements.

Nonetheless, the transatlantic partners approach each other today with a new tone and in a new spirit. The Obama administration presents Europe with the rarest of opportunities: an open moment to forge an Atlantic partnership that is more capable of responding to the opportunities and challenges of the new world of rising powers. Yet such a partnership must be anchored in more than lofty rhetoric; it must be grounded in a new consensus among Europeans, and with Americans, about the ‘indispensable yet insufficient’ nature of their relationship, and guided by a new determination to work closely together on a daunting strategic agenda.



# Part two

What do we do?



# Global questions



# **3. The coming clash? Europe and US multilateralism under Obama**

**Bruce Jones**

## **Introduction**

During the Cold War the transatlantic relationship provided the core of international order. Shared values and shared threats undergirded the relationship, which was institutionalised primarily in NATO but also in hundreds of informal contacts and collaboration in every realm of foreign policy. In the period between the fall of the Berlin Wall and the fall of the twin towers, NATO and other manifestations of the transatlantic relationship were less central to geopolitics but were nevertheless important at critical moments in managing tensions and crises, especially where Russia was involved.

Will the transatlantic alliance be as central to the management of a global system in the coming era? That period ahead is likely to be characterised by the rise in prominence of transnational threats and by mounting recognition that national and international security are interconnected. It is also likely to be characterised by the growing assertiveness and capability of the rising powers.<sup>1</sup> Will this more complex, more diffuse world reinforce the importance of the transatlantic alliance as the central axis around which response to global threats is organised? Or will it dilute the alliance itself, turning the US-Europe connection into simply one strand of policy among several?

The starting point for addressing these questions has to be Obama's foreign policy. Europeans broadly abhorred the Bush administration's approach to multilateralism and were eager for a change. The administration's emphasis on

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1. For an example of this argument as it applies to the Asia-Pacific region, see Kishore Mabubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East* (New York: Public Affairs, 2008).

alliances and diplomacy has obviously been warmly welcomed in Europe, with the partial exception of the ‘reset’ with Russia. Indeed, many view the Obama administration’s approaches to diplomacy and multilateralism as the embrace by the US of a worldview and position long held by Europe.

This chapter takes a differing view. It argues two points that will be uncomfortable for many in Europe: first, that Obama’s conception of multilateralism is not identical to that of Europe; and second, that the articulation of his administration’s strategy may over time shift the centre of gravity away from the transatlantic relationship.

Of course, whether or how this plays out will depend in substantial part on Europe’s own policy performance. Not the stated position but the actual effectiveness, the coherence and the muscularity of Europe’s policy response to major global threats and geostrategic challenges – particularly in the broader Middle East, including Iran – will play heavily into the US administration perceptions of Europe and thus into the weight the transatlantic link is given. From the reverse perspective, continued European enthusiasm for US leadership may be dented by disappointment about the Obama administration’s delivery on climate change.

Alternatively, this chapter argues that the most likely scenario for the coming period is that the transatlantic relationship will be but one of several strands of a broader international order that shapes the management of a series of global challenges. In some areas, such as human rights, the US and Europe may for a time stand shoulder to shoulder. In a few others, the US and Europe will compete, or go their separate ways. In most areas, a broader constellation of powers will find formal and informal ways to join forces – sometimes literally – in the management of transnational and global threats. The US itself, not the transatlantic relationship, will be at the hub of this process. And on the governance of global institutions, the US and Europe will quietly clash – that is unless Europe makes the hard choices necessary to take a decisive leap forward towards coherence in its global presence.

## **Background: the transatlantic relationship in the post-Cold War and post-9/11 eras**

There is no need to rehearse here the trials, tribulations and triumphs of the transatlantic relationship in the first phase of the post-Cold War moment. There are three points worth highlighting about the relationship during the Clinton era, however – in part because several Obama administration officials forged their foreign policy credentials during that period.

### *The transatlantic relationship in the Clinton era*

The first point is that there were, obviously, substantial tensions and tests if not traumas in the relationship.<sup>2</sup> Among them was Iraq.<sup>3</sup> More acute was Bosnia, which saw the US disappointed by Europe's inability to handle its own problem and Europe dismayed by what it saw as US disengagement and delay. Though the case can be argued on both sides, it is worth recalling that although Euro-scepticism was a signature of the Bush administration,<sup>4</sup> it had its roots in the Clinton era.

Nonetheless, for all its tribulations the transatlantic relationship remained the essential relationship in US foreign policy (along with the Japan alliance). NATO remained a privileged instrument of security cooperation and the transatlantic link was the channel of first resort for tackling problems with a geostrategic dimension.<sup>5</sup> The alliance was the primary tool used in the management of the Kosovo crisis, arguably the deepest of the Clinton presidency. Notwithstanding some alternative strands of thought (discussed below), this remains the dominant perspective in US foreign policy.

Moreover, many of the individuals who dealt with Europe in one fashion or another during the Clinton years – some of them back in the Obama administration, some in positions of influence in think tanks that are close to the administration – developed a deep admiration for the European project in its own right as a model for trans-national governance. Admiration for the European project extended to what should surely count as Europe's most important contribution to global stability to date, namely the way that the prospect of membership in the EU created a peaceful pathway for transition for the post-Soviet states of central and eastern Europe. The result was the only episode in contemporary history of a (mostly) peaceful breakup of an empire.

The related third point is that in the first phase of the post-Cold War era, through the Kosovo episode, the relationship remained grounded in the question of manag-

2. Philip Gordon and Jeremy Shapiro, *Allies at War: America, Europe, and the Crisis Over Iraq* (New York: McGraw-Hill, 2004) pp. 31-47.

3. See David Malone, *The International Struggle Over Iraq. Politics in the UN Security Council 1980-2005* (Oxford, UK and Delhi, India: Oxford University Press, 2006).

4. See for example, Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York: Knopf, 2003).

5. Gordon and Shapiro, op. cit. in note 2, p. 45; for a longer account of Clinton's NATO policy see James Goldgeier, *Not Whether but When: the US Decision to Enlarge NATO* (Washington, D.C.: Brookings Press, 1999); and also, Ronald D. Ausmus, *Opening NATO's Door: How the Alliance Remade Itself for a New Era* (New York: Columbia University Press, 2004).

ing relations with Russia.<sup>6</sup> Although other topics (civil war and instability in Africa, terrorism) gained ground on the US-Europe agenda over time, Russia remained the essential rationale, the dominant concern, and the unifying factor in the relationship. It is no accident that in two episodes in the Balkans, the far more successful one in terms of the relationship was the one defined in substantial part by Russian complications. The question of whether that suggests that shared threat was a more important force than shared values is one that can be left to historians. The fact of a dominant geopolitical question in which both threat and values were present does beg the question of whether the learned attitude and experiences of US-Europe co-operation on Russia translates to the broader global agenda.

#### *Managing global issues – the post-Cold War track record*

An analysis of the track record of US-Europe cooperation in efforts to foster effective multilateral action since the end of the Cold War shows a mixed picture.<sup>7</sup> This was, it should be recalled, an era of unrivalled US hegemony – the era of ‘hyperpower’ as French Foreign Minister Hubert Védrine termed it in 1998. Both history and theory would suggest that the US was the driving force for international security arrangements during this period, and in the area of nuclear security that was certainly true. Where nuclear weapons or the threat of nuclear weapons were involved, it was the US that drove efforts to reshape the international security regime – at the International Atomic Energy Agency (IAEA), within the Non-Proliferation Treaty (NPT), in the Security Council, in Iraq, and in North Korea. The European role in this arena was at best secondary.

Where broader security issues were concerned, the US role was less evident. Indeed, in the areas of humanitarian response, peacekeeping, mediation, post-conflict peacebuilding, human rights, small arms, and even chemical weapons, the major role played in defining the global agenda and fostering multilateral institutions or action was played not by the United States but by US-allied middle powers. In the humanitarian field, for example, the United Kingdom and the Scandinavian states were the driving force behind the development of what has become the major international tool for response to crises, namely the UN’s humanitarian instruments. Canada innovated in the area of international norms, leading the debate at the UN Security Council on protection of civilians and later on the responsibility to protect

6. James Goldgeier and Michael McFaul, *Power and Purpose: U.S. Policy Toward Russia After the Cold War* (Washington, D.C.: Brookings Press, 2003), pp. 182-210.

7. This section draws from Bruce Jones, Shepard Forman and Richard Gowan (eds.) *Cooperating for Peace and Security: Evolving Institutions and Arrangements in a Context of Changing US Security Policy* (Cambridge University Press, November 2009).

principles, as well as in the area of small arms and landmines. The United Kingdom, again, was critical in fostering innovation in post-conflict peacebuilding and mediation, and in bolstering the UN Secretariat's efforts to drive towards more effective peacekeeping arrangements. And Australia, working in the more traditional hard security sphere, led efforts to develop and consolidate the Chemical Weapons Convention (CWC) after US attention to the CWC had lagged.

In each case, a broader set of European states made substantial contributions to these processes, political and financial. At the same time, though, European foreign policy was directed at least as much inward as outward. Although Europe maintained rhetoric around global engagement and Europe's multilateral role, in practice Europe's foreign policy energy was inward-looking. Two topics dominated: the articulation of Europe's own foreign policy machinery and tools; and the conflict in the Balkans. Of course the Balkan agenda connected with a global agenda as already discussed, and in principle Europe's foreign policy machinery is designed to serve a global role. However, only by the middle of this decade did Europe actually take on global roles (in Aceh and the Gaza-Egypt border for example) and even these were of a very small scale. Of course, NATO took on a broader role in Afghanistan. There, however, the conditions several European countries placed on their participation in NATO's operations in Afghanistan did little to signal a credible foreign policy capacity.

In international development, US-European collaboration did deepen after the Cold War. Whereas much of US aid during the Soviet era was directed towards bolstering allies or creating buffer zones against the spread of communism, the issues of humanitarian response and poverty reduction grew in salience after the fall of the Berlin Wall. The US lagged – indeed, still lags badly – behind Europe in reforming its aid systems to target poverty. There were also important policy differences between the US and Europe, differences that briefly became acute in the first phase of the Bush administration before the Monterrey Financing for Development Summit created a loose consensus between the US and Europe – as well as between donors and recipients.<sup>8</sup> At no point however did issues or differences challenge a basic pattern of US-European cooperation within the aid system or a basic self-identification between OECD countries (including those beyond Europe).

Relatedly, the European states did play a major role throughout the post-Cold War era in financing multilateral efforts and arrangements, as did the US. In the major institutions, the operational and secretariat budgets are in essence divided four

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8. Text of the Monterrey Consensus of the International Conference on the Financing of Development available at: <http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf>.

ways between the US, the Europeans, Japan and everyone else. In voluntary financing, similar patterns emerge: in the humanitarian sphere, for example, the US pays between 40-50% of the voluntary bill, with the Europeans and Japan picking up the bulk of the tab.

So the pattern of US-European cooperation in the management of global issues and in fostering multilateral institutions and action was mixed – important in some arenas, irrelevant in others, and heavily reliant on US-allied middle powers, frequently the UK, to lead specific initiatives. Nevertheless, the pattern of US-European cooperation, consultation, and joint action is deeply woven into foreign policy on both sides of the Atlantic.

#### *The Bush II moment(s)*

This pattern survived the intense strain on the alliance that arose from European distress and European divisions over the Bush administration's approach to the 2003 war in Iraq. Here again the history is recent and widely known and needs no recounting here, other than to recall the sense among European policy-makers that the US actions in Iraq were not merely destabilising for the region but actively undermined the international order on which European stability and prosperity so importantly rests.

Broad rhetorical attacks on multilateralism and the UN in the first Bush years alienated European foreign policy elites and publics (and had the effect of driving them, along with much of the rest of the world, into a strong pro-UN stance.) In public politics, US rejection of the Kyoto climate deal and repudiation of international humanitarian law aggravated anti-US sentiment. It should be noted, as relevant to the present day, that even Democrats who opposed Bush's war strategy found some of the anti-US rhetoric that emerged from Europe in this period, as well as many European states' wan stance in Afghanistan, hard to swallow.

Bush's second term was distinctly more cooperative.<sup>9</sup> Not only did the administration repeatedly turn to the UN Security Council for peacekeeping, counter-terrorism or counter-proliferation support, they softened their rhetoric and avoided excessive Euro-baiting. Condoleezza Rice's move from the National Security Council (NSC) to the State Department consolidated the changed approach. Later, diplomatic re-engagement on the Israeli-Palestinian track further mollified once alienated allies and the transatlantic alliance seemed back on track.

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9. Daniel Drezner, 'The New New World Order', *Foreign Affairs*, vol. 86, no. 2, March/April 2007, pp. 34-46.

By then, however, the disruptions and costs caused by the Iraq war had accelerated a new phenomenon, one that has begun to reshape the options for US-European collaboration – namely the gradual rebalancing of international order to encompass the ‘emerging powers’.

## **Obama’s multilateralism**

To assess the role that US-Europe relations will play in global affairs, we must first understand something about Obama’s multilateralism, and perceptions within the administration of Europe’s potential global role.

### *Cooperation with the major powers*

If one had to identify a single unifying theme in Obama’s foreign policy it could be termed *cooperative realism* – a realist assessment of the threat posed by non-traditional sources and of the limits of US power to tackle those threats single-handedly; and a consequent necessity of cooperation with allies and non-allies alike where interests are shared in tackling transnational threats. This stance is not unique to the Obama administration; there were strands of this thinking emerging towards the tail end of the Bush administration, including in statements by Defense Secretary Robert Gates, who of course has survived into the Obama team. Even Michael Chertoff, Bush’s Secretary for Homeland Security, normally identified with earlier Bush policies, has written in similar terms about the need for the United States to re-invest in international cooperation to tackle transnational terrorism.<sup>10</sup>

Specific policies are shaped also by a belief that the Bush administration unnecessarily provoked Russia, highlighting divergent rather than shared interests. Hence the ‘reset’ concept in the administration’s early overtures to Russia, a concept designed to lessen the longstanding antagonism in the relationship and create the possibility of cooperation on such issues as Iran. The ‘reset’ concept has been less than universally popular in Europe, where many of the states that integrated into the EU after 1991 have a strong aversion to this initiative, while Western European states less immediately threatened by Russian power tend to favour it. This is visibly playing out in the disarmament issue, an issue that Obama has made a key focal point of the bilateral relationship. Many of the Baltic states fear that a more amicable US-Russia relationship will mean the US is less willing to stand up to Russia as it seeks to reestablish its traditional sphere of influence.

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10. Michael Chertoff, ‘The Responsibility to Contain’, *Foreign Affairs*, vol. 88, no. 1, January/February 2009, pp. 130-47.

The emphasis on shared interests with one non-Western power extends to a second, China. Of course the US relationship with China is heavily shaped by the reality of economic and financial interdependence. That interdependence was amplified by the 2008-9 financial crisis; by spring of 2009 China held over \$2 trillion in US debt. That fact no doubt shaped Secretary Clinton's controversial statement, on her first overseas trip, that human rights would not be a major factor in the relationship with China, which would be put on a new strategic footing.<sup>11</sup> Both countries agreed that traditional and non-traditional security threats were becoming increasingly interlinked and that fostering economic recovery, combating climate change, reducing instability in Afghanistan and Pakistan, promoting denuclearisation of the Korean peninsula, preventing the spread of localised conflict, countering terrorism, and other challenges all require a combined effort.<sup>12</sup>

The China relationship was shaped, too, by the fact that the leaders' level summit of the G20 had occurred in the waning days of the Bush administration. By the time the Obama administration took office, preparation for the London Summit of the G20 was already the central point on the international calendar alongside the NATO 60<sup>th</sup> Anniversary Summit. That reality has continued, as preparations for the Pittsburgh G20 overshadowed the chaos that characterised the Italian G8 summit in L'Aquila.

Regarding the other major Asian power, India, the Obama administration has continued to deepen US engagement on both strategic and economic issues. With the US-Indian civilian nuclear deal finally, if painstakingly, resolved in 2008 the political space has opened to press ahead to develop a strategic dialogue to address a myriad of challenges. Secretary of State Clinton, in her summer 2009 trip to Delhi, stressed that she and her counterpart had begun discussing all matters of importance, and that these discussions would continue with the dialogue's commencement in late 2009.<sup>13</sup>

#### *Administration perspectives on Europe*

On this, of course, the Obama administration may differ rhetorically from some in Europe. Whereas many European politicians and foreign policy makers maintain a

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11. Secretary of State Hillary Rodham Clinton, Roundtable with Travelling Press, Seoul, South Korea, February 2, 2009. Available at: <http://www.state.gov/secretary/rm/2009a/02/119430.htm>.

12. Closing Remarks for U.S. – China Strategic and Economic Dialogue, 28 July 2009. Available at: <http://www.state.gov/secretary/rm/2009a/july/126599.htm>.

13. Remarks by Secretary of State Clinton with Indian Minister of External Affairs S.M. Krishna, Hyderabad House, New Delhi, India, 20 July 2009. Available at: <http://www.state.gov/secretary/rm/2009a/july/126259.htm>.

position of value-based multilateralism, this is quite alien from American thinking even in this most internationalist of administrations. Is this evidence of a version of the intellectual and philosophical antagonism against the European project that characterised segments of the Bush administration?

The short answer is no; but the long answer is more nuanced. Views about Europe within the administration are quite diverse.

First, as mentioned above, many of the most senior officials in the administration maintain a deep sense of admiration for the European project. They see in the European integration effort a model for how national sovereignty can cope with the pressures of globalisation and transnational challenges. They acknowledge and sometimes emphasise the importance of human rights and democratic values shared by the United States and Europe.

The human rights question is an important one for understanding the Obama administration's policy – because it is a source of some tension among his senior-most advisors. Whereas Obama himself is clearly located within a realist and globalist approach to foreign policy, many of those who served in his campaign and found places within the administration could better be described as 'human rights hawks'. This neo-conservatism-with-a-twist world view makes its voice heard in administration policy reviews and discussions about Sudan, Zimbabwe, Burma/Myanmar, and points beyond. For the human rights hawks, the European relationship hinges on the values link.

In the terrain of human rights, the turn-around between the Bush administration and the Obama administration is sharp and came early in administration. The decision to run for the UN Human Rights Council (HRC) was but the most visible symbol of an explicit return to international human rights standards and law by the administration. The move was enthusiastically welcomed in Europe. The US presence in the HRC will certainly amplify the attention given to US-Europe collaboration on human rights. But a recent study by the European Council on Foreign Relations has shown that there are real limits to Western influence in the HRC, where the emerging powers have broadly succeeded in blocking Western initiatives.<sup>14</sup> How much this will change because of the administration's presence remains to be seen. More likely, the US and Europe will find themselves struggling to have a significant impact within this body.

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14. Richard Gowan and Franziska Brantner, 'A Global Force for Human Rights: An Audit of European Power at the UN,' European Council on Foreign Relations Policy Paper, 2008.

Moreover, the issue of human rights and values also informs a different constituency within the administration: members of the Democratic party that supported, indeed helped develop, the concept of an ‘alliance of democracies’. The core of the concept was that the US should forge a wider alliance among those states that were stable democracies irrespective of region. Europe would be part of that alliance to be sure but there was nothing in the depiction of the proposed alliance that would give a special place to the transatlantic relationship.<sup>15</sup>

The alliance of democracies proposal was not a fringe idea. Several of those who were closest to Obama during the presidential campaign espoused the idea or associated themselves with it. Most important among these was Anthony Lake, who together with Susan Rice led the foreign policy team within the campaign, and whose support for the concept gave it added visibility within the uppermost reaches of the campaign. Others publicly associated with the idea include Ivo Daalder, now serving as US Ambassador to NATO, and Anne-Marie Slaughter, now Ambassador for Policy Planning in the Department of State – though it should be noted that in Slaughter’s writings on the alliance it was proposed to come into being only if a prior effort to reform and revitalise the United Nations failed.<sup>16</sup>

That the alliance of democracies idea died in the late stages of the Obama campaign can be explained by four factors. First, there was unease even among some of its proponents about the impact on relations with China, which were growing in economic and strategic importance even as the campaign unfolded – and became crucial in the light of the global financial crisis. The idea of forming an ordering international institution that excluded China while simultaneously relying on Chinese debt holdings to rescue the American financial system became a non-starter. Second, the idea faced opposition from many established democracies, including many within Europe. More important than European objections, arguably, was the opposition of India, the world’s largest democracy without whose participation the alliance would be stillborn. Third, was Senator McCain’s proposal for a League of Democracies. Although many of the Democratic proponents of the Alliance of Democracies could point to differences between their notion and McCain’s, the nuances were lost on most observers and McCain’s quite fervent support for the idea – alongside his hyper-hawkish stance on Russia and Iran – cooled Democratic support for the concept.

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15. Ivo Daalder & James Lindsay, ‘Democracies, of the World, Unite,’ *Public Policy Review*, vol. 14, no. 1, pp. 47-58.

16. John G. Ikenberry and Anne-Marie Slaughter, ‘Forging a World of Liberty Under Law: U.S. National Security in the 21<sup>st</sup> Century,’ Final Report of the Princeton Project on National Security, available at: <http://www.princeton.edu/~ppns/report/FinalReport.pdf>.

Fourth, and surely decisive, was Obama's own attitude. In everything that he has written (much of it with the contribution of Susan Rice and Samantha Powers, two of his earliest and most loyal foreign policy advisors) or said before or after the election, Obama portrays a world view that is globalist, not trans-Atlanticist, in its underlying suppositions and beliefs.<sup>17</sup> Obama's life references, the examples from which he draws inspiration, the country examples he uses to illustrate foreign policy themes – these draw from a wider personal geography than any previous American President. Obama's social fluency in a wide range of international settings including in Latin America and Africa, illustrate an internal compass for which the transatlantic axis is but one point of reference – and a learned one at that.

### *Tensions with the alliance*

The combination of a globalist and realist perspective in Obama's worldview shapes the administration's approach to Europe. That approach is, again, realist: it assesses European interests, American interests and the contribution that European states can realistically be anticipated to make to the latter. It certainly recognises the advantage to the United States of a strong European partnership; but it is open-eyed about the limitations of Europe's potential contribution to core American security interests, about the collective action problems Europe still faces and about the complication Europe potentially poses to the goal of forging a wider global partnership for action against common threats.

Realism in the assessment of Europe's potential contribution was evident in the administration's early initiatives on Afghanistan. Knowing full well that European public opinion was not ready to deepen or even extend a major troop contribution to Afghanistan, the Obama administration simply decided to avoid a public fight. A tentative request for more troops was made by Secretary of Defense Gates, but in the NATO Summit that formed part of Obama's first major international trip (alongside the London G20) in April 2009 the goal was to secure European support for a new strategy, to secure greater American control in country of Europe's development money, and to maintain public unity.

While many Europeans were happy to see the US avoid what might have been an early public source of strain in the US-Europe relationship, it is hard to avoid the sense that Afghanistan will eventually convince many in this administration of what the previous administration believed as a matter of ideology: that Europe isulti-

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17. Barack Obama, *The Audacity of Hope: Thoughts on Reclaiming the American Dream* (New York: Three Rivers Press, 2006) pp. 271-324.

mately unwilling to push when real enemies come to shove. If so, the Afghanistan project will surely weaken the transatlantic bond. Indeed, partly for these reasons, by autumn of 2009 some within the administration were reconsidering seeking additional forces from European allies, and some NATO leaders seemed open-eyed about the threat to the alliance if the war were viewed simply as a US effort.

The administration has also been frustrated by what many see as Europe's sense of entitlement when it comes to the question of global institutions. Many European foreign policy officials had anxiously awaited the Obama administration and the anticipated 'return to multilateralism'. Abstractly, many of these officials acknowledge that the process of revitalising international institutions and the collective management of global problems necessarily involves shifting around the deck chairs so that the emerging powers have new seats. But most of these appear to have deluded themselves into believing that this process could occur without Europe giving up some of its seats at the various top tables.

Indeed, when the G20 met at leaders level in the dying days of the Bush administration, Spain and Netherlands gate-crashed the meeting, with French support, seeking *extra* European seats at this particular table. And when the G20 agreed to ramp up efforts at International Monetary Fund (IMF) reform, intra-European wrangling about their seats delayed progress, and continues to do so. The effect was two-fold, and predictable: it eventually solidified Obama administration opposition to the G20 as a body to replace the G8; and it gave rise to behind-the-scenes depictions of Europe that were strikingly reminiscent of those of early Bush neo-conservatives. Europe has been lucky to date in that the person most directly charged with dealing with the Europeans on the question of the financial crisis and other summits, Michael Froman, exhibits an almost Obama-like cool and steady humour in the face of what many others see as at best unpromising European behaviour. Some of his colleagues are, privately, substantially less tolerant.

On the reverse side, whereas many Europeans were initially delighted by Obama's positions and statements on climate change, substantial disappointment has begun to set in as the reality of what the administration can extract from Congress has gradually become clearer. At the time of drafting, the administration had begun to signal what many had earlier argued: that the 2009 Copenhagen summit is too early for the administration to act in Congress and thus too early for a global deal. How this is ultimately handled will substantially shape – quite likely for the worse – European perceptions of the administration.

So, strong ties continue to bind the US and Europe, but real tensions continue. What, then, are the prospective roles of the US-Europe relationship in the management of global issues and institutions?

## Pathways ahead

Mainstream European thinking acknowledges the challenges to the contemporary EU-US relationship, but nevertheless asserts that no international partnership has succeeded without that relationship at the core and that EU-US agreement remains an essential precondition for the success of any broader international endeavour.

The track record does not support such an emphatic stance. And looking at the policy orientation of the Obama administration, Europe's approach to global issues, the phenomenon of the rising powers, and the issues immediately confronting the global agenda, a more likely alternative scenario suggests itself.

Rather than simply a reinforcing of the transatlantic alliance, what we have seen to date from the Obama administration is the beginnings of a global version of the 'hub-and-spokes' system that has traditionally characterised the US role in Asian security arrangements. That is, rather than a set of formalised or quasi-formalised arrangements for big picture cooperation among the major powers, we are starting to see the formation of issue-specific major power groupings, the majority of them shaped or chaired by the United States. Thus, for economic issues, we have now the G20 set to replace the G8. In the realm of climate change, the US drives and normally chairs the Major Economies Forum (previously the Major Economies Meeting.) The US has also decided to call together a G25-30 on nuclear issues. And the US of course remains a central actor in the UN Security Council.

The three informal groupings are similar. They concentrate around several major powers, including the rising powers. They focus on specific issues. And they produce not formal agreements but political deals that shape future agreements through more formal mechanisms, such as the IMF, NPT, or United Nations Framework Convention on Climate Change (UNFCCC). The US either chairs these mechanisms or wields great weight within them. For the moment, they look set to become the basic mechanism through which Obama's global policy is elaborated and through which major power relations are structured.

### 3. The coming clash? Europe and US multilateralism under Obama

What role will Europe have in such arrangements? Will Europe help drive them? Will Europe co-lead them with the US, forming a Western band within these wider groupings of powers? Or will Europe simply be one power among several?

An alternative to US/Europe co-leading these mechanisms should be briefly discussed and dismissed here: the G2. Some have argued that the prominence of US and China in global issues will inevitably lead to a G2 arrangement – a kind of globalist inversion of the Cold War. Of course in the climate and financial arena US-China negotiations are central to any wider outcome (as they were, to take an earlier example, in World Health Organization negotiations on the International Health Regulations.) But the notion that US-China cooperation or competition will drive these wider global arrangements is over-simplified. Neither Europe nor Japan (nor for that matter key Gulf states) can feasibly be excluded from international financial negotiations, and in climate and trade negotiations both India and Brazil also play weighty roles. In security and energy discussions, Russia must also be added to the mix. Additionally, there exists the argument that the elevation of the US-China relationship through a G-2 arrangement itself would not at this stage in the relationship generate greater cooperation but rather highlight existing tensions and differences.<sup>18</sup>

Thus Europe is highly unlikely to be excluded from the inner core of major power discussions, but will at least form one major bloc within these wider power groupings.

How much Europe co-leads with the United States will likely depend very heavily on its own performance as a policy-making actor or on the actions of individual European states. Contrast the fluency of the UK-chairmanship of the London Summit of the G20 in April 2009 with the chaos that attended the Italian chairmanship of the G8 three months later in L'Aquila. The pattern conforms to the track-record of post-Cold War institutional innovation: European middle powers with close relationships with Washington will play large roles; the less well-organised European states will play minor roles.

This would shift, of course, if European foreign policy integration deepened and European foreign policy commitments hardened. For example, if EU foreign policy mechanisms end up being wielded to useful effect in Iraq, Iran, or the Middle East peace process, Europe's stake at the global table will rise. Were that the case, the European bloc within these major power groupings might well take on a more central function.

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18. Elizabeth Economy and Adam Segal, "The G-2 Mirage: Why the United States and China are Not Ready to Upgrade Ties," *Foreign Affairs*, vol. 88, no. 3, May/June 2009, pp. 14-23.

Too often, however, Europe has confused a major role in global issues with more seats at the top global tables. This issue risks becoming a serious thorn in the side of the transatlantic relationship. During the campaign, many Obama foreign policy advisors eschewed the concept of G8 expansion or UN Security Council reform. In office, the same advisors have come to accept the inevitability of the agenda, and the launch of formal negotiations on UN Security Council reform within the General Assembly turned up the heat on the issue. Europe's role in UNSC reform is broadly seen as more of a hindrance than a help. European policy elites would do well to take heed of Strobe Talbott's comments in a recent speech that stressed the unlikelihood of any American administration supporting a permanent German seat in the UNSC.<sup>19</sup> Both the specific comment and the underlying dig at Europe's lack of credibility on the institutional agenda reflect widely held perspectives within the administration.

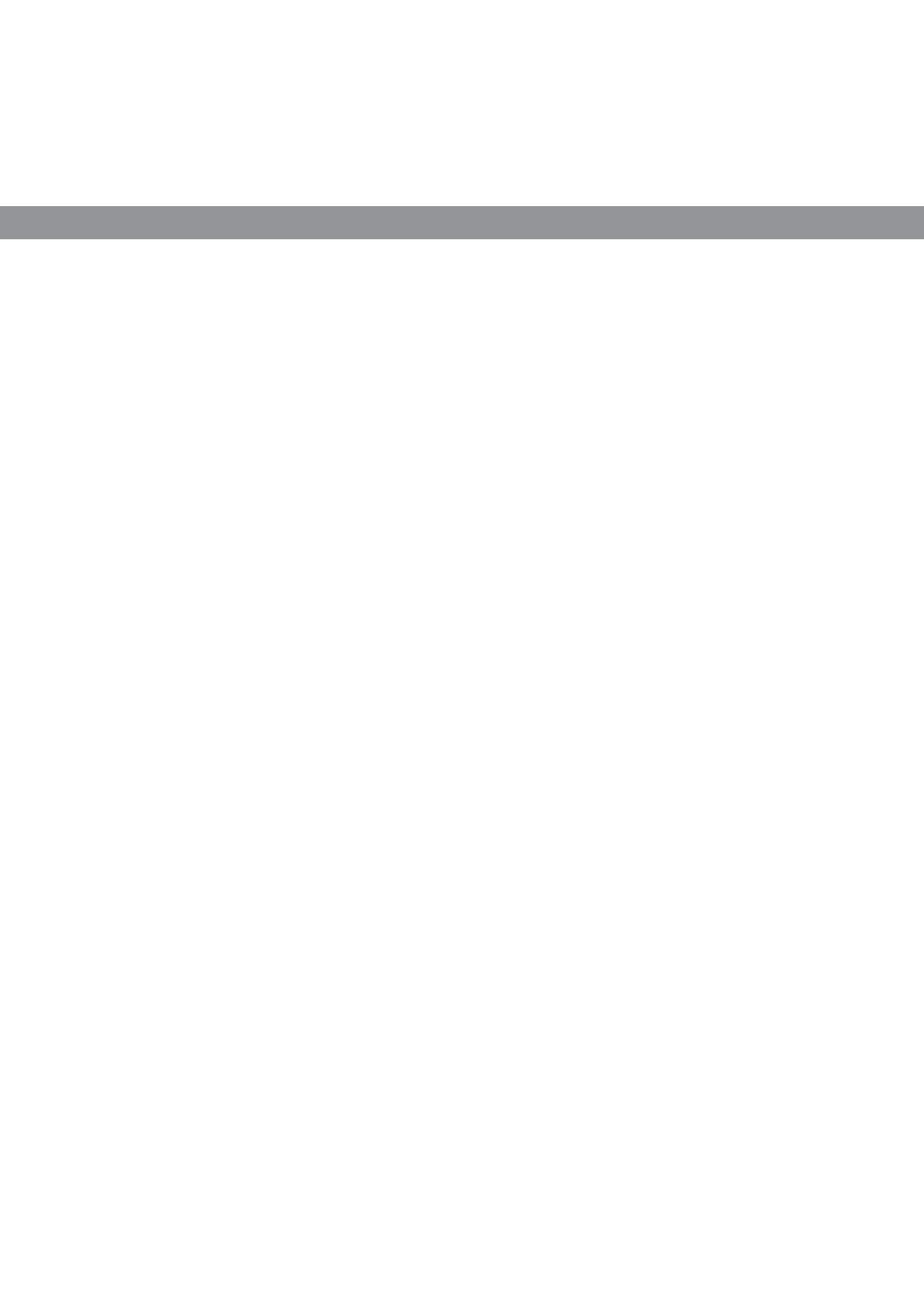
## Conclusion

Tensions on global institutions and on Afghanistan will remain, perhaps deepen. And European disappointment with US action on climate change will likely mount. Other issues pose risks as well. There are important differences between the administration and some Europeans on Russia, for example; but there, large differences that already exist within Europe will probably obscure the transatlantic split.

Still, no serious observer of US-Europe relations would predict anything like a full-blown split. Differences there will be, some publicised, some low-key. But there are enough Europhiles in the administration, enough Obamamaniacs in Europe, and a strong enough sense of shared interest in the maintenance of the relationship that we can confidently predict that the relationship will continue to be portrayed by both sides as an important one. But whereas many argue that the relationship will continue to be at the core of global order, this chapter concludes that the transatlantic relationship will simply be one strand of global policy, not *the* strand of global policy, in Obama's multilateralism.

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19. Remarks by Strobe Talbott, President, Brookings Institution, at pre-G8 Conference 'The G8 and Beyond: The Economics and Politics of a Global Century?', Rome, Italy, June 22, 2009.



# 4. Transatlantic economic relations

Erik Jones

## Introduction

The transatlantic economic relationship has changed fundamentally in the last two years both in terms of how it works and in terms of what it means. The old relationship was marked by deep divisions between the two sides of the Atlantic. Nevertheless, it was possible to believe that if only these divisions could be bridged, the 'West' could assert coherent economic leadership in the wider world economy. Now the divisions are less important across the Atlantic than they are within Europe. The United States obviously cannot agree with all its European partners at once, but at least it appears to be playing a conciliatory rather than a divisive role. One goal of United States President Barack Obama's new drive for multilateralism is to bring the Europeans together in partnership with his administration. Even if he succeeds in uniting Europeans and Americans, however, that is no guarantee that the West will be able to assert effective leadership among the 'rest' (to borrow a phrase from Fareed Zakaria's 2008 book).<sup>1</sup> Transatlantic economic cooperation is still necessary for the West to lead the world, but it is no longer sufficient.

This difference that two years can make is seen in the contrast between two recent summits of the group of seven leading industrial nations plus Russia (G8) – one held in Heiligendamm, Germany, in June 2007; the other in L'Aquila, Italy, in July 2009. The Heiligendamm summit was marred by then US President George W. Bush's unwillingness to concede precise emissions reduction targets in order to coordinate the struggle against climate change, and by tensions between the United States and Russia over the US plan to establish missile defence installations in the Czech Republic and Poland. The summit did agree to launch a new dialogue between the G8 and a newly formed group of emerging economies, including Brazil, China, India, Mexico and South Africa (G5) – nevertheless that dialogue was aimed more at coopting these countries

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1. Fareed Zakaria, *The Post-American World* (New York: W.W. Norton & Company, 2008).

into a G8 led discussion on problems related to global economic development than sharing leadership with them. The L'Aquila summit, by contrast, saw US President Obama work to heal divisions between European delegations and to push a more ambitious environmental agenda. Tensions between the United States and Russia remained, but were much diminished by Obama's pre-summit diplomacy in Moscow, and if there was concern about the success of the summit, it stemmed primarily from the premature departure of Chinese President Hu Jintao to deal with civil unrest in the northwestern parts of China. Moreover, the summit transformed the moribund Heiligendamm dialogue into a new Heiligendamm-Aquila process that may ultimately fuse the G8 and G5 together into a new G14 (adding a further emerging market economy, presumably Egypt, to the larger group). The G8 alone is no longer sufficient to steer the world economy, or so the general consensus appeared to be at the end of the summit. The only question is whether that leadership role will devolve to the new G14 or to the existing G20.

The contrast between these two G8 summits suggests broad changes in transatlantic economic relations that are important to recognise, but that are also in many ways intangible. There is a sense that power is slipping away from the world's most advanced industrial economies – a view dating back at least to the famous Goldman Sachs 2003 paper 'Dreaming with BRICs'<sup>2</sup> – but how that diffusion of power affects the form and function of the transatlantic economic relationship remains unclear. A tighter focus on different dimensions of the global policy agenda is necessary to recast this sense of power lost in more concrete terms, to see how significant the changes that have taken place really are, and to estimate how difficult the new challenges that have emerged are likely to be.

This chapter focuses on five policy debates – about macroeconomic imbalances, emerging markets, global financial integration, trade and development, and the negative consequences of 'globalisation'. The goal is to show how much has changed in each of these areas and to use that to flesh out the fundamental changes in the transatlantic economic relationship mentioned at the outset. The analysis concludes by outlining the obstacles to transatlantic economic leadership in the future.

### Macroeconomic imbalances

The debate about macroeconomic imbalances is a good place to start because it illustrates the changing focus of attention on the United States. Up until about two

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2. Dominic Wilson and Roopa Purushothaman, 'Dreaming with BRICS: the Path to 2050', *Global Economics Paper no. 99*, Goldman Sachs, New York, October 2003.

years ago, the macroeconomic imbalances debate centered on the persistent current account deficits run by the United States, the disequilibrium in US-China trading relations, the growing risk of a major collapse in the US dollar, and the unintended consequences for Europe. The conventional wisdom was crystallised in a series of essays published in the July 2007 issue of *Economic Policy*, the flagship journal of the London-based Centre for Economic Policy Research. In those essays, Paul Krugman explained how the persistently low level of savings in the United States distorted global trade and capital flows, ratcheting up the volume of US foreign indebtedness toward a level beyond which international confidence in the dollar must ultimately collapse.<sup>3</sup> The most dire predictions in Krugman's analysis were disputed, most controversially by analysts like Riccardo Hausmann, who argued that returns on US investments are high enough to finance even larger current account deficits, and yet the consequences for Europe were not.<sup>4</sup> So long as the United States depends upon China both for trade and finance, the burden of any US current account adjustment will fall disproportionately on Europe and the euro.<sup>5</sup>

Successive movements in the euro-dollar exchange rate since the introduction of euro notes and coins in January 2002 provided ample fodder for speculation about the relationship between US current account deficits and any adjustment in international currency markets. As the US current account deficit sank from 4.4 percent of gross domestic product (GDP) in 2002 to 5.3 percent of GDP in 2007, the dollar moved from \$ 0.95 to the euro to \$1.37.<sup>6</sup> In turn, this rapid decline in the value of the dollar against the euro created huge distortions across different countries in the eurozone that had different levels of exposure to US markets. The change in the euro-dollar exchange rate also pulled those European countries that refused or were unable to join the single currency in different directions as their firms found themselves caught in the whipsaw between the dollar and the euro. The result was fatal for manufacturing in some countries; Great Britain, for example, saw employment in the manufacturing sector drop by almost 20 percent during that period.<sup>7</sup>

3. Paul Krugman, 'Will There Be a Dollar Crisis?', *Economic Policy*, vol. 22, no. 51, July 2007, pp. 435-67.

4. Ricardo Hausmann and Federico Sturzenegger, 'The Missing Dark Matter in the Wealth of Nations and Its Implications for Global Imbalances', *Economic Policy*, vol. 22, no. 51, July 2007, pp. 469-518.

5. Philip R. Lane and Gian Maria Milesi-Ferrenti, 'Europe and Global Imbalances', *Economic Policy*, vol. 22, no. 51, July 2007, pp. 519-573. See also, Marcel Fratzscher, 'US Shocks and Global Exchange Rate Configurations', *Economic Policy*, vol. 23, no. 54, April 2008, pp. 363-409.

6. The exchange rate data is from the online statistical database of the Dutch National Bank and the current account data is from the June 2009 online edition of the International Monetary Fund's *World Economic Outlook*.

7. Data for British manufacturing employment come from <http://www.statistics.gov.uk>. The link to exchange rate movements was made by the *Financial Times* in an editorial published on 16 May 2007.

Initially, the global financial crisis that started in the late summer of 2007 seemed to confirm the wisdom of the existing macroeconomic imbalances consensus. The combination of loose monetary policy and excessive borrowing in the United States created a housing bubble that ultimately burst – with disproportionate and unevenly distributed consequences for Europe. French President Nicolas Sarkozy and German Chancellor Angela Merkel have been clear as to where they lay the blame. Nevertheless, increasing numbers of economists are starting to question the assumption that excessive consumption lies at the heart of the diagnosis. Instead they point to the surplus countries involved in current account imbalances and the disposition of the excessive liquidity that persistent current account surpluses tend to generate. It is this excess liquidity that results in the asset price bubbles and financial innovations that are the hallmarks of the present crisis. The problem of surplus liquidity also explains why the crisis manifests in different types of asset price bubbles in countries like Ireland, Spain and the United Kingdom.<sup>8</sup>

It is still too early to describe the changing perspective on global macroeconomic imbalances as a new consensus. Many still maintain that the US current account deficit is unsustainable in the long run and can only be corrected through a rise in US savings and a further fall in the dollar.<sup>9</sup> Nevertheless, the change in emphasis on countries that strive to run persistent current account surpluses has resulted in a new policy agenda. Within this agenda, it is not enough for the United States to increase its savings; other countries like China – but also Austria, Germany, and the Netherlands – must increase their consumption and investment or government spending. So far these surplus countries have been reluctant to accept this role. China has embarked on significant infrastructure investment but the Chinese government still plans on pursuing a model of export-led growth; Merkel's Germany also remains committed to export-led growth.

### Emerging markets

China offers only the latest version of the German export-led growth model. Japan, South Korea, and the ‘tigers’ of southeast Asia followed a similar pattern as well. That same model, however, is not typical for Europe. Countries like France have tried to refashion themselves along German lines and yet remain characteristically

8. Richard Portes, ‘Global Imbalances’ in Mathias Dewatripont, Xavier Freixas and Richard Portes (eds.) *Macroeconomic Stability and Financial Regulation: Key Issues for the G-20* (London: Centre for Economic Policy Research, 2009), pp. 19-26. See also Daniel Gros, ‘Global Imbalances and the Accumulation of Risk.’ Available at: <http://www.voxeu.com/index.php?q=node/3655> (11 June 2009).

9. See, for example, Martin Feldstein, ‘Resolving the Global Imbalance: The Dollar and the U.S. Savings Rate’, *NBER Working Paper 13952* (Cambridge, MA: National Bureau for Economic Research, April 2008).

different.<sup>10</sup> Indeed, only a handful of European countries have ever succeeded in sustaining export-led growth – usually by piggybacking on Germany itself.<sup>11</sup>

European countries can be similar and yet different; emerging markets can be similar and yet different as well. Recognition of that fact is where another subtle change in policy emphasis has come about. The tendency among advanced industrial countries and therefore within the transatlantic partnership was to lump emerging market economies together as new trade competitors or investment opportunities. This tendency was reinforced by excessive reliance on comparative population growth projections and Solow growth models. The proliferation of acronyms like BRICs has tended to lump emerging market economies together as well. In fairness, investment advisors like those at Goldman Sachs are well aware of these differences that their generalisations have often obscured.<sup>12</sup> The policymakers who met for the G8 summit in Heiligendamm, however, were more eager to paper them over.<sup>13</sup>

What has changed in the context of the deepening economic crisis is that the differences between emerging market economies have become more important than the similarities. For example, both Russia and China ran persistent current account surpluses in the decade to 2008 and amassed huge foreign exchange reserves as a result. Nevertheless, China's surplus was built on the manufacturing trade while Russia's was built on the trade in oil and gas. Hence with the collapse in world energy prices, Russia experienced a sudden run on its foreign exchange reserves that China did not share. What China did experience was a collapse in its US-based export markets, from which it has tried to recover by opening up new opportunities in Europe. These different and yet parallel developments exposed important fissures in Europe – between those countries that depended upon stable relations with Russia for energy resources, and those that did not; and between those countries that compete directly with Chinese manufacturers and those that benefit from Chinese orders of machine tools and other investment goods manufactured in Europe. On each of these divides, Germany found itself on one side while major countries like Britain, Italy, and Spain found themselves on the other.

10. Andrea Boltho, 'Has France Converged on Germany? Policies and Institutions since 1958.' in Suzanne Berger and Ronald Dore (eds.), *National Diversity and Global Capitalism* (Ithaca, NY: Cornell University Press, 1996) pp. 89–106.

11. Erik Jones, *Economic Adjustment and Political Transformation in Small States* (Oxford: Oxford University Press, 2008).

12. *BRICs and Beyond* (New York: Goldman Sachs Group, 2007).

13. Here it is perhaps enough to note that the Heiligendamm process or dialogue was originally intended to focus solely on those issues that relate to emerging markets as emerging markets – protection of intellectual property rights, creation of an 'open investment climate', and preserving the environment.

The growing importance of sovereign wealth funds is another key issue in this context of differentiating between emerging markets. Not all emerging market economies run persistent current account surpluses like China and Russia. Brazil and India, for example, tend to be close to balance or in deficit. Many of those that do, however, have built up foreign exchange reserves well beyond any conceivable requirements for balance of payments insurance and, what is more striking, they have begun to invest some of this accumulated wealth at market rates of return. This practice of investing surplus reserves in sovereign wealth funds started as far back as in the 1950s. However it exploded only in the past few years. In 2007, economists at the International Monetary Fund (IMF) estimated that these sovereign wealth funds held between \$2 and \$3 trillion in assets under management – at least as much if not more than the amount being managed by private hedge funds. By 2012, they anticipated that the total would amount to as much as \$10 trillion.<sup>14</sup>

The challenge of regulating sovereign wealth funds lies in their low level of transparency and high degree of political responsibility if not outright control. Even where sovereign wealth funds operate without direct oversight from politicians, it is impossible to imagine that major losses by the funds could take place without political consequence. As representatives of the US Treasury have argued before the Senate banking committee and in the pages of *Foreign Affairs*, sovereign wealth funds present a complex challenge for financial regulators who seek to hold open domestic markets for foreign direct investment without bringing key sectors of the economy under foreign political influence.<sup>15</sup> This challenge is common to the advanced industrial economies of Europe and North America, but the implications of responding to that challenge vary considerably across Europe. The European Commission proposed a multilateral solution that was taken up by the European Council in the spring of 2008, but substantial scope for a more protectionist approach to emerge at the Member State level remains.<sup>16</sup>

### Global financial integration

Intra-European divisions over the structure of financial regulation have become a common feature in the current economic crisis, usually pitting France and Germa-

14. Simon Johnson, 'The Rise of Sovereign Wealth Funds.' *Finance and Development*, vol. 44, no. 3, September 2007.

15. David H. McCormick, 'Testimony before the Senate Committee on Banking, Housing, and Urban Affairs.' (Washington, D.C.: U.S. Treasury Department Office of Public Affairs, 14 November 2007); Robert M. Kimmitt, 'Public Footprints in Private Markets: Sovereign Wealth Funds and the World Economy', *Foreign Affairs*, January / February 2008.

16. See Philippe Gugler and Julien Chaisse, 'Sovereign Wealth Funds in the European Union: General Trust Despite Concerns.', *NCCR Trade Working Paper 2009/4* (Berne: NCCR Trade Regulation, January 2009).

ny against the United Kingdom (and the United States). Ostensibly, the result of this crisis will be to transform the relationship between the market and the state with the old Anglo-Saxon model for market liberalism being replaced by a more interventionist Continental (for which read, ‘European’) version. Yet this characterisation is only partly true. It obscures the depth of competition between different Anglo-Saxon markets – New York and London in particular – and it misplaces the emphasis in Continental models, which are more about industry-finance relations than about the balance between markets and the state.

The competition between New York and London peaked in late 2006 and early 2007, when Mayor Michael Bloomberg and Senator Charles Schumer commissioned a report by the McKinsey consulting company about preserving New York’s dominance as a global financial centre. The report sketched the impact of financial reporting requirements under the Sarbanes-Oxley regime that came into place in the wake of accounting scandals at Enron and MCI-WorldCom. It also noted the relatively low cost of listing in London compared to New York and explained how the predominance of London-based initial public offerings (IPO) today would translate into further exchange activity of all sorts in the future.<sup>17</sup> Underlying this debate was a deeper division between the rival accounting standards used by major multinationals. American-based firms reported their accounts using US generally accepted accounting principles (GAAP); European-listed firms relied on international financial reporting standards (IFRS). As exchange activity moved from the United States to Europe, the balance of reporting shifted from US GAAP to IFRS – and the cost of translating accounts from one standard to another began to shift from European to American firms as a result.

The financial crisis that erupted in the late summer of 2007 changed the entire landscape for this competition. Both New York and London suffered from the sudden absence of liquidity and the stress that this imposed on financial institutions. As the crisis wore on, neither of the rival accounting standards showed clear advantages over the other and both needed significant reform. Hence there is some logic to the French and German claim that the crisis has revealed the weakness of the Anglo-Saxon obsession with finance. Nevertheless, it is a weakness that Great Britain and the United States share despite the differences in their market regulations and not because of the absence of regulation altogether.

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17. This report used to be available from Senator Schumer’s official website but is no longer hosted there. Contemporaneous reporting of its contents can be found in the major financial press of the period.

By the same token, neither France nor Germany has been entirely immune to the effects of the crisis and Germany has shown itself to be particularly vulnerable. Deutsche Bank was a major player in New York and London with commensurably large trading losses to show for its efforts.<sup>18</sup> Closer to home, large German savings banks like Munich-based Hypo Real Estate suffered huge losses from their foreign subsidiaries and much smaller regional banks (*Landesbanken*) staggered under the weight of the crisis as well. Indeed, the publicly-controlled German banks have under-performed their private sector counterparts, in part at least because of the political nature of their boards.<sup>19</sup> Finally, German banks of all kinds have found themselves caught out by the weak performance of the country's export manufacturers and the resulting sharp contraction in the German economy as a whole.

France's exposure has been characteristically different and its contraction in banking assets and gross domestic product has been less extreme. This is not because French bankers are better than their German or Anglo-Saxon counterparts; rather it is simply that they are organised differently – particularly in terms of their relations with non-financial institutions and consumers.<sup>20</sup> These differences have become the new focus of interest both across Europe and in the United States. The goal is to find a formula that allows banks to play their traditional role as intermediaries, converting short-term lending into long-term borrowing while at the same time redistributing liquidity from where it is not needed to where it is. This is the real challenge behind efforts at financial market regulation in the light of the current crisis. The problem is that finding a solution implicates such a wide number of other economic and political institutions. Indeed, comparative political economists have used the structure of finance-industry relations as one of the key features for differentiating between so-called 'varieties of capitalism'.<sup>21</sup> Their conclusion is that the differences between countries like France and Germany are to a large extent irreducible along this finance-industry dimension. Therefore, future financial regulators will have to find a framework for financial supervision and prudential oversight that is able to accommodate the persistence of national differences. That conclusion holds within Europe as well as across the Atlantic.

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18. See, for example, Aaron Kirchfield and Jacqueline Simmons, 'Deutsche Bank Trading Losses Reveal Industry Setback,' *Bloomberg.com*, 12 January 2009. Available at: <http://www.bloomberg.com/apps/news?pid=20601109&sid=awbSSx.rEmxQ&refer=home>.

19. Harald Hau and Marcel Thum, 'Subprime Crisis and Board (In-)Competence: Private vs. Public Banks in Germany,' *CESifo Working Paper Series no. 2640* (Munich: CESifo Group, April 2009).

20. 'The French Model: *Vive la différence!*', *The Economist*, 7 May 2009.

21. The seminal work in this field is by Peter A. Hall and David Soskice (eds.) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001).

## Trade and development

The acceptance of diversity is not limited to the advanced industrial world or to emerging markets. Development scholars have forged a common understanding of the irreducible nature of national distinctiveness as well. The ‘Growth Report’ published in May 2008 is a good illustration.<sup>22</sup> The report does not imply that international organisations have no role to play in the development process and neither does it accept wholeheartedly the view that aid and trade are either good or bad. Rather it argues that local institutions and cultures matter and that development is a process that is necessarily country-specific. This argument stands in contrast to older prescriptions embodied in the so-called ‘Washington Consensus’, at least insofar as development agencies or donor organisations ever had faith in a presumption that one recommendation is valid across many cases. More importantly, it explains the difficulties that have been encountered in the various stages of negotiating an omnibus world trade liberalisation agreement with developing countries under the aegis of the World Trade Organization (WTO) – the ‘Doha Development Round’.

When the Doha Round started in November 2001, it largely encapsulated the presumption that successful cooperation across the Atlantic could translate easily into global economic leadership. This presumption dovetailed with a concern that developing countries should not be given market access that would undercut labour or environmental standards in the advanced industrial world. Hence the idea was to project the trade negotiations beyond traditional border issues like tariffs and quotas to impose new conditions in developing countries regarding environmental and labour standards. The developing country participants took a different view. They immediately resisted any pretensions to transatlantic leadership and they particularly objected to beyond-the-border conditionality with respect to labour or the environment. The 2003 Cancun summit was a failure from which the Doha Round has never fully recovered.

The result of this initial setback in the multilateral negotiations was not to eliminate faith in the transatlantic relationship but rather to restrict its scope within the Round. Increasingly, US and European negotiators have concentrated on the trade in agriculture and services as well as on the extension of market access. Their joint agreement on these issues has been limited at best, particularly with respect to agriculture.

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22. Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (Washington, D.C.: The World Bank on behalf of the Commission on Growth and Development, 2008).

So long as the Doha Round remained principally focused on the terms for giving developing countries market access to advanced industrial economies, it has been allowed to take a back seat to preferential trading relationships which can be manipulated more easily to suit specific political concerns.<sup>23</sup> Economists like Jagdish Bhagwati have complained that this has resulted in a splintering of the framework for global trade, but it has nevertheless proven to be the path of least resistance.<sup>24</sup> In trade as in development, the developing countries are more easily dealt with on a case-by-case basis than as a single group.

The transmission of the effects of the global financial crisis from advanced economies to the developing world has put an end to this complacency. Now the agenda is shifting from market access to global economic stability. The early signs of this new agenda came in the November 2008 G20 summit. Although the financial crisis started in the United States, its real effects soon spread to the developing world. Not only did those countries lose markets for their manufactured goods, but they suffered from the sharp contraction in global liquidity as well.<sup>25</sup>

In this context, the Doha development agenda became an instrument for alleviating the consequences of the economic crisis and for jump-starting the global economy through higher growth rates in the developing world. That objective has gained importance as the depth of the contraction among advanced industrial economies has become clearer. The recognition that developing countries are each unique has not dissipated, but the need to do something to promote trade and development has become more urgent. Hence, completion of the Doha Round received greater emphasis at the April 2009 summit of the G20 and again at the July 2009 summit of the G8.

If the need is more urgent, then challenge is also greater. In contrast to the start of the Doha Round in the early 2000s, the web of bilateral preferential trading agreements is much denser and the leadership capacity of the transatlantic partnership is diminished. Meanwhile, the interests of the developing countries themselves remain diverse and their bargaining position within the multilateral negotiating framework is strengthened.

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23. Erik Jones, 'Europe's Market Liberalization is a Bad Model for a Global Trade Agenda', *Journal of European Public Policy*, vol. 13, no. 6, September 2006, pp. 945-59.

24. Jagdish Bhagwati, *Termites in the Trading System: How Preferential Agreements Undermine Free Trade* (Oxford: Oxford University Press, 2008).

25. See, for example, G-20, 'G-20 Study Group on Global Credit Market Disruptions', October 2008. Available at: [http://www.g20.org/Documents/sg\\_report\\_on\\_global\\_credit\\_market\\_disruptions\\_071108.pdf](http://www.g20.org/Documents/sg_report_on_global_credit_market_disruptions_071108.pdf).

## Globalisation

The final element in the puzzle is the ‘good governance’ agenda. In development terms, this agenda grew up alongside the recognition that national institutions and cultures matter as an effort to combat clientelism, cronyism, and other forms of corruption.<sup>26</sup> Over time, this agenda has expanded to encompass an ever wider ambit – from quality of political participation and labour protection, to energy efficiency, environmental protection, and public health. The good governance agenda also touches on the extremes of what Albert O. Hirschman called ‘exit and voice’, which today translates into migration and terrorism.<sup>27</sup>

This is a huge agenda and it applies to all countries and not just the developing world. This is the negative side of ‘globalisation’. As the world economy has become more integrated, what used to be local problems have begun to have an immediate economic impact almost everywhere. The examples are ubiquitous and extend to the recent outbreak of swine flu in Mexico, the upsurge in piracy in the Indian Ocean, the collapse of the Icelandic banking system, and the growing numbers of migrants from sub-Saharan Africa attempting to enter Europe.

Tackling this raft of issues requires a moral leadership that the Bush administration often lacked and that the European Union promised to offer. This was the essence of European ‘soft power’ and, like the problems it addressed, it had clear economic as well as security dimensions. Nevertheless, European leadership on many of these issues has failed to crystallise. In part, this was due to recurrent divisions over the constitution of the European Union and in part it was due to the resilience of national foreign policy traditions.<sup>28</sup>

Whatever the reason for Europe’s failure to assert global leadership, it has clearly been overtaken by events. The election of Barack Obama as US President and his new administration’s insistence on pushing forward with new initiatives across a wide policy agenda has made it difficult for the Europeans to keep up, let alone drive ahead. Environmental issues are one example of where the new US administration has stolen a march on Europe; migration may prove to be another. This new lead given by the US is not a bad thing in itself. The global problems really are problems and finding workable solutions is not a competition. Nevertheless, it raises the dan-

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26. Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform* (Cambridge: Cambridge University Press, 1999).

27. Albert O. Hirschman, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* (Cambridge, MA: Harvard University Press, 1970).

28. Erik Jones and Saskia van Genugten (eds.), *The Future of European Foreign Policy* (London: Routledge, 2009).

## 4. Transatlantic economic relations

ger that the Obama administration will take too much on itself and that European allies will come to depend more on reacting to US initiatives rather than pushing forward what may be a better solution. Both the United States and Europe would lose if that became the basis for the transatlantic relationship.<sup>29</sup>

### The new transatlantic economic relationship

The transatlantic economic relationship offers the potential for global leadership, but that potential will be hard to develop. Europeans and Americans will have to work hard to resolve both sides of the world's most important macroeconomic imbalances (the surpluses as well as the deficits): they will have to find new patterns of cooperation with emerging market economies, they will have to forge agreement on a new financial architecture, and they will have to give new stimulus to the developing world. All of this is widely accepted as necessary. Where there is less agreement is how to put it into practice. Moreover, simply consulting with other parts of the globe is no longer an option – and neither is leaving the worst cases to suffer their own fates. The transatlantic economic relationship can lead the globe only if Europe and the United States work together to convince other countries to join in the effort. The United States has in many ways been an obstacle to this type of cohesion, not least because of the unpopularity of the Bush administration. Now there is a chance to set a new agenda. But it cannot be solely an American effort or even simply a Western one if it is to be successful.

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29. Erik Jones and Salvatore Vassallo (eds.), *The 2008 Presidential Elections: A Story in Four Acts* (New York: Palgrave-Macmillan, 2009).

# **5. Prague and the transformation of American nuclear policy**

**Joseph Cirincione and Alexandra Bell**

## **Introduction**

President Barack Obama has begun what could be a profound transformation of US nuclear policy. How far and how fast it will proceed is not yet known. Much depends on the evolution of external factors and the resolution of policy disputes within the United States. The change, however, has been set in motion. President Obama in his 5 April 2009 speech in Prague refocused US nuclear policy from the continuous development of a vast nuclear arsenal with multiple missions to the reduction and eventual elimination of these weapons and the risks they present. On 24 September, Obama won international support for his approach, particularly from European allies, when the United Nations Security Council unanimously adopted a US-drafted resolution on enhanced disarmament and non-proliferation measures.

US and European unity on this agenda was further demonstrated on 25 September with the surprise joint disclosure by President Obama, French President Nicolas Sarkozy and UK Prime Minister Gordon Brown of a secret Iranian uranium enrichment facility at Qom. The three nations, as permanent members of the United Nations Security Council plus Germany, are now negotiating with Iran for the transfer of 1,500 kilograms of low-enriched uranium to Russia for conversion to harmless reactor fuel and the extension of inspections to Qom and other suspect sites. This welcome progress was followed by the unexpected decision of the Norwegian Nobel Committee to award President Obama the 2009 Nobel Peace Prize. The committee noted the award was given in part due to ‘Obama’s vision of and work for a world without nuclear weapons.’ The com-

mittee believed ‘the vision of a world free from nuclear arms has powerfully stimulated disarmament and arms control negotiations.’<sup>1</sup>

While previous US presidents, beginning with Harry S. Truman, have promised eventual nuclear disarmament, this is the first time the vision has been married to a series of practical steps at a time when international conditions favour both the steps and the ultimate goal. Negotiated agreements, cooperative threat reduction programmes and unilateral actions would be knit together under the Obama plan to prevent nuclear terrorism, stop the emergence of new nuclear states, reduce the numbers of nuclear weapons in global arsenals and simultaneously diminish their role in international security policies.

The plans represent a sharp break from the expansion of nuclear missions and rejection of arms control during the George W. Bush administration and the modest changes implemented during the Bill Clinton administration, most notably his negotiation of the Comprehensive Test Ban Treaty. They have more in common with the bold actions of previous Republican presidents, particularly Ronald Reagan and George H.W. Bush. Reagan sought in the Reykjavik summit of 1986 to eliminate all nuclear weapons in ten years, failed, but then negotiated deep reductions in the Intermediate Nuclear Forces treaty and the Strategic Arms Reduction Treaty (START). Bush combined unilateral reductions and policy shifts that occurred in 1991 with the negotiation of the START II treaty at the end of this term. Together, these two presidents reduced the US nuclear arsenal by 70 percent.

### Today's threats

Two major factors help explain why this change has occurred and why now. The first is the worsening of nuclear threats. As President Obama explained in his Prague speech:

Today, the Cold War has disappeared but thousands of those weapons have not. In a strange turn of history, the threat of global nuclear war has gone down, but the risk of a nuclear attack has gone up. More nations have acquired these weapons. Testing has continued. Black market trade in nuclear secrets and nuclear materials abound. The technology to build a bomb has spread. Terrorists are determined to buy, build or steal one. Our efforts to contain these dangers are centered on a global non-proliferation regime, but as more people and nations break the rules, we could reach the point where the center cannot hold.<sup>2</sup>

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1. Norwegian Nobel Committee, ‘The Nobel Peace Prize for 2009,’ Oslo, 9 October 2009.

2. ‘Remarks by President Barack Obama,’ Hradcany Square, Prague, 5 April 2009.

The threat is real, severe and rising. There are an estimated 23,000 existing nuclear weapons held by nine nations today, with Iran on the way to becoming the world's tenth nuclear power, and enough global fissile material for hundreds of thousands more weapons. Whatever stability the deterrent role of nuclear weapons may have provided during the Cold War has now been overtaken by the catastrophic risks these weapons represent.

The threats go beyond the risks of North Korean or Iranian programmes, although these garner the most press and political attention. An accident, error or unauthorised use could result in the launch of one or more of the nearly three thousand nuclear warheads still kept on high-alert status by the US and Russia.

Nuclear terrorism represents the gravest threat to the United States, Europe and many other nations. Fortunately, terrorists cannot build a nuclear bomb from scratch. Unfortunately, if they could acquire the material and basic technical expertise, they could construct a Hiroshima-size device that could decimate a mid-size city. There are over 40 nations with weapons-usable material stored for military and civilian purposes. Pakistan, with the world's fastest growing nuclear arsenal, has growing stability problems, strong Islamic fundamentalist influences throughout its military and intelligence services and al-Qaeda safely ensconced within its territory. Jihadists could capitalise on the chaos of a crisis and seize control of fissile material for a bomb or a weapon itself.

The main threat from the acquisition of nuclear weapon capability by new states, such as Iran, is not that they would initiate a nuclear attack but that 'it raises the prospect of a nuclear arms race in the Middle East,' as Obama noted at the Moscow Summit on 6 July 2009. The race has already begun. Since 2006, a dozen nations in the Middle East have expressed interest in nuclear energy programmes. This is not about energy; it is a nuclear hedge against Iran. Former US National Security Advisor Brent Scowcroft told the *Wall Street Journal* the same month:

I believe we are at a tipping point. If we fail in Iran, we're going to have a number of countries go the same route Iran has just in self-defense. Egypt will, Saudi Arabia will, Turkey will.<sup>3</sup>

These nuclear dominoes could bring down the global nuclear non-proliferation regime. There is already a loss of confidence in the basic bargains of the nuclear Non-Proliferation Treaty (NPT). Non-nuclear-weapon states are sceptical that weapons

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3. Peter Spiegel, 'Obama Puts Arms Control at Core of New Strategy', *Wall Street Journal*, 15 July 2009.

states will disarm, especially since no verifiable arms reduction treaty has been ratified since 1992. Nuclear-weapon states see a system that has yet to stop North Korea and Iran's pursuit of weapons capability and more states pursuing civil nuclear programmes that could provide a 'breakout' weapons capability. Meanwhile, India, Israel and Pakistan remain outside the treaty, challenging its validity. If these trends continue, the treaty could collapse, triggering a 'cascade of proliferation,' as a high-level expert panel warned the UN Secretary General in 2004.<sup>4</sup>

### Arms control as the new realism

The second major factor is the growing consensus on the need for significant reductions and new bilateral and multilateral negotiations, although deep differences remain over the feasibility and desirability of nuclear disarmament. There is a general, though not universal, consensus that the policies of the previous administration did not succeed in reducing the threats. Some conservatives, who a few years ago condemned treaties as 'the illusion of security,' are now embracing agreements to reduce nuclear arms. For example, former Republican Secretary of Defense James Schlesinger endorsed a new treaty with Russia as part of his recommendations in the Congressional Commission of the Strategic Posture of the United States that he co-chaired with former Democratic Secretary of Defense William Perry. The report stated that 'the moment appears ripe for a renewal of arms control with Russia, and this bodes well for a continued reductions in the nuclear arsenal.'<sup>5</sup>

Schlesinger once led the charge against further nuclear reductions and helped frame the Bush administration's alternative approach. In an article written in 2000, 'The Demise of Arms Control?' he wrote that 'the necessary target for arms control is to constrain those who desire to acquire nuclear weapons.'<sup>6</sup> In this view, the threat comes from other states, and a large, robust US nuclear arsenal was needed to counter proliferation. Schlesinger has changed his position. As the commission reported to Congress, 'the United States must seek additional cooperative measures of a political kind, including for example arms control and non-proliferation.'

Former Republican National Security Advisor Brent Scowcroft, who opposed the Comprehensive Test Ban Treaty in 1999,<sup>7</sup> is now 'cautiously optimistic' that the

4. 'A More Secure World: Our Shared Responsibility,' Report of the Secretary-General's High-level Panel on Threats, Challenges and Change, United Nations, New York, 2004.

5. William Perry and James Schlesinger, 'America's Strategic Posture,' Congressional Commission on the Strategic Posture of the United States, Washington D.C., 6 May 2009.

6. James Schlesinger, 'The Demise of Arms Control?' *The Washington Quarterly*, vol. 23, no. 2, p. 180.

7. See Arnold Kanter and Brent Scowcroft, 'How to Fix the CTBT,' *The Washington Times*, 27 October 1999.

administration can get it ratified.<sup>8</sup> In fact, a Council on Foreign Relations Task Force he co-chaired with William Perry in the spring of 2009 recommended that the Senate ratify the nuclear test ban he once questioned. A perennial realist and a representative of a different wing of the Republican Party, Scowcroft was never ideologically opposed to negotiated reductions with the Russians. However, in 1999 he opposed the test ban. Ten years later, his report declared, in addition to support for the test ban, that the ‘US-Russia relationship is ripe for a new formal arms control agreement,’ one ‘that would reflect current defense needs and realities and would result in deeper arms reductions.’<sup>9</sup>

## What is behind the shift?

Thus, over the last eight years, nuclear threats grew and the policies pursued under the previous administration failed to prevent them. The strategic landscape shifted and some conservatives – to their credit – began to recalculate. Some are now moving towards a new realism, a balance of deterrence and diplomacy.

A watershed moment came when four veteran Cold War warriors, former Secretaries of Defense George Shultz and William Perry, former Secretary of State Henry Kissinger, and former Senate Foreign Relations Chairman Sam Nunn, publicly endorsed nuclear elimination in the *Wall Street Journal* in January 2007.<sup>10</sup>

One year later, in a second oped in January 2008,<sup>11</sup> the four announced that they had gathered the support of 70 percent of the men and women who formerly served as secretaries of state, defense or national security advisors, including James Baker, Colin Powell, Madeleine Albright, Frank Carlucci, Warren Christopher and Melvin Laird.

Supported and encouraged by these moderates, President Barack Obama is aggressively promoting the change. Turning campaign promises into government policy, he stated in Prague on 5 April 2009, ‘clearly and with conviction America’s commitment to seek the peace and security of a world without nuclear weapons.’ He detailed practical steps towards that goal, including his administration’s intent to ‘immediately and aggressively pursue US ratification of the Comprehensive Test Ban

8. Charles Ferguson and Brent Scowcroft, ‘Ferguson-Scowcroft Conference Call,’ Council on Foreign Relations, New York, 1 May 2009.

9. William Perry and Brent Scowcroft, ‘US Nuclear Weapons Policy,’ Independent Task Force Report no. 62, Council on Foreign Relations, New York, April 2009.

10. George P. Shultz, William J. Perry, Henry J. Kissinger and Sam Nunn, ‘A World Free of Nuclear Weapons’, *The Wall Street Journal*, 4 January 2007.

11. George P. Shultz, William J. Perry, Henry J. Kissinger and Sam Nunn, ‘Toward a Nuclear-Free World’, *The Wall Street Journal*, 15 January 2008.

Treaty.' The unanimous approval of UN Security Council Resolution no. 1887 on 24 September 2009, expands the legal and diplomatic basis for enforcing tougher penalties for those that cheat on nuclear treaties. It also reaffirms specific steps for all the nuclear nations to reduce the numbers and roles of their weapons. Obama could demonstrate solid progress in the next few months.

There is little doubt that US leadership is essential for this global agenda. Former Australian Foreign and Trade Minister Gareth Evans, the co-chair of the International Nuclear Non-Proliferation and Disarmament Commission, whose report is due at the end of 2009, says:

The opportunity to move things forward is intimately bound up with the new US administration and the sense of confidence and momentum that hopefully that will generate, and is already generating, around the world, combined with the really significant contribution intellectually that has been made by the Gang of Four simply by putting out a hard-hitting case for zero nuclear weapons worldwide.<sup>12</sup>

There are, of course, important differences on the way forward. Secretary Schlesinger is still opposed to nuclear disarmament. Scowcroft still favours a large US nuclear arsenal. But while not endorsing Obama's ultimate goal, they support several of his preliminary steps. That may be sufficient for now. The key is to forge broad agreement on the immediate policies whose fulfillment can build confidence in the efficacy of subsequent initiatives.

There is also strong opposition from supporters of the Bush nuclear posture: i.e. those who favour retaining substantial numbers of weapons, a variety of missions including use in conventional wars, and the development of new warheads and new delivery vehicles. The opposition is organised and aggressive with Senator Jon Kyl (R-AZ) as the principal political leader. In an article co-authored with Richard Perle, former Assistant Secretary of Defense under President Reagan, Kyl described the idea of global nuclear disarmament as 'dangerous, wishful thinking.' The article continued:

If we were to approach zero nuclear weapons today, others would almost certainly try even harder to catapult to superpower status by acquiring a bomb or two. A robust American nuclear force is an essential discouragement to nuclear proliferators; a weak or uncertain force just the opposite.<sup>13</sup>

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12. Miles Pomper and Peter Crail, 'Getting to Zero: An Interview with Gareth Evans, Co-Chair of the International Nuclear Non-Proliferation Disarmament Commission,' *Arms Control Today*, April 2009.

13. Jon Kyl and Richard Perle, 'Our Decaying Nuclear Deterrent', Editorial, *Wall Street Journal*, 30 June 2009.

Others state plainly that the US nuclear deterrent is essential for international security, and our dependence on nuclear weapons undermines the logic of nuclear arms reductions, let alone global disarmament. Doug Feith, former Under Secretary of Defense for Policy under George W. Bush, and Abram Shulsky have written: ‘So long as the security of the US and of our allies and friends requires such dependence, a non-nuclear world will remain out of reach.’<sup>14</sup> Kyl has promised to do whatever it takes to defeat the ratification of the nuclear test ban treaty.

These are powerful minority voices. The Obama agenda still garners substantial support, as evidenced on *The New York Times* editorial page earlier this year:

Two decades after the fall of the Berlin Wall, Russia and the United States together still have more than 20,000 nuclear weapons. It is time to focus on the 21st-century threats: states like Iran building nuclear weapons and terrorists plotting to acquire their own. Until this country convincingly redraws its own nuclear strategy and reduces its arsenal, it will not have the credibility and political weight to confront those threats.<sup>15</sup>

If Obama holds firmly to his ultimate goal, it seems that prospects are still good for building a bipartisan consensus to move on the Prague vision. While unforeseeable challenges in current and emerging weapons states can always become obstacles to progress, there are a number of possible critical arms control and non-proliferation victories to be achieved by mid-2010. They include:

- A follow-on treaty to START with a further lowering of the number of strategic nuclear weapons allowed under the SORT treaty.
- Negotiations underway for a new treaty to limit total US and Russian forces to 1,000 or so weapons.
- A new US Nuclear Posture Review that will reduce the role of nuclear weapons in security policy and begin the transformation of the nuclear force to adapt to the twenty-first century threats.
- A successful 2010 NPT Review Conference that will increase the barriers to proliferation.
- US Senate ratification of the nuclear test ban treaty.

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14. Douglas J. Feith and Abram N. Shulsky, ‘Why revive the Cold War?’, *Wall Street Journal*, 18 August 2009.

15. Editorial, ‘Watershed Moment on Nuclear Arms,’ *New York Times*, 24 March 2009.

- Negotiations well underway for a verifiable ban on the production of nuclear weapons material.
- The containment of the North Korean nuclear programme.
- Negotiations for the containment of the Iranian programme, with some tangible signs of progress.
- An accelerated programme for securing and eliminating where possible loose nuclear materials and weapons in global stockpiles, with international participation secured at the April 2010 Global Nuclear Security Summit.

The debate over *what* US policy should be is over; it is now a question of *how* to implement it. Key to its success will be the action of the United States' closest allies in Europe.

### Implementation

The first problem to resolve in this new nuclear policy is a basic internal tension. President Obama assembled a team of rivals across his cabinet and national security team that contributes to this dynamic. Now dissensions among these officials will either help or hinder this ambitious agenda.

Most are not as personally committed to the goal of nuclear elimination as the President and others see this agenda as politically unviable. Indeed, the principal resistance to Obama's attempted transformation will come not from conservatives, but from moderates in President Obama's own administration fearful of appearing 'weak' on national defence. They will want to go slow on any change and will be eager to promote new weapons systems as proof of their toughness, possibly including new nuclear warheads. They will seek to strike early deals with conservatives and may fail to aggressively pursue changes to the nuclear posture. If the Nuclear Posture Review, due for public release in February 2010, is not supportive of President Obama's vision, the window of opportunity for nuclear policy change may close. Those in the administration who favour slow, incremental changes could doom the Obama agenda. The administration will face a struggle between these *incrementalists* and the *transformationalists* dedicated to implementing fundamental change in US nuclear policy as detailed in the Prague speech.

President Obama seemed to be talking directly to his own officials when he promised in his 23 September speech to the UN General Assembly that:

America will keep our end of the bargain. We will pursue a new agreement with Russia to substantially reduce our strategic warheads and launchers. We will move forward with ratification of the Test Ban Treaty, and work with others to bring the Treaty into force so that nuclear testing is permanently prohibited. We will complete a Nuclear Posture Review that opens the door to deeper cuts, and reduces the role of nuclear weapons. And we will call upon countries to begin negotiations in January on a treaty to end the production of fissile material for weapons.<sup>16</sup>

His comments on the nuclear posture review seemed particularly targeted at officials. As his speech indicates, Obama is aggressively dealing with several items in the nuclear inbox, the first of which is negotiating a follow-on to the Strategic Arms Reduction Treaty (START). START will expire on 5 December 2009, leaving the pivotal bilateral verification and reduction regime in peril. Since the US and Russia collectively hold 96 percent of the world's nuclear weapons, it is imperative that the two nations maintain a stable arms reduction plan.

Negotiations began in earnest following the meeting of Presidents Obama and Medvedev at the G20 Summit in April 2009. The two leaders signed a Joint Understanding for the follow-on treaty on 6 July 2009, which commits their nations to 'reduce their strategic warheads to a range of 1,500-1,675, and their strategic delivery vehicles to a range of 500-1,100.' Russia and the US will refine the details over the autumn of 2009 and present the follow-on treaty for ratification by winter.

While the limit of this new understanding is just below the lowest level set by the Strategic Offensive Reductions Treaty (SORT), it represents a first step on the longer road to major reductions. The negotiators aimed for the numbers that would represent a clear commitment to future reductions, while still being modest enough to pass the legislatures of their respective nations. This is important, as the world will be watching to see if the US and Russia can deliver on their promises.

The cuts, which could amount to a 30 percent reduction over seven years in the stockpiles of the world's two largest nuclear arsenals, are in effect a 'down payment' on a future treaty that could move even lower. Presidents Obama and Medvedev also committed to a Joint Statement on Nuclear Security, reiterating their commitment to broaden cooperation to limit and eventually stop nuclear proliferation and terrorism.

The progress at the Moscow Summit is indicative of an emerging Obama Doctrine: promote the ultimate vision, but concentrate on securing broad agreement on the

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16. Barack Obama, 'Responsibility for our Common Future,' United Nations, New York, 23 September 2009.

immediate confidence-building measures that will illustrate the realism of the overall plan.

As noted, there will be opposition in the US and abroad. Conservatives will try to use approval of START follow-on as way to block further cuts to missile defence funding and increase funding for nuclear weapons modernisation. They will certainly use it to delay consideration of the Comprehensive Test Ban Treaty and marshal forces for its defeat.

Rejected by the Senate in 1999, the CTBT is a top priority for the Obama administration. However, the CTBT needs 67 votes for ratification in the Senate. Senators will need to be convinced that technical advances in stockpile safety and verification measures over the past decade will make the test ban treaty a more powerful international accord.

Though this is a domestic issue, the Senate may well look to European allies for their opinion of the possible linkages between the test ban and efforts to prevent proliferation. Support from European nuclear and non-nuclear states could greatly improve momentum for the test ban and the rest of the President's Prague agenda.

### **Effect on the 2010 NPT**

Obama believes that US leadership on arms control over the next year will provide the critical support needed to increase barriers to proliferation at the 2010 Non-Proliferation Treaty Review Conference. President Obama outlined his goals in the Prague Speech:

The basic bargain is sound: Countries with nuclear weapons will move towards disarmament, countries without nuclear weapons will not acquire them, and all countries can access peaceful nuclear energy. To strengthen the treaty, we should embrace several principles. We need more resources and authority to strengthen international inspections. We need real and immediate consequences for countries caught breaking the rules or trying to leave the treaty without cause.<sup>17</sup>

He then noted the critical importance of supporting and adhering to the NPT during a speech in Cairo on 4 June 2009:

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17. President Barack Obama, op. cit. in note 2.

I understand those who protest that some countries have weapons that others do not. No single nation should pick and choose which nations hold nuclear weapons. That is why I strongly reaffirmed America's commitment to seek a world in which no nations hold nuclear weapons. And any nation – including Iran – should have the right to access peaceful nuclear power if it complies with its responsibilities under the nuclear Non-Proliferation Treaty. That commitment is at the core of the Treaty, and it must be kept for all who fully abide by it.<sup>18</sup>

Without the passage of a START follow-on and the ratification of the CTBT, it will be hard for the US and its allies to gain support for additional non-proliferation efforts.

## European cooperation

The paradigm shift in the US has already taken hold in some European nations. UK Prime Minister Gordon Brown has noted that 'there is growing momentum across the globe to tackle these strategic challenges.'<sup>19</sup> Indeed, the new US approach closely mirrors some European policies. With new leaders at the helm of many Western nations, a progressive nuclear non-proliferation agenda has gained widespread support in France, Germany, Italy and the UK, in addition to other European Union members.

### *The United Kingdom*

The UK is a key validator of President Obama's foreign policy and the Prague agenda in particular. Before the 2008 US Presidential campaign began, Margaret Beckett, former Secretary of State for Foreign and Commonwealth Affairs, spoke at the 2007 Carnegie International Non-Proliferation Conference. She declared that the time had come to take seriously the idea of a world free of nuclear weapons and that 'the need for such vision and action is all too apparent'<sup>20</sup> given the nature of current security threats. Six months later, Prime Minister Gordon Brown laid out the strategic vision for the UK:

Britain is prepared to use our expertise to help determine the requirements for the verifiable elimination of nuclear warheads. And I pledge that in the run-up to the Non-Proliferation Treaty review conference in 2010, we will be at the forefront of the

18. Barack Obama, 'Remarks by the President on a New Beginning,' Cairo University, Cairo, 4 June 2009.

19. 'World at "critical moment" on nuclear arms: Brown', *Agence France Presse*, 16 July 2009.

20. Margaret Beckett, 'Keynote Address: A World Free of Nuclear Weapons?', Carnegie International Non-Proliferation Conference, 25 June 2007.

international campaign to accelerate disarmament amongst possessor states, to prevent proliferation to new states, and to ultimately achieve a world that is free from nuclear weapons.<sup>21</sup>

In the light of this new direction, ministers in the British government began to implement the plan. Defence Secretary Desmond Browne, addressing the Conference on Disarmament in Geneva on 5 February 2008, articulated the UK's commitment to disarmament and non-proliferation as a matter of critical import for international security. At the same time, Secretary of State for Foreign and Commonwealth Affairs David Miliband outlined a specific six-step plan in a policy paper titled 'Lifting the Nuclear Shadow: Creating the Conditions for Abolishing Nuclear Weapons'.<sup>22</sup> In the paper, Miliband called for an 'assertive and co-operative strategy' to move towards nuclear elimination. Prime Minister Brown echoed this sentiment in July 2009 saying that the 'the UK remains committed to the reduction and eventual elimination of nuclear weapons, and to ensuring that nations have access to nuclear technology for peaceful purposes'.<sup>23</sup>

However, the British leader remains cautious about prospects for disarmament. Earlier in the month at the G8 Summit in L'Aquila, the Prime Minister noted that, like the US, Britain had no intention of disarming unilaterally. The British arsenal could, however, be reduced as part of a multilateral effort. Prime Minister Brown also noted that the British military would not be abandoning the replacement plans for the Trident programme, despite budgetary delays. But in New York in September, Brown announced that he would cut British nuclear forces by 25 percent, building only three new Trident nuclear submarines to replace the four currently in service.

In July 2009 the British government issued 'The Road to 2010 – Addressing the nuclear question in the twenty-first century', setting out the official UK strategy to prepare for the 2010 Review Conference. In it, officials outline policy priorities for the next year, stating that the conference was a 'major opportunity, and so between now and then the Government will help lead international efforts to secure the necessary consensus for reform'.<sup>24</sup> While positive, the road map lacks specifics on some major issues like nuclear doctrine. While the current British government supports policies

21. Gordon Brown, Speech at the Chamber of Commerce in Delhi, 21 January 2008.

22. Foreign and Commonwealth Office, 'Lifting the Nuclear Shadow: Creating the Conditions for Abolishing Nuclear Weapons', 4 February 2008.

23. Gordon Brown, 'Statement on Nuclear Non-proliferation', 16 July 2009.

24. Cabinet Office, 'The Road to 2010 – Addressing the nuclear question in the twenty-first century', Cmd 7675, July 2009. Available at: <http://www.cabinetoffice.gov.uk/media/224864/roadto2010.pdf>.

in line with the Obama agenda, there may be political changes in 2010, when a general election is due to be held. No matter who gains control of the Parliament, the US will need its primary ally to make any serious progress on the Prague agenda in the lead-up to the 2010 Review Conference.

### *France*

French President Nicolas Sarkozy has championed disarmament initiatives, despite France's reputation as the most conservative of the Western nuclear powers. While celebrating the addition of *Le Terrible*, a nuclear-powered ballistic missile submarine, to the French fleet at Cherbourg, Sarkozy noted:

France has an exemplary record, unique in the world, with respect to nuclear disarmament. [France was] the first state to shut down and dismantle its fissile material production facilities ... the only state to have dismantled its nuclear testing facility in the Pacific; the only state to have dismantled its ground-to-ground nuclear missiles; the only state to have voluntarily reduced the number of its nuclear-powered ballistic missile submarines by a third.<sup>25</sup>

President Sarkozy also wrote a letter on behalf of the Council of the European Union to UN Secretary General Ban Ki-moon outlining the EU's ambition and plan of action for working towards general nuclear elimination. The letter also contended that while Europe has already made strides, it is 'prepared to do more' since it is 'keenly aware of the fact that its own security encourages the pursuit of global disarmament efforts'.<sup>26</sup>

While these statements indicate interest in a serious reduction agenda, France is wary of total nuclear disarmament. Addressing the 45<sup>th</sup> Munich Security Conference, President Sarkozy stated that his country's nuclear arsenal currently contributed to the security of Europe and thus France would remain a nuclear power. This is Sarkozy's reiteration of the longstanding French principle on disarmament that, as summarised by one commentator, 'if French, European, and international security are improved by a specific objective, then it is worth pursuing. If the security benefits are doubtful, caution should prevail'.<sup>27</sup> Some critics argue that Sarkozy's support for the modernisation of the French nuclear submarine force indicates French doubts about the security benefits of nuclear disarmament.

25. Nicolas Sarkozy, 'Presentation of SSBM "Le Terrible"', 21 March 2008.

26. Nicolas Sarkozy, 'Letter to Mr. Ban Ki-moon, United Nations Secretary-General', 5 December 2008.

27. Camille Grand, 'France, Nuclear Weapons, and Non-Proliferation,' in *US-European Non-Proliferation Perspectives*, Center for Strategic and International Studies, April 2009. p. 16.

On the other hand, proponents of nuclear elimination argue that the disarmament measures Sarkozy has taken – reducing French land-based nuclear weapons by one-third and increased transparency of French nuclear holdings and de-targeting practices – reveal cautious progress to a more secure, minimum deterrent force.

Cautious progress fits well with the long-term agenda of global nuclear disarmament. Ambassador Jean-François Dobelle, French Permanent Representative to the Conference on Disarmament, contended that France's 'commitment to nuclear disarmament is expressed in action and concrete proposals', but that progress was only possible with a truly global movement.<sup>28</sup> This complements Sarkozy's position that there must be 'reciprocity' when assessing French arms reductions. In perspective, it is prudent for France to take cautious disarmament measures that improve its own security while it waits for the US and Russia to reduce their arsenals to a level – approximately 500 weapons each – where multilateral arrangement can facilitate reciprocal disarmament. A plan along these lines has been detailed by the international security organization, Global Zero, in early 2009.<sup>29</sup>

### *Non-weapons states*

Germany and Italy will also play a pivotal role in new non-proliferation agendas. While Chancellor Angela Merkel has given her support to the non-proliferation efforts, it has been reserved. At the 2009 Munich Security Conference, she argued that 'it goes without saying that we want to work towards a world without nuclear weapons,' but that the first steps should focus on short-term objectives like reducing arsenals and preventing Iran from acquiring a nuclear weapon.<sup>30</sup> That month, writing in the German publication *Sueddeutsche*, Foreign Minister Frank-Walter Steinmeier was more vocal in his support for nuclear elimination, saying that it is his goal to help support the vision of a nuclear-free world, despite the hard work involved in making it a reality.<sup>31</sup>

While holding the Presidency of the G8 in 2009, the Italians have also voiced broad support of nuclear disarmament. Prime Minister Silvio Berlusconi put non-proliferation on the top of the agenda at the July G8 conference and pushed for concrete agreements on the issue. Italian Secretary of State Enzo Scotti had al-

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28. Jean-François Dobelle, Statement, Second Session of the Preparatory Committee for the 2010 NPT Review Conference, 28 April 2008.

29. The Global Zero plan is available at: [http://www.globalzero.org/files/pdf/gzap\\_3.0.pdf](http://www.globalzero.org/files/pdf/gzap_3.0.pdf).

30. Angela Merkel, 'Speech by Federal Chancellor Angela Merkel at the 45<sup>th</sup> Munich Security Conference,' Munich, 7 February 2009.

31. Frank-Walter Steinmeier, 'A Fresh Start for Disarmament Policy,' *Sueddeutsche*, 4 February 2009.

ready stated his country's commitment to non-proliferation at the International Conference on Disarmament in March 2009. He noted Italy's efforts to support disarmament and applauded US-Russian progress on joint arms control agreements, saying that the two nations should keep working in order 'to set forth an example for others to follow.'<sup>32</sup> The Italians have also hosted various conferences and events at home and abroad in support of the non-proliferation movement. For example, on 16-17 April 2009, the Italian government co-sponsored a conference called 'Overcoming Nuclear Dangers' with the Nuclear Threat Initiative and the World Political Forum.

Another positive example of cooperation was the L'Aquila Statement on Non-Proliferation made at the G8 conference on 8 July 2009. The broad-reaching statement reconfirmed the goal of a nuclear-weapons free world set out in Obama's Prague speech and in speeches made by leaders across Europe. The leaders agreed to work together to make the 2010 Non-Proliferation Treaty Review Conference (NPT RevCon) a success by setting realistic and achievable goals, confirmed their support for the International Atomic Energy Agency (IAEA) and pushed for the universal acceptance of the Additional Protocol verification standard. The leaders also promised to enhance efforts in gain universal ratification of the CTBT and usher its entry into force. While affirming the right to peaceful nuclear energy, the leaders also called for the creation of a treaty banning the production of fissile material.

### *Statesmen*

European nations have also seen their own incarnations of America's 'Four Statesmen'. Three former British foreign secretaries, Douglas Hurd, Malcolm Rifkind and David Owen, joined with the British former NATO secretary general, George Robertson, to endorse a world free of nuclear weapons in the *London Times*, urging the world to 'begin by supporting the campaign in America for a non-nuclear weapons world.'<sup>33</sup>

Italian statesmen soon added their support. Former Prime Minister Massimo D'Alema, former Foreign Minister Gianfranco Fini, former Minister for European Affairs Giorgio La Malfa, former Defence Minister Arturo Parisi, and former Secretary General of Pugwash and physicist Francesco Calogero gave their endorsement

32. Enzo Scotti, 'Speech by Secretary of State Scotti,' UN Conference on Disarmament, Geneva, 3 March 2009.

33. Douglas Hurd, Malcolm Rifkind, David Owen, and George Robertson, 'Start Worrying and Learn to Ditch the Bomb,' *The Times*, 30 June 2008.

to a nuclear-free world. Though they believed that the US and Russia must take the lead, they acknowledged that a key part of the process would be ‘the spread of a new way of thinking – of a new “shared wisdom”’ and recognised that ‘Italy too must contribute.’<sup>34</sup>

In Germany, former Chancellor Helmut Schmidt, former President Richard von Weizsaecker, former German Federal Minister Egon Bahr, and former Foreign Minister Hans-Dietrich Genscher followed with their own statement in the *Frankfurter Allgemeine Zeitung*. They claimed to ‘unreservedly support’ the vision of the Perry, Kissinger, Nunn and Shultz quartet and also called for the removal of US nuclear warheads from German territory.<sup>35</sup>

France is the latest country to field a team of anti-nuclear statesmen. Former Prime Ministers Alain Juppé and Michel Rocard, former Defence Minister Alain Richard, and retired General Bernard Nirlain joined the fight against nuclear proliferation in *Le Monde*. They called for the abandonment of new nuclear weapons development and noted that, ‘the message of peace and justice that France wishes to impart to the world imposes a duty to be a dynamic and creative actor in a process of effective, balanced disarmament which could be getting underway, and which is the wish of the vast majority of the peoples of the world, and all our European partners.’<sup>36</sup>

### *Public opinion in Europe*

A World Public Opinion Poll conducted on 9 December 2008 concluded that 76 percent of those surveyed favoured the elimination of nuclear weapons by a certain date. Among the Western nuclear weapons states, there was an overwhelming majority in favour of elimination, France with the highest percentage of 86 percent, Great Britain with 81 percent, the United States with 77 percent.<sup>37</sup>

One could argue that while many people support the vague idea of a nuclear-free world, they begin to change their minds when confronted with specifics. Polling conducted in the UK in July 2009 challenges this argument. Results showed that 54% of the British public are sufficiently comfortable with the idea of disarmament

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34. Massimo D'Alema et al., ‘For a World Free of Nuclear Weapons,’ *Corriere Della Sera*, 24 June 2008.

35. Richard von Weizsaecker, Egon Bahr, and Hans-Dietrich Genscher, ‘Toward a Nuclear-Free World: A German View,’ *International Herald Tribune*, 9 January 2009.

36. Alain Juppé, Michel Rocard, Alain Richard and Bernard Nirlain, ‘Pour un désarmement nucléaire mondial, seule réponse à la prolifération anarchique’ (‘For Global Nuclear Disarmament, the Only Means to Prevent Anarchic Proliferation’), *Le Monde*, 14 October 2009.

37. World Public Opinion, ‘Publics around the World Favor International Agreement To Eliminate All Nuclear Weapons’, 9 December 2008.

to the extent that they would rather disarm than pay to replace the Trident submarine fleet, as the British government is currently planning.

## Sources of discord

Though there is persistent European scepticism, President Obama's nuclear security agenda has significant support across the European political landscape and in the public sphere. Indeed, European leaders had been promoting a progressive non-proliferation agenda long before President Obama made his speech in Prague. They supported arms control initiatives, even while the US was moving in the complete opposite direction. Now that the Europeans have what they seem to want in terms of US policy, what will they do with it?

One of the major political and strategic obstacles to reducing nuclear arsenals will be the issue of extended deterrence. The US, as part of its NATO obligations, has guaranteed the security of European nations against nuclear and other attack. During the Cold War the alliance used a US nuclear guarantee to deter a Soviet attack on Western Europe. While the full US strategic arsenal backed this guarantee, the US also deployed non-strategic nuclear weapons – ‘tactical nuclear weapons’ – as a way to balance against similar Soviet deployments and bolster political ties with NATO Member States.

Today the Soviet threat does not exist, the alliance has new missions, and yet the Cold War deployments of US tactical nuclear weapons in Europe remain. The NATO Strategic Concept – last updated in 1999 – notes that ‘NATO will maintain, at the minimum level consistent with the prevailing security environment, adequate sub-strategic forces based in Europe which will provide an essential link with strategic nuclear forces, reinforcing the transatlantic link.’ The US has an estimated 200 airdropped nuclear bombs deployed in Germany, Italy, Belgium, the Netherlands, and Turkey.<sup>38</sup>

These deployed tactical nuclear weapons have less strategic than political importance. In Germany, public opinion overwhelmingly favours the removal of US tactical nuclear weapons, yet Chancellor Merkel defended the deployments as a way to secure ‘Germany’s influence in [a] sensitive area of alliance politics.’ Foreign Minister Steinmeier, Merkel’s political rival, has called for the withdrawal of the

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38. Robert S. Norris and Hans M. Kristensen, ‘Nuclear Notebook: US Nuclear Forces, 2009’, *Bulletin of the Atomic Scientists*, March/April, 2009.

weapons, labelling the weapons as ‘militarily obsolete’.<sup>39</sup> Eastern NATO Member States tend to defend the deployments, viewing them as a US political symbol for commitment to protecting the alliance should a resurgent Russia behave aggressively. In Turkey, some view US tactical nuclear weapons deployment as politically important for a counterproliferation role against Iran, although the presence of the weapons is not officially acknowledged there. However, unlike other NATO allies who are assigned nuclear strike missions, Turkey does not contribute forces to NATO’s nuclear missions. Turkey did not give the US permission to move major ground forces through Turkey during the 2003 invasion of Iraq, in addition to opposing any US military action against Iran. Without a direct role in nuclear missions and given the uncertainty over Turkish permission for even conducting such missions, any deterrent effects of that deployment may have lost their credibility. Removing tactical nuclear weapons from Turkish soil is more a matter of politics than security.

The issue of extended deterrence, especially as it relates to tactical nuclear weapons, will be a source of contention. Solving the issue will require much effort on the part of European leaders who do not want security decisions hampered by politics. Tactical weapons are likely targets for terrorist groups looking to acquire a nuclear bomb. They have become a liability to the states that hold them. Still, if these weapons are removed, there will certainly have to be a reconfiguration of NATO security arrangements and the negotiation of conventional alternatives. If US strategic forces are reduced, that will require an even greater change to conventional postures.

## Conclusion

US Secretary of State Hillary Clinton noted in a July 2009 speech at the Council on Foreign Relations:

Our approach to foreign policy must reflect the world as it is, not as it used to be. It does not make sense to adapt a 19<sup>th</sup> century concert of powers, or a 20<sup>th</sup> century balance of power strategy. We cannot go back to Cold War containment or to unilateralism.<sup>40</sup>

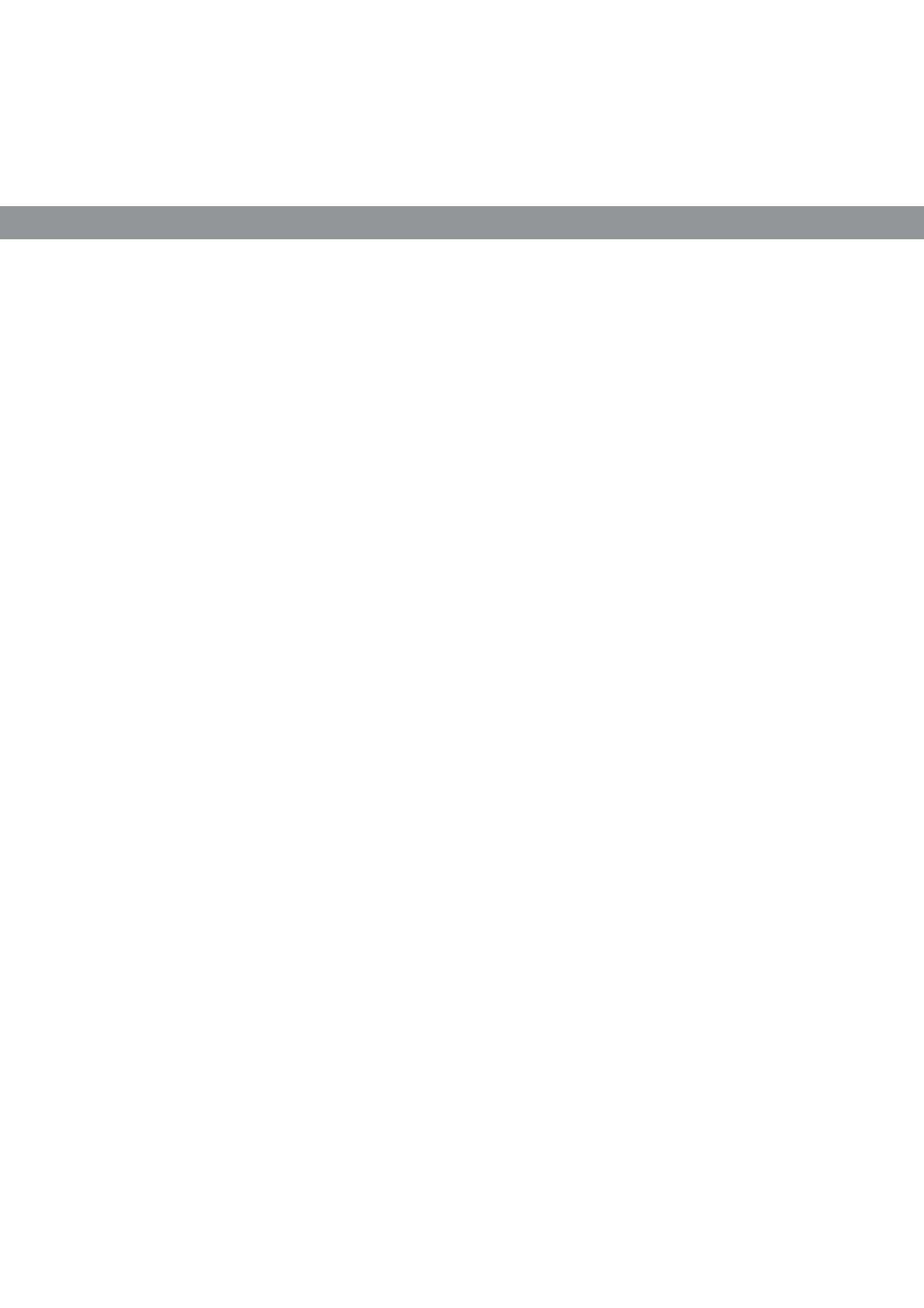
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39. ‘Yankee Bombs Go Home,’ *Der Spiegel*, 10 April 2009.

40. Hillary Clinton, ‘Foreign Policy Address at the Council on Foreign Relations,’ Council on Foreign Relations, New York, 15 July 2009.

This is also true of twentieth-century notions of nuclear deterrence. At the core of President Obama's Prague agenda is the view that nuclear weapons are a liability, not a security asset. The only certain way to prevent nuclear catastrophe is to eliminate the weapons. Though no clear path to elimination yet exists, each step towards that goal makes nations safer and can help build that path.

Over the next year, the Obama administration, legislators and arms control experts will work to transform the nuclear policy of the US. It will be a difficult fight and one that will remain largely out of the view of everyday Americans. If European leaders support the new nuclear realism embodied in the Prague agenda, now is the time for them to demonstrate that support.



# 6. Climate policy: the quest for leadership

Paweł Świeboda

## Introduction

Climate policy has been for years one of the thorny issues in transatlantic relations. Having become a flagship project of the European Union in the 1990s and a central tenet of its quest for global leadership, efforts to bring on board the United States had for a long time tended to be frustrating and disillusioning. Lack of perceived support in the Senate prevented President Bill Clinton from seeking ratification of the 1997 Kyoto Protocol even though the United States signed the agreement as a follow-up to the initial treaty, negotiated in 1992 and ratified by 192 countries, including the United States. The main stumbling blocks were the missing provisions in the protocol which would require developing countries to curb emissions alongside the advanced economies. Given that the EU and the US together account for nearly half of the world's GDP, it has been clear that a joint transatlantic understanding on climate issues would be fundamental to working out any viable international agreement.

In the run-up to the US presidential elections, both Barack Obama and Hillary Clinton made strong pledges on making the fight against climate change a priority. They stressed that the United States must reengage in international climate change negotiations and provide the leadership needed to reach a binding global climate agreement. 'Rapidly emerging countries, such as China, will not curb their own carbon emissions until the United States has demonstrated a serious commitment to reducing its own through a market-based cap-and-trade approach,' Hillary Clinton said.<sup>1</sup> She proposed creating formal links between the International Energy Agency as well as China and India by establishing an 'E-8' international forum modelled on the G8 to bring together the world's ma-

1. Hillary Clinton, 'Security and Opportunity for the Twenty-First Century', *Foreign Affairs*, vol. 86, no. 6, November/December 2007.

ajor carbon-emitting nations. There would also be strong foreign policy implications by projecting ideas about the low-carbon economy onto the international platform and linking it to the reality of global economic interdependence.

The election of Barack Obama as President of the United States created an immediate expectation of a new window of opportunity to bring US climate policy and the country's national legislative process in line with the United Nations Framework Convention on Climate Change (UNFCCC) negotiations on the post-Kyoto agreement, in stark contrast to the situation during the Kyoto negotiations when a disjointed US approach prevailed. It also became clear that Barack Obama would make climate change a foreign policy objective of his presidency.

The transition in Washington D.C. created strong expectations in the EU, as expressed by Angela Merkel, the German Chancellor, who during a visit to Washington in June 2009 said that she detected a 'sea change' in Washington's approach to climate change since Obama moved to the White House.<sup>2</sup> Seasoned observers in Europe praised the new US leadership. 'One thing I do like about Obama's approach to climate change is that he does have a bit of a vision about it,' said Professor Anthony Giddens, former advisor to Tony Blair.<sup>3</sup> He stressed how essential it is to see the links between alternative energy, energy security and economic growth. Giddens criticised the EU approach as putting more emphasis on regulations, restrictions and costs associated with the Emission Trading System (ETS).

### The EU on the offensive

The EU moved speedily to capitalise on the opportunity presented by the change of leadership in the White House by putting additional pressure on the United States to adopt ambitious new regulations on climate change. It was almost seen as a one-off chance for the US to adopt the EU's flagship cap-and-trade system of controlling pollution which would then become a launch pad for its wider adoption internationally, at first among all the developed countries. If the US rejected the cap-and-trade model, the latter would lose legitimacy internally given the high costs to the industry of the bloc's policy. The functioning of the EU Emissions Trading System has been itself complicated by problems with equitable distribution of the burden among Member States and operators. The system has been criticised for doing too little to limit emissions and for creating vast windfall profits for some industries. Nevertheless, given the EU's determination in consolidating the ETS and spreading

2. Gregor Peter Schmitz, 'Obama praises his friend Chancellor Merkel', *Spiegel Online International*, 27 June 2009..

3. Jeffrey Marlow, 'EU looks to US for climate leadership', *New York Times*, 3 June 2009.

its model abroad, it became an immediate priority for the EU to argue its case with the new Democratic administration.

The EU would like to see the US join the global carbon market by 2015 and emerging economies by 2020. Clearly, the only possibility for the cap-and-trade system to become global is for the US to adopt it first, followed by other industrialised countries like Australia adopting it as well, and only then for both the EU and the US to put pressure on China to follow suit in spite of the reluctance of the latter at the moment. Limitations on how far President Obama would be able to go without risking support in the Senate have made the EU worry that the US would reach the lowest-common-denominator agreement which would result in divergent emission reductions targets.

In January, the EU appealed to developed countries and to the US in particular to adopt carbon trading as the main system for curbing greenhouse gas emissions. The Commission proposed to create ‘strategic bilateral partnerships’ with the United States in establishing a transatlantic carbon market.<sup>4</sup> It also launched the idea of the OECD countries forming a single carbon market by 2015. The Commission suggested that assistance to developing countries in their efforts to adapt and mitigate climate change could be financed from levies on air and ship transportation, following inclusion of shipping and aviation in the post-Kyoto treaty, or by using some of the proceeds from the emission allowances. The EU approach was based on the idea of cooperation with the Obama administration leveraging comparable action in other developed and later developing countries.

The EU expected that it would work in tandem with the Obama administration in the run-up to Copenhagen in order to achieve an ambitious international agreement on the necessary cuts in emissions required to meet the objectives implied by the science of climate change. In an open letter to President Obama published in January 2009, Stavros Dimas, the EU environment commissioner, appealed to the US to take a special responsibility and move swiftly to lower emissions. ‘Europe is only a small part of the problem and our emissions are some 14 percent of the global total,’ while the United States accounts for 22 percent of those emissions, wrote Mr. Dimas. ‘Many other countries, including countries like China, cannot see why they should decarbonise their own economies if the world’s richest economy does not also make firm commitments.’<sup>5</sup>

4. Communication from the Commission, ‘Towards a comprehensive climate change agreement in Copenhagen,’ COM (2009) 39 final, Brussels, 28 January 2009.

5. Stavros Dimas, ‘Open Letter to the President of the United States’, 27 January 2009. Available at: [http://ec.europa.eu/commission\\_barroso/dimas/news/doc/letterpresidentObama.pdf](http://ec.europa.eu/commission_barroso/dimas/news/doc/letterpresidentObama.pdf).

### Domestic progress key to US leadership

It was clear from the beginning that US global leadership on climate change would be a function first of all of the ability of the new administration to produce a domestic package of measures to reduce emissions and secondly of its readiness to strike a deal with China with the help of the European Union. In an early signal that he is prepared to act, Obama stressed in his January 2009 speech setting out the energy policy agenda, that ‘the days of Washington dragging its heels’ on climate change are over and ‘America is ready to lead’ on the issue.<sup>6</sup> He announced measures to reduce US dependence on fossil fuels, push through tougher fuel efficiency standards for vehicles and promised to regulate greenhouse gas emissions from cars. ‘There’s no longer a question about whether the jobs and the industries of the 21st century will be centered around clean, renewable energy,’ President Obama said on 25 June. ‘The only question is: which country will create these jobs and these industries? And I want that answer to be the United States of America.’<sup>7</sup>

The Obama team’s determination to pursue a new climate agenda brought initial results when the House of Representatives approved in July 2009 climate change legislation on a 219-212 vote. The set of measures which were agreed amounted to a cap-and-trade system to curb emissions, a market for trading emission allowances and funds to be invested in new energy sources. The bill put the US in a stronger position for the Copenhagen negotiations. The US government interpreted it as fulfilling the scientists’ recommendation to limit global temperature rises to no more than 2 °C. The bill expressed the aim of the administration to cut fossil-fuel emissions from power plants, factories, oil refineries and vehicles to the level of 17 percent below 2005 levels by 2020, down on the original goal of 25 percent. It was a parallel objective to cut emissions by 83 percent by mid-century. The bill would mandate a greater use of renewable sources like solar and wind power. Businesses, including power generators, would receive more than 60 percent of the allowances for free at the outset of the programme. The US business community remained fiercely divided about the bill with many mainstream organisations worried about the costs of implementation. Its reservations will not have been eased by a report by the Energy Information Administration which showed employment rising in the midterm, peaking in 2024 and then declining as a result of the climate bill.<sup>8</sup>

6. ‘US ready to lead on climate change’, *Financial Times*, 26 January 2009.

7. Steven Mufson, ‘Asian nations could outpace US in developing clean energy’, *Washington Post*, 16 July 2009.

8. Stephan Dinan, ‘Fed study: Climate bill spells gloom for jobs’, *Washington Times*, 5 August 2009.

Although the commitments in the clean energy bill passed by the House of Representatives are the first such a pledge by the United States, the EU pressed the US for a further effort right from the beginning. The reference year quickly became one source of disagreement. It was stressed by the EU Environment Commissioner Stavros Dimas that the new US goals, though welcome, represented just a five to six percent reduction using the EU's baseline of 1990 while the German Environment Minister Sigmar Gabriel described them as 'not enough.'<sup>9</sup>

The bill right from the start faced enormous opposition in the Congress. Critics of the bill called it the largest tax bill in America's history. Despite a 59-40 majority for the Democrats in the Senate, there was always bound to be an intensive fight to ensure approval by both chambers. Already in the House of Representatives, nearly one in five Democrats defected from supporting the bill which arrived in parallel with the President's equally sensitive healthcare legislation. 'You're going to find signs on manufacturing doors, if this bill passes, that say, "Moved, gone to China"', Senator Charles Grassley (Republican, Iowa) was quoted as saying.<sup>10</sup> Measures to protect US industries such as steel and cement from unfair competition abroad were demanded throughout the process.

## China moving to centre stage

The domestic political constraints to the US engagement in an international agreement on climate change are best expressed by reference to the Byrd-Hagel Resolution of 1997 which was passed by the majority of 95 to 0 and expressed a refusal to approve any treaty that lacked 'new specific scheduled commitments to limit or reduce greenhouse gas emissions' for developing countries, meaning especially China and India.<sup>11</sup> In that context, the Obama administration has had no choice but to argue that developing countries must be part of the new agreement. American leadership on climate change had to be assessed against the background of what the political system could accommodate.

'China may not be the alpha and omega of the international negotiations, but it is close,' says Todd D. Stern, the top American climate negotiator. 'Certainly no deal will be possible if we don't find a way forward with China.'<sup>12</sup> China has formulated its own expectations on both the financial and environmental front towards the

9. 'Obama pledges US lead on climate change', *Agence France Presse*, 5 April 2009.

10. Greg Hitt and Naftali Bendavid, 'Obama wary of tariff provision', *Wall Street Journal*, 29 June 2009.

11. Byrd-Hagel Resolution, Senate Resolution 98, 105<sup>th</sup> Congress, 1<sup>st</sup> session, Washington D.C., July 1997.

12. 'China and U.S. Seek a Truce on Greenhouse Gases', *New York Times*, 7 June 2009.

United States, including a demand that the US cuts greenhouse gas emissions by 40 percent below 1990 levels by 2020, way above the 4 percent reduction envisaged in the clean energy bill passed by the House of Representatives in June. When it comes to their own commitments, China has undertaken some actions on reducing carbon dioxide emissions, renewable and energy efficiency but is not prepared to commit to an absolute limit on its emissions, so as to preserve its economic room for manoeuvre. China has only floated the possibility of introducing domestic targets to reduce the carbon intensity of the country's top emitters. In its current five-year plan, China is working on reducing the amount of energy used per unit of GDP by approximately 20 percent by 2010. At the moment China emits four times as much CO<sub>2</sub> as the United States and six times more than the EU and Japan for every unit of GDP. In the run-up to Copenhagen, there are first signals of Chinese readiness to commit itself to reducing carbon emissions beyond 2012 in the context of more generous financial and technological support from developed countries, as indicated by Yu Qingtai, Beijing's special representative for climate negotiations.<sup>13</sup>

The US and China continue to diverge widely on issues such as emission targets, transfers of technology, trade measures and contributions from richer economies aimed at assisting developing countries in adaptation. Both the US and China aim at guaranteed reductions of emissions that are 'measurable, verifiable and reportable,' language that smacks of weapons talks.

The EU has seen its role as ensuring that the US and China do not hide behind each other in further talks. Top European politicians have urged the US to undertake more of an effort on climate change and hence influence the emerging economies. 'While we're happy that the Americans want to take the lead in the fight against climate change, they have to convince more than just the Europeans,' President Sarkozy told Agence France Presse (AFP).<sup>14</sup> I told President Obama that it was very important that the United States does more so it persuades the world, notably China and India, to follow suit.'

### Prospect of trade wars

There has been an intensive discussion across the Atlantic on the use of trade sanctions in protecting energy-intensive industries. The EU has always argued for any such measures not to be considered before the outcome of the Copenhagen negotiations is known. However, already the Lieberman-Warner bill in the US, killed by

13. 'Beijing hints at softer line on emission cuts in climate talks', *Financial Times*, 6 August 2009.

14. 'Obama pledges US lead on climate change', *Agence France Presse*, 5 April 2009.

the Senate Republicans concerned about the costs to the economy, did formulate a threat to economies such as China by arguing that they should adopt a cap within a specified timeframe or accept an emissions permit levy on energy-intensive exports to the US – which as a matter of fact account for just 3 percent of US imports from China.<sup>15</sup> At the time, the bill did not address the responsibility of the US and other developed countries in accepting further cuts in emissions than is the case with the developing countries. The cap-and-trade bill passed by the House of Representatives in late June 2009 cleared the way for the US to impose tariffs against countries which place no limitations on emissions. Such ‘border tax adjustment’ provisions, whose objective would be to level the playing field by bringing closer the charges for domestic production and imports, immediately lead to tensions with the US’s trading partners. China ‘firmly opposed’ such measures,<sup>16</sup> considering it to be trade protectionism under the pretext of climate change.

The bill accepted by the House of Representatives would automatically trigger border measures on imports in 2020 unless waived by the White House and Congress. Interestingly, such provisions came in parallel with the coordinated action by the EU and the United States against China for disregarding WTO rules by restricting exports of essential raw materials such as silicon, coke and zinc to give Chinese manufacturers an unfair advantage over competitors. The Chinese restrictions include minimum export prices and tariffs of up to 70 percent.<sup>17</sup>

President Obama opposed the border measures although he did not specify how the administration would go about amending the law. ‘At a time when the economy world-wide is still deep in recession, and we’ve seen a significant drop in global trade, I think we have to be very careful about sending any protectionist signals out there,’ he said.<sup>18</sup>

Such provisions, even if deleted, are likely to reemerge in Congress in the future. Interestingly, a joint report by the WTO and the United Nations Environment Programme (UNEP) argues that policies targeted at cutting CO<sub>2</sub> emissions could be exceptionally accepted under the international free trade legislation.<sup>19</sup> These exceptions, aimed at discouraging re-location to cheaper production locations and escap-

15. See Jennifer Morgan, ‘Clinton, McCain, Obama – Europe’s Opportunity to Shape a Presidency’, E3G, 20 May 2008.

16. Vice Foreign Minister He Yafei quoted by *Agence France Presse*, 2 July 2009

17. ‘EU requests WTO consultations on Chinese export restrictions on raw materials’, MEMO 09/287, Europa Press Releases Rapid.

18. Greg Hitt and Naftali Bendavid, ‘Obama wary of tariff provision’, *Wall Street Journal*, 29 June 2009.

19. ‘Trade and Climate Change’, WTO-UNEP Report, 2009.

ing strict environmental laws, could include border measures such as import taxes on products from countries without carbon price. The report adds that measures should not constitute arbitrary or unjustifiable discrimination, nor a ‘disguised restriction on international trade.’ It stresses interconnections between climate change and trade and calls for an equitable climate deal in Copenhagen in December to protect vulnerable countries, as well as a conclusion of the Doha trade round which would open the perspective of trade in environmental goods and services. In spite of the report, judicial rulings made by the WTO arbitration on similar cases in the past put a question mark over the report’s conclusions.

### Development and transfer of low carbon technology

It is vital for the multilateral framework to include provisions relating to the development and transfer of low carbon technology. Without such provisions, it would be difficult to foresee developing countries fully engaged in addressing the global climate change challenge. The Lieberman-Warner bill that was defeated in the Congress in June 2008<sup>20</sup> allowed for the use of auction revenue to fund adaptation and deforestation reduction but there was no financing for technology transfers to developing countries.

The EU has long considered financial assistance to developing countries crucial given that the latter are most vulnerable to climate change, the least responsible for historic emissions and do not have financial means for appropriate adaptation and mitigation action. However, no concrete funds have been committed in the run-up to Copenhagen although it has been argued that the later it happens, the less time and incentive developing countries will have to prepare ambitious plans for the UN meeting. The volume of transfers from developed to developing countries to make the post-2012 framework effective has been assessed at the level of 65-90 billion euro a year of new and additional aid commitments or 100 billion dollars as the British Prime Minister Gordon Brown has suggested.<sup>21</sup> Moving from an agreement that aid to the poorest countries is indispensable to the formula for contributions to a fund and consensus on how the money should be spent remains a difficult task. There is a need for an international technologies initiative to develop projects from the demonstration stage onto commercial deployment. The initiative has been discussed for years and endorsed among others by Tony Blair.<sup>22</sup>

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20. ‘A bill to direct the Administrator of the Environmental Protection Agency to establish a program to decrease emissions of greenhouse gases, and for other purposes’, S. 2191, America’s Climate Security Act of 2007, 110<sup>th</sup> Congress, 18 October 2007.

21. Gordon Brown, Road to Copenhagen speech, London, 26 June 2009.

22. ‘Technology for a low carbon future’, The Climate Group, The Office of Tony Blair, London, 2009.

## Technological rivalry

President Obama has repeatedly pledged to spend 150 billion USD on clean energy research and development. A July 2009 letter by 34 Nobel laureates and key players in the American scientific community, led by the former Federation of American Scientists Board Chairman Burton Richter, urged Obama to keep his promise by ensuring ‘stable support’ for a Clean Energy Technology Fund in the climate bill before the Senate. The administration has tended to broaden the definition of green spending while the nation’s scientific experts highlighted the need for research and development money specifically to make ‘rapid scientific and technical progress’ on both new technologies and improvements to existing technologies. Reports that China will spend up to 660 billion USD over ten years on renewable technologies have led to an intensive discussion in the US.<sup>23</sup> ‘If the Waxman-Markey climate bill is the United States’ entry into the clean energy race, we’ll be left in the dust by Asia’s clean-tech tigers,’ said Jesse Jenkins, director of energy and climate policy at the Breakthrough Institute, a think-tank that favours massive government spending to address global warming.<sup>24</sup>

Confident that the United States will develop top-notch technology, the House voted overwhelmingly on 10 June to oppose any global climate change treaty that weakens the intellectual property rights of American green technology.<sup>25</sup> ‘We can cede the race for the 21<sup>st</sup> century, or we can embrace the reality that our competitors already have: the nation that leads the world in creating a new clean energy economy will be the nation that leads the 21<sup>st</sup> century global economy,’ Obama said on 29 June.<sup>26</sup> In spite of a strong tradition of an important role for eco-technology, there is clearly a more comprehensive action taking place in the US with a dynamic approach to building a low-carbon economy.

## Searching for a multilateral solution: the risk of a low common denominator

The run-up to the final rounds of negotiation on the new global climate deal has seen aspirational language being used in international meetings such as the G8 July 2009 summit in Italy where leaders confirmed their commitment to an 80 percent

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23. ‘Asian nations could outpace US in developing clean energy’, *Washington Post*, 16 July 2009.

24. *Ibid.*

25. Foreign Relations Authorization Act, HR 2410, Fiscal Years 2010 and 2011, 111<sup>th</sup> Congress, Washington, June 2009.

26. *Washington Post*, op. cit. in note 23.

emission reduction target by 2050 for developed countries and asked developing countries – such as China and India - to make a 50 percent cut.<sup>27</sup> In spite of the sea change in the US policy on climate issues, prospects for a meaningful international agreement remained modest. The US has been preparing the ground for a more protracted process to take place with Jonathan Pershing, the US deputy special envoy for climate change, saying that the talks will not fail, but they ‘will likely be inadequate’.<sup>28</sup> Instead of December’s meeting in Copenhagen, Pershing expects real components of climate change to come from 2010 meetings, likely to be held in Mexico. Recommendations from Copenhagen, however, should provide what Pershing called ‘real space for doing an agreement.’ In any case, the agreement is expected to be different from the Kyoto Protocol’s reliance on a central authority to assign greenhouse caps. Instead, the next global plan would likely begin with development of various domestic plans, which ultimately would be amassed into a single global deal.

It can be taken for granted that the Obama administration will face an enormous difficulty in steering a clear course on climate issues. This was accentuated further when Senator John Kerry, chairman of the Foreign Relations Committee, said that the US Senate may pass legislation to slow climate change and then fail to approve the post-Kyoto global treaty.<sup>29</sup> Senate ratification of a treaty would require 67 votes, compared with 60 for domestic legislation. ‘Sixty-seven votes is a big target here,’ Senator Kerry says. It may well happen that Obama goes to Copenhagen with the law passed by the House and a draft Senate legislation to serve as road map. Members of the Congress have already warned repeatedly that they would not support climate change measures which impose costs on US businesses and put them at a disadvantage. ‘They gotta be put in the same category as we are; they can’t be listed as a developing country,’ declares Senator Tom Harkin, an Iowa Democrat,<sup>30</sup> recalling Iowa farmers who produce corn-based ethanol, in competition with Brazil, which uses sugar cane to make the alternative fuel. Undoubtedly, the US ability to exercise leadership has to be increasingly seen in the context of what is possible in the Congress.

It is clear for the administration that they will have a stronger hand to gain commitments on emissions cuts from developing countries if the clean energy legislation is supported by both chambers of the Congress by the time the meeting in Copenha-

27. ‘Responsible leadership for a sustainable future’, G8 Summit Declaration, July 2009.

28. ‘US: Global Climate Talks in Copenhagen Likely to be “Inadequate”’, *Environmental Leader*, 14 July 2009.

29. ‘Senate may pass US climate bill, reject Treaty, Kerry says’, *Bloomberg.com*, 2 July 2009.

30. *Ibid.*

gen is convened. There is a number of opinion-makers who believe that the bill has no chance in the Senate and that the Obama administration is hoping for the defeat of the bill knowing the consequences it would have for the economy.

The nightmare scenario for the EU is for the US to seek its own deal with China outside of the multilateral framework and force a less ambitious agreement on the rest of the world. In some interpretations,<sup>31</sup> the EU leadership has been undermined by the efforts of the United States and China, the largest CO<sub>2</sub> polluters, to reach a bilateral deal that the rest of the world would than have to accept. ‘I can only encourage Europe to stay in the lead and not let a bilateral US-China relationship take over,’ said Michael Starbaek Chistensen, senior climate change official in Denmark, ‘because one concern I would have with the US-China relationship is that they would find a lower common denominator.’<sup>32</sup>

Both sides are demanding mutually assured reductions of emissions that are, in the current jargon, ‘measurable, verifiable and reportable.’ In the background we have threats of great retaliation in the form of tariffs or other trade barriers if one nation does not agree to ceilings on emissions. The US and China are, in the words of President Obama’s chief climate negotiator, ‘the two gorillas in the room’ whose agreement remains key to the success of Copenhagen.<sup>33</sup>

The EU would at the same time like the US to go much further in accepting ambitious emissions reduction objectives and committing itself to preventing the rise in temperatures beyond 2 degrees Celsius above pre-industrial levels. However, the July 2009 G8 meeting did not move beyond what President George W. Bush had already accepted a year earlier, namely an indicative global goal of cutting greenhouse gas emissions by 50 percent by 2050. The US has resisted EU arguments for adoption of far-reaching objectives in the course of the next decade. The EU has campaigned for 1990 to be the reference year against which reductions would be measured while the US, Australia and Japan opted for a 2005 reference. ‘We don’t want to make the best the enemy of the good,’ is how President Obama explained his position.<sup>34</sup> Obama has argued that it is necessary to have China, India and other emerging economies on board for a meaningful climate change deal.

31. John M. Broder and James Kantner, ‘Despite Shift on Climate by US, Europe is Wary’, *International Herald Tribune*, 7 July 2009.

32. Ibid.

33. John M. Broder and Jonathan Ansfield, ‘China and US seek a truce on greenhouse gases’, *New York Times*, 8 June 2009.

34. *International Herald Tribune*, op. cit. in note 31.

### How meaningful would the eventual agreement be?

Future thinking on multilateral arrangements in the field of climate policy will need to be more flexible and creative. According to a report by Project Catalyst, an initiative of the ClimateWorks Foundation<sup>35</sup>, about 70 percent of the necessary emissions reductions by 2020 would be achievable using readily available technology and measures which are in countries' economic self-interest. This means that each nation would reduce emissions in sectors where it would find it easiest to do so or where it is doing so already. 'China would deliver the single biggest reduction by improving industrial energy efficiency and building up its renewable energy base. Heavily forested Brazil would deliver the second largest reduction in emissions by reducing the amount of trees it cuts down.'<sup>36</sup> The United States and the EU would concentrate their efforts on elaborating new standards for efficient buildings and appliances. Another global deal, a deal that would be more likely to find favour with the developed and developing world alike would need to rely on emission reductions in areas and by means which nations find acceptable from the point of view of their economic interest. This is not a far-fetched perspective.

Neither the EU nor the US have been so far willing to examine the overall global CO<sub>2</sub> output as opposed to that of individual countries in line with the logic of the Kyoto Protocol which looks at the emissions produced within countries rather than at the emissions generated by their level of consumption. In the meantime, the global CO<sub>2</sub> output is expected to increase by about 50 percent by 2030, in parallel with the growth of energy demand and economic growth.

This means that caps on emissions of emerging economies are necessary because, as one commentator has observed, 'there will be no solution to global warming if China builds 1,000 new coal power stations in the next couple of decades'.<sup>37</sup> However, the whole issue of 'ownership' of emissions should also be examined. Carbon outsourcing means that many of the highly polluting industrial products are now made in the emerging economies. In Dieter Helm's words, 'we exported our smoke-stack industries to developing countries like China and import their products'.<sup>38</sup> He argues that if global warming is to be limited, the US and Europe will have to take much more drastic action to reduce emissions embedded in their own consumption. This means that emissions-reduction targets would have to be based on the

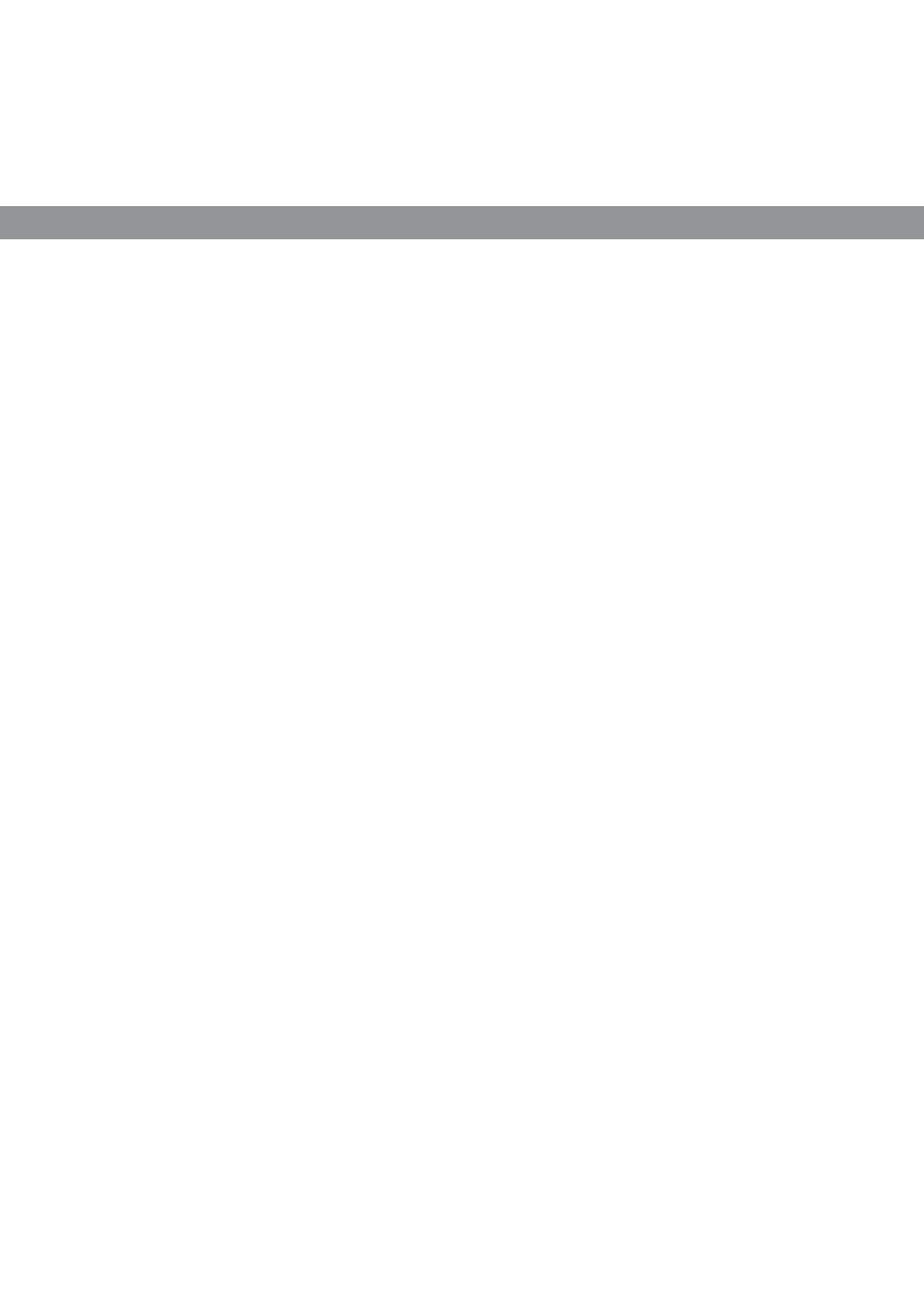
35. Project Catalyst, 'Towards a Global Climate Agreement', Synthesis Briefing Paper, 2009.

36. James Kanter, 'Are EU climate ambitions being sidelined?', *New York Times*, 8 July 2009.

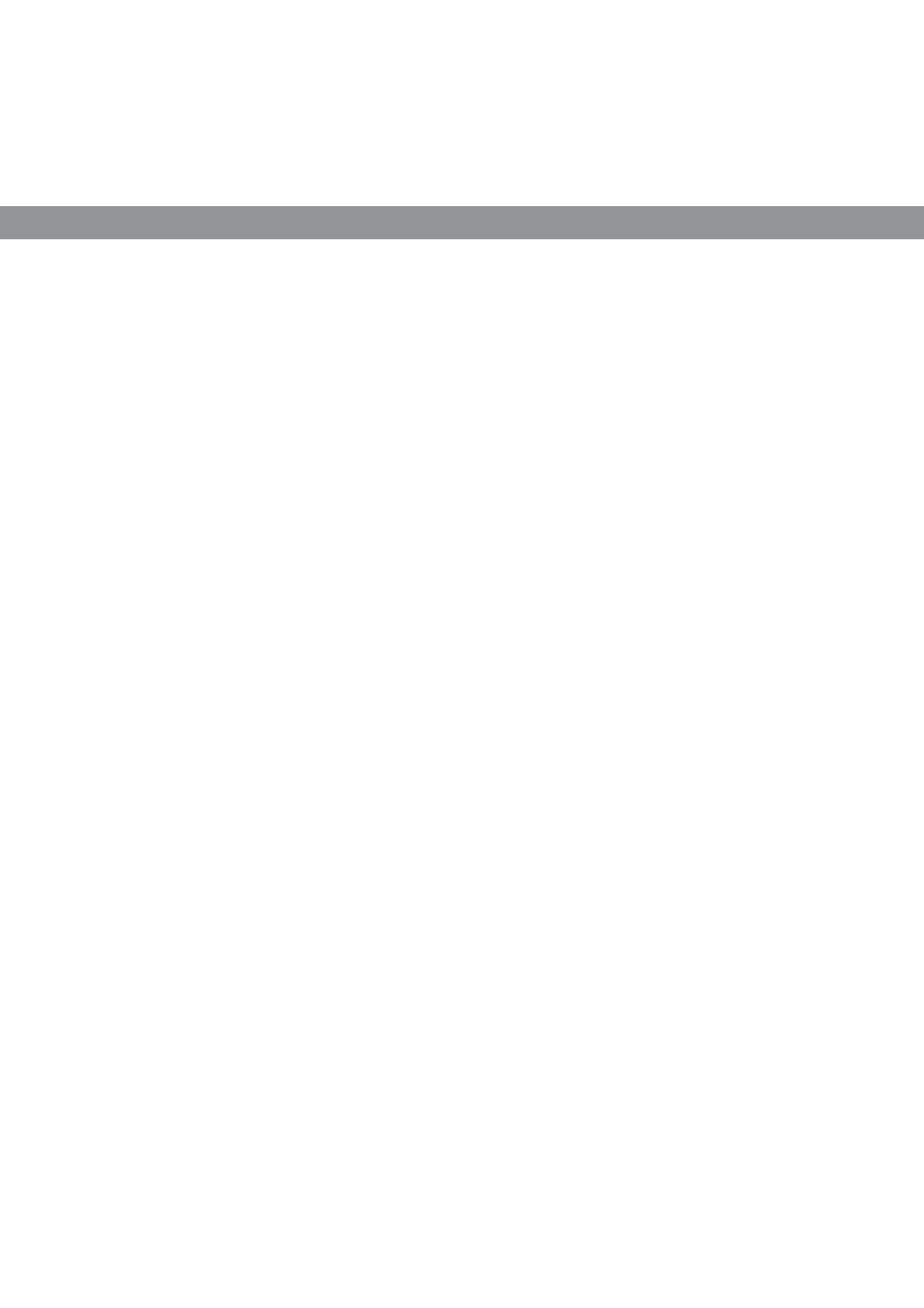
37. Dieter Helm, 'Sins of Emission', *Wall Street Journal*, 13 March 2008.

38. Ibid..

consumption of goods that cause emissions in the first place rather than production, especially given that policies designed to address climate change tend not to be optimal or efficient. US and EU policies on bio-fuels and renewable energy have so far not proved to be cost-effective ways of tackling emissions reductions. This is the debate both sides of the Atlantic still need to have.



# Regional questions



# **7. From drawdown to partnership: Iraq after the American exit**

**Glen Rangwala**

## **Introduction**

The drawdown of United States forces in Iraq creates a new set of political dynamics in the Gulf, substantially altering the roles and statuses of both the EU and the US in their interactions with the region. By the end of 2011, when the last US troops are scheduled to leave Iraq, there is unlikely to be a single major external power with regional preeminence; indeed, powers outside the area such as the EU and US have to be prepared to accept an equal status to those within it such as Iran, Turkey and Saudi Arabia as part of a more multilateral approach to the management of regional security.

Amidst these international challenges, the development of the powers of central government in Iraq may lead to a more sustainable method of achieving domestic security for Iraq's citizens than periodic injections of US troops. However, this also threatens to reestablish a familiar set of problems for Iraq to which there are no easy solutions, and which external powers will have an increasingly marginal role in addressing.

President Obama has shaped the process that is leading to a diminished US role in Iraq, but it was during the last months of his predecessor's second term that the parameters were laid down. The Status of Forces Agreement (SOFA) agreed by the US and Iraqi governments in November 2008 set the two key dates of 30 June 2009 for the withdrawal of US troops from Iraq's cities and 31 December 2011 for the withdrawal of all US forces from Iraqi territory. Into this timetable, President Obama inserted both the plan to cut troops numbers in Iraq by two-thirds by 31 August 2010, with an end to major combat missions in Iraq by that date, and also a clear sense of the finality of the engagement. This means that, even if the post-2007 trends in the decline in the scale of violence are reversed, the US

would be unlikely to be amenable to a renegotiation of the SOFA or extension of the timeline.

Perhaps even more importantly, the talks that led to the SOFA demonstrated the willingness of the Iraqi government to use its negotiating power without fear of alienating US officials and policymakers.<sup>1</sup> Iraqi negotiators pushed successfully not only for a highly specific timetable for a withdrawal but also to reduce and remove powers and immunities from the US military, including their circumscribed powers of detention and Iraqi jurisdiction over US force members. The government of Iraq has been intent on showing that it has an institutional infrastructure and a capacity for decision-making that belies the need for extensive further US involvement in curbing or averting internal conflict, and that therefore its interests do not necessarily or exclusively align with those of Western powers.

### Challenges from within

This portrait of self-sufficiency projected by the Iraqi government obscures deeply rooted problems for the future of Iraq's internal security. Political violence has diminished greatly since mid-2007, but there is no guarantee that the reasons for that decline will endure indefinitely. The declared ceasefire of the Mahdi Army of Muqtada al-Sadr effectively removed one major actor from the paramilitary struggle, although the militia remains able to mobilise large numbers of Iraqis at short notice. In the same vein, the reversal of Iranian policy, away from fostering unrest and towards lending its backing to the government of Prime Minister Nuri al-Maliki, resulted in it putting pressure on militias to end violent confrontations, but to remain significant players in Iraqi politics.

The transformation of Sunni Arab militias, who had sought to combat US forces and Shi'a militia, into Awakening (*Sahwa*) Groups or 'Sons of Iraq', with the avowed aim of policing their own local areas, is perhaps the most significant reason for the diminishment of violence. This US-brokered transformation was motivated partly by a widespread fatigue among Iraqis after many years of conflict with the tactics of those groups within the Islamic State of Iraq coalition, including al-Qaeda affiliates, who sought to instigate further violence. More directly, though, it was also significantly motivated by the prospects of engaging in local self-rule over areas in which there is a Sunni Arab majority, protected by the US from the attempts of the Iraqi government to exercise direct control where it had little public support.

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1. Lydia Khalil, 'Nobody's client: The reawakening of Iraqi sovereignty', Lowy Institute for International Policy, March 2009.

Until October 2008, these groups were equipped and paid by the US military, but as they moved under the direct authority of the Iraqi government, a new set of tensions emerged as the government moved to arrest certain key leaders, to delay the payment of salaries, and to incorporate them unevenly into the official forces of the state.

Iraq's polity therefore remains highly factionalised, with many of the significant groups that are heavily armed having taken tentative and pragmatic steps towards de-escalating the conflict, but which are still capable of recommencing battle if conditions should change. Those groups which have remained aloof from this process are generally on the political fringe; they have shown that they have the ability to engage in prolonged campaigns of car and suicide bombings, but certainly do not have the capacity themselves to generate a popular uprising, as parts of Iraq experienced soon after the invasion until 2007, or lead an intercommunal war. They demonstrated their significance with the withdrawal of US forces from Iraq's cities in the summer of 2009 by launching high-profile attacks on Shi'a and Kurdish areas, most grimly with a coordinated set of bombings of government installations in central Baghdad on 19 August 2009 that killed approximately a hundred people and more recently on 25 October the suicide bombings at government buildings in the heart of the city that caused even more carnage. These groups therefore have the ability to cause significant disruption and loss of life, but they have not shown the ability to capture or hold territory in the way that the earlier insurgencies had done. Moreover, the attacks did not lead to significant calls from either the US or Iraqi side for the timeline for the US withdrawal to be altered or reversed.

Even if those groups which have remained outside the process of de-escalation can be contained, the groups that have entered into a relationship of cooperation with the Maliki government since mid-2007 are by no means stable allies or subordinated to it. Indeed, these groups may retain a capacity for concerted armed action which in sum rivals that of the Iraqi security forces. In October 2008, the assessment of the US Department of Defense was that only 17 of Iraq's 175 army battalions and only 2 out of Iraq's 34 national police battalions – less than 10 percent in both cases – were capable of performing operations without Coalition support.<sup>2</sup> This situation remains the case even though those forces are relatively large, with some 615,000 personnel employed in the security forces, out of a total labour force of 7.7 million, and amounting to over four times the total US military presence in Iraq.

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2. US Department of Defense, *Measuring Security and Stability in Iraq: Report to Congress* (Washington D.C.: December 2008), pp. 40 and 48.

The discrepancy between size and effectiveness is commonly attributed to three types of factors: firstly, ongoing deficiencies in the fields of logistics and combat support, and shortage of training; secondly, in how the US has retained the chief organisational role in Iraq's internal security, thus preventing Iraq's forces from developing the capability to act independently; and thirdly, in problems of Iraqi leadership, most notably in the continued role of sectarian and militia-based factors in recruitment and the structures of command, and in poor inter-ministerial cooperation. The relative importance of each of these three sets of factors is open to considerable dispute or even denial. Only the first set however is the one over which the Coalition military mission in Iraq exerts substantial influence, through the advisory teams of the Multi-National Security Transition Command – Iraq (MNSTC I), and it is the overwhelming focus of the analysis of the US military in its assessment of Iraq's security forces and their potential for operational readiness by 2011.

By contrast, Iraqi officials have frequently pointed to the second set of reasons, the inhibiting influence of dependence on the US, as a way to explain the stifled development of their security forces.<sup>3</sup> This is not wholly implausible: Iraq's security forces have operated without significant external support through three major wars and numerous internal uprisings over the past thirty years, and this institutional experience did not simply disappear overnight with the 2003 invasion. Nevertheless the feature that most characterised their approach to internal security and external war before 2003 was the extreme brutality with which they carried out their tasks, most notably in the war against Iran (1980-88) and their persecution of the Kurdish population in the *al-Anfal* campaign (1988, but as part of the broader policy from 1986 to 1989). Internal security campaigns were fought on an implicitly sectarian or ethnic basis, preserving the rule of those whose power base was narrow and against those groups who had suffered large-scale poverty and violence at the hands of a repressive state apparatus. Although on a different scale, it is the same danger of the command of the Iraqi security forces becoming dominated by the narrow interests of one social group that underlies the fears of many Iraqis. These fears were particularly pronounced when the Interior Ministry fell under the sway of the Supreme Council for the Islamic Revolution in Iraq – later renamed as the Islamic Supreme Council of Iraq – in 2005, with widespread (and well-grounded) suspicion of ministry-endorsed 'Shi'a death squads', as they became commonly known.

To counteract the sense that had developed both within Iraq and in international opinion that a narrow Shi'a coalition had gained control of the key instruments of the

3. It is also the implication of the bluntly-worded July 2009 memorandum from US Colonel Timothy Reese, the chief of the Baghdad Operations Command Advisory Team, obtained by the *New York Times*.

Iraqi government, the government of Nuri al-Maliki has addressed the third set of reasons cited earlier as responsible for the slow pace of the development of the security sector, i.e. the type and quality of leadership. From 2007, the Maliki government has presented itself as having a national – and often overtly nationalist – orientation rather than a sectarian basis, and as an agent of national reconciliation. In the January 2009 provincial elections, Maliki's supporters did not run under the banner of al-Da'wa, the party from which he comes and the historical agent of Shi'i Islamist activism, which in any case was internally divided. They ran instead as the 'State of Law' list, eschewing sectarian symbols in favour of a rhetoric that emphasised the list's commitment to a strong, central government founded on Iraqi national identity. Maliki has also overseen the creation of a Supreme Committee for Dialogue and National Reconciliation, which is tasked with addressing the grievances of groups who are poorly represented within the Iraqi government, and an Accountability and Justice Law from 2008 that supplanted and moderated the de-Baathification order brought in by the US in 2003 and which has been seen as a major vehicle for discriminating against the Sunni Arab population in their access to government jobs and state benefits.

These measures are significant steps in de-escalating the sectarian tensions that have been so pronounced over recent years, especially since the destruction of the al-Askari shrine in Samarra in 2006. However, it would be mistaken to think that this de-escalation necessarily solves the riddle of how effective government can be created in Baghdad. Sectarianism has at most been only a partial explanation of the limited role of the Iraqi government as a provider of basic services to its citizenry. Links between government and citizen remain located in networks of clientelism and patronage which overlap substantially with party loyalties. Although these networks are organised on a sectarian basis, they are not dependent on sectarian antagonism, but instead manifest themselves in the forms of restrictive employment and service-provision, corruption and loyalty that ill serves the prospect of creating an effective vehicle of governance in Iraq. This also has substantial implications for the prospects for internal security. If loyalties within governing institutions are secured primarily on the basis of patronage, they can also be bought by higher bidders from outside those institutions. As armed groups that are unreconciled to the national government appear to retain substantial financial assets, they are able to use that leverage to buy off state officials for their own purposes and so disrupt the state's activities; they create 'embedded insurgents' within the security forces or government ministries.<sup>4</sup>

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4. The term is taken from Eric Herring and Glen Rangwala, *Iraq in Fragments: The Occupation and its Legacy* (Ithaca, N.Y.: Cornell University Press, 2006), pp.195-201.

Nevertheless, the major political dynamic at work in Iraq since 2007, underlying the new ability of the Maliki government to present itself as having a national orientation, is the centralisation of governmental powers in the office of the prime minister. The previous governments under the leadership of Iyad ‘Allawi (2004-05) and Ibrahim al-Ja‘fari (2005-06) were beset with the problem of governmental institutions each coming under the sway of separate political factions, using the resources of their ministries for their own partisan interests. The result was highly limited coordination between the different arms of the state, which often led to the government’s inability to execute its declared policies. Maliki has dealt with this problem mostly by removing many of the functions of individual ministries and bringing them instead under the direct oversight of his own office. The result has been a greater degree of decisiveness within government, but it has also generated significant new deficits in accountability and representation, with parties and communities that saw their members enter government after the 2003 invasion now increasingly marginalised and remote from the levers of power.

### Flashpoints

These characteristics of the Iraqi government significantly affect its ability to deal with key issues of contention within national and regional politics, and which in turn have serious implications for the future role of external actors in Iraq. Many of the flashpoints identified by commentators and policymakers at the time of the invasion remain as divisive now as they were then, including the extent and contours of the federalism, the distribution of revenue from oil income, and the status of Kirkuk and other disputed territories on the border between the Kurdish autonomous region and the rest of Iraq. The new Iraqi constitution, which came into force in 2005, left these issues to be determined by the passage of subsequent laws by parliament, or by the holding of popular referendums.

Four years on, there has been little movement. No agreement was reached on amendments to the constitution over the issue of provincial autonomy, a process that was meant to take four months according to Article 142 of the constitution, but which may be revisited after the January 2010 elections. A draft hydrocarbon law, dealing with revenue sharing and investment in the oil industry among other matters, was agreed by the cabinet in February 2007 but was not ratified by the parliament. A referendum on the future of Kirkuk and the other disputed territories that, according to Article 140(2) of the constitution, should have taken place no later than the end of 2007 has been postponed repeatedly, and the status of the mixed city, the major oil field abutting it, and parts of three other governorates remains the subject of heated controversy.

Successive governments have found that the easiest way to deal with these issues is to postpone any attempts to resolve them, in the knowledge that any decision would result in major factions withdrawing from the coalition government. This strategy has hardly been problem-free: the absence of a legal code governing the oil sector has hindered external investment in developing Iraq's oil fields and, together with continued dispute over the powers of provincial governments, has led to a prolonged stand-off between the national Oil Ministry and the Kurdistan Regional Government (KRG) over their respective rights. Similarly, the dispute about Kirkuk in 2008 resulted in a deadlock in parliament over the holding of provincial elections, which ended up being postponed due to the lack of a suitable elections law. However, these disputes have not resulted in the breakdown of government or a significant renewal of violent conflict: they damage, but do not destroy, the effectiveness of government.

The mediation of these disputes has occurred in part through international agency. The Kurdish parties have been willing to hold off asserting the obligation of the government to hold a referendum in Kirkuk by virtue of the intercession of the UN Assistance Mission in Iraq (UNAMI), the US and Turkey, all of whom saw the potential for the unravelling of the constitutional bargain and the violence that may entail if one side were to win Kirkuk exclusively for itself. UNAMI was tasked with finding compromises over internal boundaries. To a greater degree than most issues within Iraq's internal politics, the issue of the status and extent of the Kurdish region has become internationalised, with external actors taking on a recognised role in balancing the demands of the local sides.

The growing authoritarianism of central government poses two forms of challenges to this balance. First, it will have a greater inclination to settle disputes by the unilateral imposition of its power rather than through compromise. A possible precursor of a broader trend can be seen in the movement of the Iraqi national army in August 2008 into three sub-districts of Diyala governorate which were considered by the KRG to be disputed territories.<sup>5</sup> This was done purportedly as part of a military campaign against al-Qaeda. However, the expulsion of Kurdish *peshmerga* forces from the sub-districts and the retention of the army in those areas after the military campaign had finished was widely seen as an attempt by the national government to force the KRG to accept restrictions on its geographical scope. The result nevertheless may turn out to be a more concerted attempt by the Kurdish parties to hold onto territories in which they have a foothold, including through reinforcement of paramilitary forces.

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5. International Crisis Group, 'Iraq and the Kurds: Trouble along the Trigger Line', *Middle East Report*, no. 88, 8 July 2009, pp.12-14.

The second form of challenge is the tendency of the Iraqi government to reduce international involvement in Iraq's affairs on grounds of the reassertion of national independence. The push for greater self-determination, and the fact that it plays well with Iraqi popular opinion, is perhaps inevitable after a period of external occupation. Nevertheless the result will be a reduced capacity for overt mediation through US or UN routes, ironically, at a time when that mediation is most needed.

As the effectiveness of the Iraqi military and its ability to engage in concerted counterinsurgency operations increases, the potential for it to be used in order to weaken locally legitimate governing structures is there, as happened repeatedly throughout Iraq's twentieth-century history. This is particularly significant given that the national government has resisted granting fiscal independence to Iraq's provinces, reducing their bargaining power with the central authorities.<sup>6</sup> With the reduced US military presence in Iraq, outside actors may not be able to engage in crisis-management activities as they have done in the years after the 2003 invasion, but that does not entail that the overall role of external agents will disappear. Indeed, as Iraq remains deeply locked into a regional and international security structure and political economy, new forms of multilateral engagement are appearing that have a distinct effect upon Iraq's internal security and mode of governance.

### Iraq in a multilateral environment

The international divisions that were opened up by the US decision to invade Iraq in March 2003 had a significant, though gradually fading, effect upon the process of establishing the new Iraqi government and its subsequent entrenchment. The sensitivity of engaging with the Iraqi government as an equal partner while Iraq was still seen by many as *de facto* if not *de jure* under US occupation has had consequences in particular for the European Union and the Arab world, both of which have incorporated Iraq into intergovernmental processes in tentative and often incomplete ways.

The US drawdown and eventual exit creates the conditions in which Iraq can integrate itself into the politics of the region as an equal member. Iraq's legitimate foreign policy expectations are that it can resume its place as one of the five leading oil exporting countries in the world, and thus a lead policy-maker within OPEC, as well as a major exporter of natural gas; that it serves as a key pivot in the politics of the Arab world, and, along with Saudi Arabia and Iran, one of the regional managers of

6. Michael Knights and Eamon McCarthy, 'Provincial politics in Iraq: fragmentation or new awakening?', *Policy Focus* no. 81, Washington Institute for Near East Policy, April 2008, pp.14-19.

the politics of the Persian Gulf zone; and that it acts as a bridge between Iran on the one hand, and the US and the Gulf Cooperation Council (GCC) on the other. The Maliki government and its successors are highly likely to pursue these aims with vigour over the coming years.

There are a number of preconditions that have to be met before Iraq can take on this role, and these will require cooperation from other states. These include the full reestablishment of diplomatic relations, agreement over pre-1990 Iraqi debts to the Arab Gulf states and the development of a framework for trade between the EU and Iraq through a partnership and cooperation agreement. Perhaps the most important – and unpredictable – requirement is that there should be no serious escalation of tensions between the US and Iran. In a relationship bedevilled by multiple issues of conflict, from Iran's nuclear programme to the role of Israel to the economic effects of the US strategy of containment, heightened animosity between the US and Iran has the potential to turn the Gulf into an arena of bipolar confrontation. This will have particularly serious consequences for Iraq's regional role, given the extent of US and Iranian interests in that country and the influence they extend there, but will also hinder autonomous approaches from the EU and Arab Gulf states to the development of the regional economy and Middle Eastern security.

The Obama administration came to office with a cautious approach to Iran, and its measured response to the disputed Iranian presidential election and subsequent crisis in June 2009 indicated its seriousness about engagement with Iran. If there is reciprocation to US overtures, a measure of stability can be achieved in which Iraq's regional role can develop. At the diplomatic level, the ministerial conferences of Iraq, its neighbours and other major international actors can become a forum which not only lends support to the Iraqi government but incorporates that government in the management of regional security. This is particularly significant given the participation of Iran, Saudi Arabia and Turkey in the ministerial conferences. As many Iraqi political factions retain close links with, if not reliance upon, these three external powers, the role of Iraq's neighbouring states will continue to be crucial if crises there are to be averted; but it is only by giving the Iraqi government an equal stake in regional forums, as a participant rather than simply an intended beneficiary, that would provide it with a rationale for engaging in willing compromises.

The prospects for greater institutionalised cooperation between Iraq, other regional states, the US and the EU have therefore been created through recent achievements in coordination. However, their usefulness is placed at risk by regional rivalries, particularly as Iraqi leaders have adopted a strategy of consistently blaming domestic

disorder, particularly mass-casualty bombings, on its neighbouring states, particularly Saudi Arabia and Syria. This tactic yields certain dividends, in that it results in blame being cast externally rather than between Iraq's sectarian communities, but the costs are all too obvious. A primary role for actors external to the Middle East in regional security forums can be to encourage cooperation between regional states in the fields of policing and intelligence-sharing as well as in economic and social matters; they act as diplomatic buffers amidst a set of regional political disputes that often become fraught.

The projected departure of US forces has also strengthened incentives for the Iraqi government to look elsewhere for cooperation in undertaking its own institutional development. This provides an increasingly significant role for the European Union, which has an expanded number of assistance programmes in Iraq. These are primarily technical in nature, with the objective of capacity-building, but some have significant political effects. The EU Integrated Rule of Law Mission for Iraq has taken a significant role in training justice and police officials since 2005. This is a field that is notably degraded in Iraq, as the court system has struggled to take on the decisive role required for it in the Iraqi Constitution in resolving key disputes over the authority of governmental institutions. It is also a field that the US has been largely unsuccessful in ameliorating since 2003, which to some extent has discredited the US's role within Iraq as a suitable partner for this field.<sup>7</sup> The fact that the Iraqi government has turned to the EU for assistance demonstrates the potential for multilateral channels of development cooperation against the background of the wider diminishment of the US role.

However, the political effects of EU assistance are always mediated through governmental agency that can at times be capricious or self-serving. An example is the assistance given by the EU to coordinate election monitors, and thus increase the credibility of the electoral process. Emphasis was placed upon this aspect of the EU's role in 2009, due to the planned series of ballots that were to take place in Iraq. Although delayed provincial elections were held, a key referendum on the SOFA did not take place: the Iraqi parliament agreed in November 2008 to the passage of this agreement on the condition that a national referendum on it would be held no later than July 2009. Despite the strong urging of the Iraqi parliament for the referendum to go ahead, it was postponed by the government, possibly until January 2010, to be held along with national parliamentary elections that have themselves been slightly

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7. A useful narrative account of what happened in this sector after 2003 is the Report by the US Special Inspector General for Iraq Reconstruction, Stuart W. Bowen, *Hard Lessons: The Iraq Reconstruction Experience* (Washington, DC: US Government Printing Office, 2009), pp.203-16.

delayed. EU efforts in developing a credible election monitoring system would be rendered nugatory if the process of holding, delaying or cancelling elections and referendums is allowed to become increasingly arbitrary.

It would be a mistake though to jump to the simplistic conclusion that the EU can only have a marginal political effect. The primary European role over the coming period will no doubt be in the mutually beneficial field of energy cooperation. A partnership and cooperation agreement, under discussion since November 2006, is a requirement, but once struck has the potential to be highly significant for both parties.<sup>8</sup> Persistent questions over the reliability of existing European gas supplies mandate considerable investment in new sources, and the projected Nabucco pipeline would draw upon the as-yet highly underdeveloped gas fields of northern Iraq. This long-term investment will build capacity and generate incentives for developing transparency and legal reliability in a way that Iraq has not had up until now. It will give new incentives for the EU to be involved in, and taken seriously as a player within, northern Iraq, particularly in acting as a mediator within the conflict over the disputed territories, including Kirkuk. It will also give spoilers within Iraq an opportunity to exercise their leverage by disrupting that involvement, but should on the whole encourage cooperation between different factions.

The US role in Iraq of course will not disappear once the withdrawal has been completed; too many close links remain in intelligence and security cooperation, trade and investment, and political alliances. However perhaps the most significant role of the US in the forthcoming period will be in sequencing regional arrangements so as to create a suitable environment for Iraq's long-term stabilisation. Iraq's unresolved disputes remain flashpoints around which future violence can be generated, and if there is an attempt to tackle them – by internal factions, other states, or the Iraqi government itself – outside a regional context that favours compromise, the risks of a resurgence in the conflict remain considerable.

Regional developments can provide a considerable boost to Iraq's internal stability; they are much less likely to be successful in transforming Iraq into a well-governed state that is accountable to its citizens. The growing ability of the Maliki government to manage Iraq's internal security has not been accompanied to any significant extent by the development of the rule of law, control over corruption or the efficient distribution of services to the population on the basis of their needs or rights. The mechanisms of rule that exist outside of the legitimate instruments of

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8. Edward Burke, 'EU-Iraq energy co-operation: missing the point?', *Opinion Paper* no. 2, EDC2020 Project, January 2009.

## 7. From drawdown to partnership: Iraq after the American exit

the state have probably even strengthened under Maliki's leadership. Iraq remains a country in which the primary economic resources of the state are located in only one sector, and in areas inhabited by those who have long challenged the centralised rule of Baghdad. The prospects in the near term for Iraq to surmount these conditions are weak. However, the US drawdown creates conditions – not guarantees – in which the problems that beset the lives of Iraqi civilians are at least less virulent than those of civil war.

## 8. Obama's Af/Pak strategy

**James Dobbins**

The war in Afghanistan was, at its outset, probably the most popular war undertaken in American history. It was also the most generally popular American war in European history. European governments declared the September 11 attacks on New York and Washington as attacks on the NATO alliance as a whole, and many of them eagerly sought to participate in the resultant military campaign. There were no caveats placed on Europe's proffered military contribution back in 2001. Broader international support was also unprecedentedly strong.

Enthusiasm for the war has largely dissipated over the intervening seven years. The unnecessary invasion and poorly managed occupation of Iraq tarnished America's image as the victim of terrorism. While the conflict in Iraq was going badly, it diverted material resources from Afghanistan. Once things began going better in Iraq, this very improvement had the perverse effect of draining political support for the latter conflict. From 2003 to 2007, George W. Bush's domestic and European critics had sought to offset their opposition to what they regarded as his misguided war in Iraq by pledging their support for America's efforts in Afghanistan. Following the 2007 turnaround in Iraq, and as the need for international forces there diminished, the incentive to embrace the 'good war' in Afghanistan as an alternative to the bad war in Iraq also declined. No sooner did American troops begin exiting Iraq than many Democrats in the United States and governments in Europe began agitating for an exit strategy from Afghanistan as well.

### The Obama policy review

It was against this background of second thoughts, growing doubts and diminished enthusiasm that President Obama, on entering office, launched a major review of policy towards Afghanistan and Pakistan. In the course of this review, Obama took advice from many sources. He heard, for instance, from both allied governments and his own party that NATO was overcommitted in Afghanistan, and that it was time to reduce Western objectives with a view to crafting an

achievable exit strategy. Many argued that the real problem was Pakistan, citing that government's inability or unwillingness to deny the use of its territory to Afghan insurgent groups. Until this problem was successfully addressed, nothing that a military intervention could do in Afghanistan would eradicate the insurgency. And the prospects for altering Pakistani behaviour were considered dim.

The new administration was also urged to expand its regional focus beyond Pakistan. America's rapid success in 2001 in both toppling the Taliban and replacing it with a broadly based and widely credible successor regime owed much to the support received from all the traditional players in Afghanistan's 'great game', not just Pakistan but also India, Russia and perhaps most notably Iran. Once the Taliban had been expelled from Kabul, however, the Bush administration relaxed its pressures on Pakistan, rebuffed further offers of assistance from Iran, allowed relations with Russia to deteriorate, and forged a nuclear agreement with India. As a result the great game resumed, and Afghanistan again became the field on which these regional rivalries were played out. Obama was consequently urged to make a renewed effort at regional diplomacy, in an effort to reanimate the cooperation achieved in late 2001.

Talking to the enemy was considered. Influential insurgent leaders were said to be ready to cut their ties to al-Qaeda provided that American and NATO troops agree to withdraw from Afghanistan. Perhaps a reversal of alliances, such as had occurred among Sunni insurgents in Iraq, could be arranged.

In addition to diplomacy, the new US administration was also interested in altering military tactics in Afghanistan, much as had been done in Iraq two years earlier, in order to adopt an updated version of classic counterinsurgency doctrine, one that gives defence of the civilian population priority over offensive action against insurgents.

Pressed by some to narrow his objectives in Afghanistan and by others to expand America's commitment there, Obama chose to do both. He narrowed the rationale for engagement while expanding its scope. He explained that the American objective in both Afghanistan and Pakistan was counter-terrorism, not nation building. It was to prevent these countries from becoming sanctuaries for violent extremists plotting to attack the United States. Yet the strategy for achieving this objective would be counterinsurgency, that is to say a combination of irregular warfare and nation building. Thus on the one hand, President Obama deemphasised democratisation as an overarching objective, while on the other he hurried an additional

17,000 more American troops on their way to Afghanistan in order to safeguard the upcoming Afghan elections.

Obama's policy review was the fourth conducted by US officials over the preceding few months. Its results built upon deliberations begun during the two successive Bush administrations, but moved policy beyond where his predecessor had left it. Obama embraced regional diplomacy, and specified his desire to include Iran in these consultations. He put the issue of Pakistani sanctuaries much more explicitly on the international agenda. He talked about employing financial and other incentives to win over former and prospective insurgents. He cautiously opened the door to talking with the enemy, while making a distinction between reconcilable and irreconcilable elements.

More recently, in his confirmation testimony, the new American commander in Iraq, General Stanley McChrystal, announced that the prime yardstick by which he would measure success or failure in Afghanistan would not be the number of insurgents killed, but the number of civilians protected. More American troops, an expansion of the Afghan army and police forces, and the creation of local civil defence forces are intended to provide the additional manpower needed to effect this protection. The efforts of Afghan and NATO troops will be supplemented by assistance to local populations who are willing to organise for their own defence.

As compared to Afghanistan, the United States has far fewer tools, and less influence over the course of events in Pakistan. Obama has chosen to sustain and even increase Predator drone attacks against terrorist and more recently insurgent targets. These strikes are bitterly resented by the Pakistani population, even though they are conducted with the assent and cooperation of the Pakistani government. Indeed the Predator drones are said to be based in Pakistan. Reportedly these attacks have been quite effective in disrupting terrorist and insurgent activity. The US is working to improve the capacity of the Pakistani military and paramilitary Frontier Corps to conduct counterinsurgency operations in a manner which protects rather than disrupts, displaces or causes casualties among the civilian population. President Obama has also called for more aid to Pakistan, particularly non-military assistance likely to benefit the Pakistani people.

Until a few months ago, American policy in Pakistan nevertheless appeared to be on a downward spiral, as insurgents became more active on both sides of the border, the public became more hostile to the United States, which it blamed for the resultant violence, and the government made more concessions to the extremists. In the first

half of 2009 Taliban incursions into the previously uncontested areas of the Swat Valley and Buner set off a serious counter reaction, both from the army and the public. The public is still very hostile to the United States, but has become even more so towards the Taliban, or at least to that segment of it operating in Pakistan.

### **Complex strategy, weak machinery**

The Obama strategy towards Afghanistan has lots of moving parts. It requires the integration of civil and military capacity, American and allied efforts, and close co-operation between the local governments and the international community. Success will depend more on this strategy's execution than its articulation. Unfortunately, the existing architecture for international engagement in Afghanistan is poorly designed to effect such intense collaboration. The Western military effort is divided into two completely separate command structures. The non-military effort is even more fragmented. The lead nation system for allocating responsibilities among donor governments established in 2002 has proved a complete failure, two dozen Provincial Reconstruction Teams are operating throughout the country without any multinational oversight, and the United Nations, thrust into the role of overall donor coordinator against its original inclinations, has no money of its own and thus limited influence over those who do.

### **Nation building on the cheap**

These dysfunctional arrangements are a legacy of the Bush administration's early aversion to nation building. During the 2000 presidential campaign, George W. Bush promised to avoid such missions altogether. Almost immediately upon becoming Secretary of Defense, Donald Rumsfeld sought to make good on this pledge by withdrawing all American troops from Bosnia. Secretary of State Colin Powell successfully deflected this move by arguing that the NATO commitment in the Balkans represented a multilateral obligation, which could only be terminated by agreement within the alliance. American troops remained in Bosnia, but Rumsfeld resolved to avoid such entanglements in the future. Henceforth America would deploy its forces unilaterally and associate allies through coalitions of the willing in order to retain the freedom to determine when to declare victory and leave.

Scepticism about the value of formal alliances was not limited to the Secretary of Defense. Many in the new administration had been persuaded by criticism from senior American Air Force officers regarding the management of the Kosovo air campaign. These officers had argued that consultations among allied governments

on targeting policy had unduly limited their options and slowed down prosecution of the war. Despite the fact that NATO had ultimately achieved its full objectives without losing a single airman, the new administration was nevertheless inclined to dismiss the Kosovo campaign as an ineffectual ‘war by committee’ and was determined to avoid any repetition. Consequently, despite the unanimous declaration by all NATO members on 12 September 2001 that the attacks of the previous day had been upon the alliance as a whole, NATO was given no role in the prosecution of the resultant campaign to oust the Taliban. Nor, for more than a year thereafter, was it accorded any part in Afghanistan’s post-conflict stabilisation and reconstruction.

Peacekeeping was also denigrated by the new American administration. Washington opposed not just NATO involvement but any international peacekeeping in Afghanistan beyond the small force that was dispatched to Kabul in December of 2001 at the insistence of the Afghans and the UN. The administration rebuffed Afghan and UN efforts to have this force’s mandate extended beyond the capital. Washington also determined that American troops would themselves perform no public safety functions. Security throughout the country was to be an exclusively Afghan responsibility, despite the fact that the country had no army and no police force.

In December of 2001 Great Britain agreed to organise what became known as the International Security Assistance Force (ISAF) to help secure Kabul. The word ‘assistance’ was inserted into this force’s official title at US insistence to underscore the limited nature of its mandate. The United States would contribute no troops to this mission. Washington also insisted that ISAF have no organisational links to the United Nations, NATO, or even to the US-led Operation Enduring Freedom. Recalling his loss to Colin Powell over withdrawal from Bosnia, Secretary Rumsfeld wanted to ensure against any multinational commitment that would inhibit America’s freedom to declare victory and withdraw from Afghanistan at a time of its choosing.

Great Britain was equally reluctant to envisage a long-term commitment to Afghanistan. London began preparation to hand over responsibility for leading ISAF almost as soon as the force was formed. In early 2002 Turkey was persuaded to assume the mantle for six months. A year after its creation, Germany accepted the leadership of ISAF, but only on the condition that the force be placed under NATO command. Washington agreed, while making clear that American troops would still remain aloof, creating the odd anomaly of an allied force with no contingent from the largest and most powerful ally, and the one with the largest stake in the force’s success.

Not until 2004 did the United States agree to expand ISAF activities beyond Kabul, albeit still without any significant number of Americans. Washington remained wary of entangling alliances. There was at the time a well-grounded speculation that the American intention in expanding ISAF's geographical scope was to eventually transfer responsibility for stabilising Afghanistan entirely to its allies in order to be able to concentrate upon Iraq. This aspiration was reciprocated by a concomitant desire on the part of many allies to avoid service in Iraq while continuing to show solidarity with the United States by service in Afghanistan.

The Bush administration's anti-peacekeeping and anti-alliance attitudes largely evaporated during Bush's second term. The original rationale for the invasion of Iraq had by then proved illusory, leaving democratisation as the last possible reason for that intervention. The administration embraced nation building, in all but name, with the fervour of a new convert. Secretary Rumsfeld made 'stability and reconstruction operations', the Pentagon's term for nation building, a core mission of the US military, on a par with conventional combat. The State Department created an office for reconstruction and stabilisation. President Bush issued a directive setting out an interagency structure to handle such missions in the future. By 2007 the new American commander in Afghanistan was putting public security at the centre of his campaign. This new attitude was also manifested in Afghanistan where the United States became the largest troop contributor to ISAF, even as that force moved into the contested areas along the Pakistan border and began to conduct counterinsurgency operations.

### The institutional legacy

The Bush administration's eventual embrace of nation building and alliance entanglements came too late to shape the structures for international engagement in Afghanistan. By the time the United States was prepared to commit to a large-scale and truly multinational military endeavour, many allies had become comfortable with the divided command arrangements and unequal division of labour that had grown up. For the first several years after 9/11, it had been Washington that sought to limit NATO's responsibilities. Faced with a rising insurgency, brought on in part by its own early passivity, the United States gradually reversed this stance, only to find many allies seeking to limit their own and thus the Alliance's commitment. By the time that the United States was ready to fully commit to a NATO operation, many other allies were no longer ready to envisage such an expansion in the Alliance's role. Thus allied forces in Iraq continue to operate under two distinct command chains, ISAF and Operation Enduring Freedom (OEF), which come together

under a single commander in theatre, only to diverge again towards different higher headquarters.

In addition to divided command, there is also an invidious division of responsibilities. Some allied governments are prepared to have their soldiers fight and die to secure contested areas of Afghanistan, others are not. The latter allies sometimes charge that the United States had engaged a ‘bait and switch’ manoeuvre, in which countries were recruited to do peacekeeping and then once committed to Afghanistan were asked to engage in counterinsurgency, or worse yet, counter-terrorism. To the extent that this is true, it was a deception in which allied governments themselves participated. European publics might legitimately claim to have been unaware that their troops would be going into a low-intensity conflict, not classic peacekeeping, but their governments had no such excuse as conditions in Afghanistan were as evident to them as anyone in Washington.

The structures for non-military assistance to Afghanistan have also been shaped by Washington’s early refusal to take a leading role in the country’s reconstruction. At the first donors’ conference for post-Taliban Afghanistan, in January of 2002, the international community pledged \$5.6 billion in aid, of which only \$360 million was to come from the United States. Even Iran made a larger pledge, as did the European Commission.

Secretary Rumsfeld subsequently defended what became known as the ‘low profile, small footprint’ approach to post-conflict reconstruction by arguing in speeches and op-ed articles that by flooding Bosnia and Kosovo with economic assistance and military peacekeepers, the United States and its allies had turned those societies into permanent wards of the international community. The Bush administration was going to avoid such outcomes in Afghanistan and Iraq by limiting its commitment of soldiers and money, and thus encourage these societies to become self-sufficient more quickly.

Washington was thus not interested in heading an international reconstruction effort for Afghanistan, nor would the initial size of its aid programme have justified such a role. The United Nations also sought to limit its responsibilities in this regard, preferring to focus principally on Afghanistan’s political evolution, in particular the implementation of the Bonn Agreement and the establishment of democratic institutions, which it did very successfully.

## 8. Obama's Af/Pak strategy

Responsibility for supporting Afghanistan's development in other areas was therefore divvied up among a variety of actors. The United States took the lead in rebuilding an Afghan national army, seeking thereby to divert President Hamid Karzai from his efforts to promote an expansion of ISAF's activities beyond Kabul. But Washington had no plans (or funding) to demobilise the warlord-led militias, create a new police force, reform the penal and judicial systems or stem narcotics production. So responsibility for rebuilding the rest of the security sector fell to others. Japan took the lead in supporting the disarmament and demobilisation of warlord armies, Germany took responsibility for the police, Italy for the courts and the UK for counter-narcotics.

Economic development was overseen by an even more unwieldy leadership group made up of the World Bank, the European Union, Saudi Arabia and the United States. To even cite the names of the membership of this steering committee is to acknowledge that no one was in charge.

The lead nation system has been modified over the years. As American assistance levels grew, the United States became the effective leader across the entire security sector, largely displacing Germany, Italy and the UK in their respective areas. The United Nations assumed a somewhat more central role in coordinating economic assistance. NATO became a major player, both in the military sphere, and also developmental, via the Provincial Reconstruction Teams set up under its auspices. But half of these two dozen teams are run by the United States, completely outside the alliance framework, while NATO, a purely military organisation, has developed no mechanism for directing, supporting, standardising or even coordinating the activities of the dozen national teams under its nominal authority.

In the early years of the current decade European assistance to Afghanistan exceeded that of the United States and European troop numbers were near equivalent. During this period, both American and European efforts were, however, grossly inadequate to the task. Both the United States and Europe had committed much more money and manpower to stabilising and rebuilding Bosnia and Kosovo than they did to an Afghanistan emerging from thirty years of full-scale civil war. Thus Bosnia received sixteen times more economic assistance, on a *per capita* basis, than did Afghanistan in the immediate postwar years. The NATO forces in Bosnia and Kosovo were each several times bigger than the allied commitment to Afghanistan during those years. Indeed the NATO Stabilisation Force (SFOR) in 1996 and Kosovo Force (KFOR) in 1999 were not only much larger in real terms, but were each some fifty times larger than ISAF and OEF combined in 2002 when compared on a *per capita* basis.

The European Union as an entity has never embraced Afghanistan in the fashion it did the Balkans, or even some parts of Africa. In the Balkans the EU competed with NATO and the US for influence, quickly gaining the dominant voice on matters of economic and social reform and eventually moving into the security sector as well. Both the European Commission and the European Council are prominently represented in Kabul, the one overseeing a substantial aid programme and the other providing several hundred police trainers and advisers. Most European aid is being provided nationally, however, and member governments have been slow to commit personnel to the EU police mission, which is generally conceded by Europeans, as well as the Americans, to have been a disappointment.

As the American commitment to Afghanistan has grown, the distribution of burdens has become increasingly invidious. In the Balkans European governments provided more than three quarters of the military manpower and economic assistance. In Afghanistan Europe provides less than one quarter. Afghanistan is, of course, a long way from Europe, but it is even further away from the United States. The intervention was precipitated by an attack on America, but Europe decided, unprompted, to declare this an attack on Europe as well. The Bush administration failed to capitalise on this initial commitment and Europeans now feel that they have less at stake here than does the United States.

## Promoting unity of effort

Obama has not levied any serious demands upon European governments either for more effort or greater unity in Afghanistan. He has already increased American force levels by about a third, without urging any commensurate increase in allied troop strength. The new American administration seems to have concluded that any large increase in allied contributions is unlikely, and that reform of the institutional arrangements for integrating American and allied efforts is therefore unnecessary.

Americanising the war in this fashion eases pressures on European governments to do more, and reduces the burden on Washington to coordinate its strategy with others. The Obama administration faces constraints, however, in how far it can go in this direction imposed by domestic resistance, particularly in its own party, to this expanded American role.

American pressure on European governments to do more in Afghanistan may thus increase. General McChrystal has recently completed his own strategic review, and has made a request for up to 14,000 additional troops. Obama will face serious do-

mestic objections, particularly if other NATO governments continue to insist they can do no more. McCrystal's request for reinforcement comes at a very inopportune time for both the American and allied governments, coinciding as it does with still growing controversy over the legitimacy, and indeed the true outcome of the August 2009 Afghan presidential elections.

Over the longer term, it is also likely that Europe might also come under new American pressures even if the situation in Afghanistan improves. To the extent that counterinsurgency gives way to peacekeeping operations, Washington is likely to want these duties to be shared more equitably by allies, particularly those that have largely shirked the hard fighting.

Since the entry of NATO into Afghanistan the American and allied military efforts in Afghanistan are divided between Operation Enduring Freedom (OEF) and the International Security Assistance Force (ISAF). These two forces operate in generally distinct geographic areas, but some assets are necessarily employed in support of both, and some intermingling cannot be avoided. Divided command of this sort inevitably produces unnecessary friction, and is a standing invitation to misunderstanding, failure to render prompt assistance, and at the worst, fratricide.

There are American and allied troops in both command chains. Within Afghanistan itself the command chain of these two forces converge under General Stanley McChrystal, but then diverge again. McChrystal reports to two superiors, both American Generals, one in Tampa, Florida and one in Mons, Belgium. General Petraeus, in Tampa, is responsible for OEF, as well as for military operations throughout the surrounding region, including Pakistan. Admiral Stavridis, in Mons, is in charge of ISAF.

McChrystal has moved to consolidate, if not entirely merge, the ISAF and OEF structures, but so far there has been no move to unify the bifurcated command chain above him. Of course one can continue to muddle through with this complex and confusing arrangement, but the results are bound to be sub-optimal. There are two steps which could help. One would be to merge ISAF and OEF, the second would be to create a new major NATO for Afghanistan, co-located with the American Central Command, under General Petraeus in Tampa, thus giving that officer undivided authority for Afghanistan. Either step could be done independently of the other, but only both would fully align NATO and American command arrangements.

A common European reaction to this proposal is a concern that it would diminish NATO and thus European oversight of the war and bolster American control. The reverse is true, however. Under current arrangements, the top Commander in Afghanistan and both of his superiors are already Americans. But the supreme NATO command has no responsibility for the bulk of Western troops in Afghanistan, whereas the American theatre commander, General Petraeus, does not report to the North Atlantic Council and has no responsibilities towards the alliance. Creating a major NATO headquarters parallel to CENTCOM would thus give European militaries and governments a great deal more insight into and potential influence over the entire Afghan effort.

Successful counterinsurgency requires the intense integration of civilian and military expertise. This is very difficult, particularly when done on a multilateral basis. The civil effort in Afghanistan is particularly fragmented due to the failure, going back to late 2001, to appoint any person or organisation in charge of coordinating these activities.

Richard Holbrooke's appointment has put a single official in charge of American non-military activities in Afghanistan, as well as Pakistan. Several European governments have recently moved to create similar positions. It would be helpful if Europe could be encouraged to appoint a single individual of comparable stature, representing the European Union, to coordinate their national efforts and work with Holbrooke on a unified Western approach to stabilisation and reconstruction in both Afghanistan and Pakistan.

Provincial reconstruction efforts also would profit from better coordination. There are currently 26 Provincial Reconstruction Teams (PRTs) in Afghanistan, of which the majority are run not by the United States, but by 13 other allied governments. There is no central structure overseeing these disparate efforts, setting common standards, establishing development priorities and otherwise supporting these teams. The US and the other governments fielding PRTs should consider establishing a common administrative office in Kabul which would be responsible for developing a common doctrine, working with NATO, the UN, the World Bank, the Afghan government and other donors to set common development goals and channelling additional resources to these provincial teams. This office might be organised and staffed through NATO. This would take NATO a bit beyond its hitherto exclusively military area of competence, which some allies have been reluctant to do, preferring to bolster the European Union's capabilities for the projection of "soft power". Alternatively the European Union might partner with the United States to

create such an office. This, along with the nomination of a Holbrooke-type equivalent, would require a decision by European governments to collectively assign a priority to Afghanistan, and to an EU role in Afghanistan, from which they have heretofore shied away.

### Looking for an exit strategy

The Obama rationale for the Western military presence in Afghanistan has the virtue of clarity and simplicity. Western troops are there to prevent another 9/11, whether directed at the United States or any of its allies. There are, however, even larger stakes at play, involving the stability of Pakistan, control over its nuclear arsenal and technology, and competition between moderate and extremist visions of Islam. It is better to recognise that neither Afghanistan nor Pakistan can be stable and peaceful if the other is not. The permeable and contested nature of their common border and the presence along it of a large, alienated, economically disadvantaged and largely ungoverned Pashtun population makes it clear that the two challenges are inseparable.

Pakistan may be the more weighty concern, but Western influence there is much more limited. Most Western money and nearly all Western manpower will be devoted to Afghanistan. Military offensives in both countries are currently winning back territory and putting new pressures on extremist elements. How might this process end? In military victory and a fading away of the insurgency? Perhaps, although this seems unlikely. In an exhaustion of Western and Pakistani political will and the resumed expansion of extremist influence? This certainly has been the pattern over the past couple of decades. Or in a political accommodation that recognises the contested border and better integrates the Pashtun tribes on both sides into their respective polities? This is an alternative to be considered.

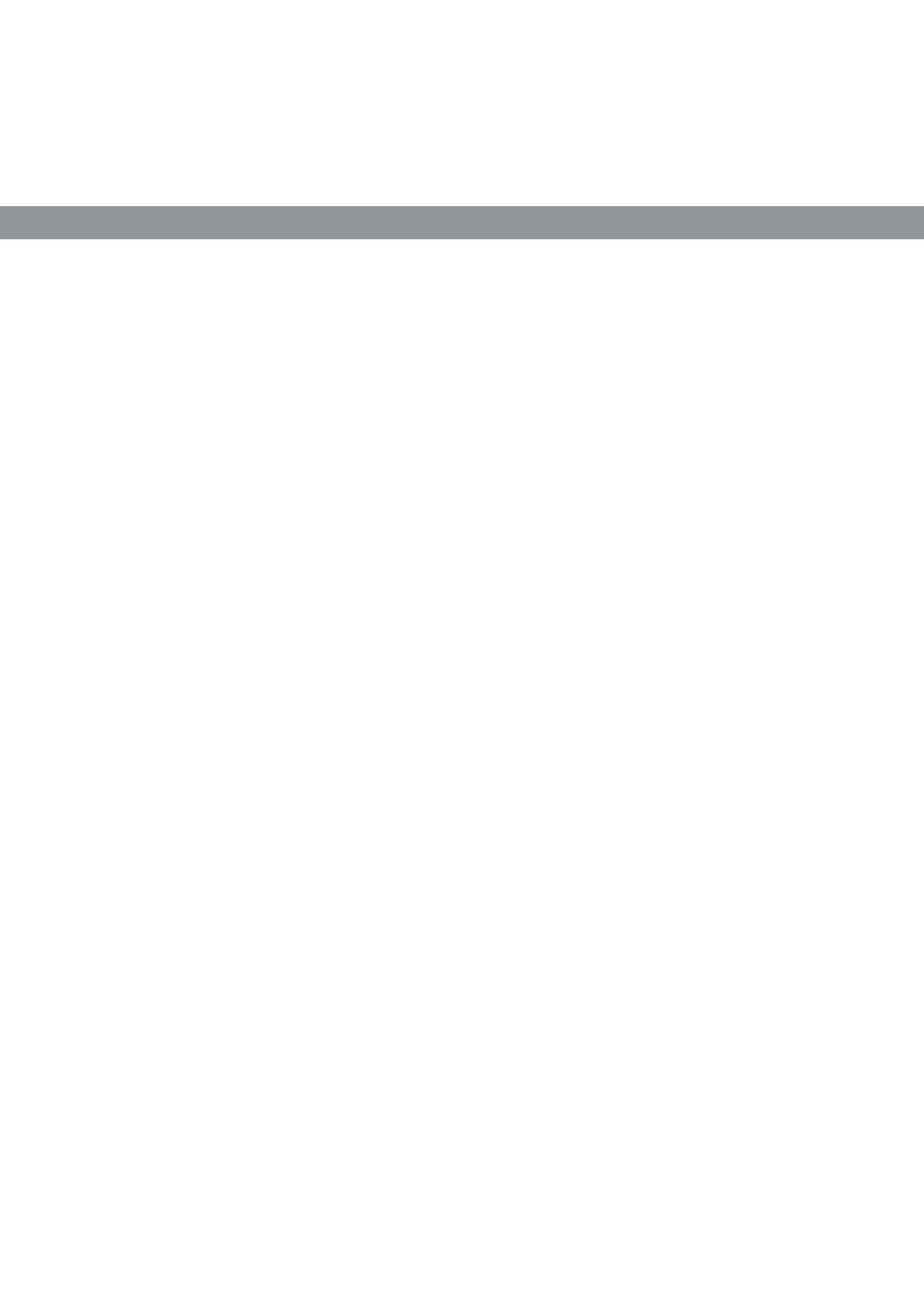
At some point a new international conference, convening a participation similar to that which met in Bonn in November of 2001 and established the Karzai regime, might help advance this third alternative. The product of such a conference might be an agreement:

- Among all parties to declare Afghanistan a permanently neutral country
- By Afghanistan not to permit its territory to be used against the interests of any of its neighbours
- By its neighbours and near neighbours not to allow their territory to be used against Afghanistan

- By Afghanistan and Pakistan to recognise their common border
- By all other parties to guarantee that border; and
- By the United States and its NATO allies to withdraw their forces from Afghanistan as soon as the above provisions have been implemented
- By the international donor community to support the delivery of public services – roads, schools, health clinics, electricity and security – to the disadvantaged communities on both sides of the border.

All of the participants would gain from such a package. Pakistan would secure Afghan recognition of its border and assurances that India would not be allowed to use Afghan territory to destabilise Pakistan's own volatile frontier regions. Afghanistan would obtain an end to cross-border infiltration and attacks from Pakistan. Iran would get assurances that the Western military presence on its eastern border would not be permanent. Pashtuns living on both sides of the border would get access to improved public services.

Such an exchange of pledges could only have effect, however, if Pakistan and Afghanistan were, in fact, in control of their respective border regions, and thus able to deliver on the mutual promises of non-interference, something neither state is currently capable of doing. Diplomacy may have a significant role in ending the current Afghan and Pakistani civil wars, but only if current Western and Pakistani military operations are sustained long enough to convince most insurgents that they cannot outfight or outlast their opponents.



# **9. The Obama effect and the Iranian conundrum**

**Rouzbeh Parsi**

## **Introduction**

Two momentous changes have occurred in the last twelve months which have altered the complicated relationship between the West and Iran. The first event, the election of Barack Obama as US President, seemed to signal an end to many of the problematic aspects of the Bush administration's approach to world politics in general and the Middle East in particular. Obama promised less dictation and more dialogue with Iran. Thus the US seemed to be moving towards greater action and clarity in its relationship with Iran. The second event was the seismic shift in the Iranian political landscape that occurred following the presidential elections in June 2009. These elections did not produce an interlocutor with a clear mandate to engage in substantive diplomatic negotiations with the US. The post-election debacle has strengthened the grip on power of the conservative wing of the Islamic Republic's elite but at a heavy cost to the political system. The fissures between radical and pragmatic conservatives are on daily display and the reformist wing of the political elite refuses to bow down despite fierce state repression. Thus the Iranian domestic political scene is fractured, perhaps beyond repair, and the Leader, Ayatollah Khamenei, will not be able to get his house in order any time soon. This volatility is not conducive to fresh and bold action in the foreign policy arena. Thus it seems that the gods have conspired against any sea change in the traditionally antagonistic relationship between the US and Iran.

The problem however is not one of simple mismatch in political attitude and personal presidential style. It is also one of starkly differing focus. The West is chiefly preoccupied by the Iranian nuclear technology project, with the ever-present suspicion of its imminent or eventual weaponisation. For Iran, on the other hand, the nuclear issue is a facet of the foreign policy objective of,

primarily, enhancing national security and, secondarily, enhancing prestige and power projection. In the hands of President Ahmadinejad the nuclear issue has also become a device in domestic politics used to rekindle long-standing resentment against Western ‘arrogance’ and burnish the President’s own prestige as a champion of Iranian national self-esteem.

In short, the crisis in Iranian domestic politics is going to preoccupy the different factions of the Islamic Republic of Iran’s elite for some time to come. Whatever *rapprochement* can be initiated and secured in the near future cannot be realistically expected to spring from a resolution of the nuclear issue. While it is admittedly an important and explosive issue it is but one of several, and one in which there are slim chances of quick progress at that. The nuclear issue should therefore be pursued separately from other outstanding issues of concern for all parties (the Middle East peace process, Iraq, Afghanistan etc.), and in addition not be seen or used as an indicator of progress (or lack thereof). This of course goes against the grain of conventional wisdom, according to which an Iran that has achieved nuclear threshold status cannot be tolerated let alone trusted.

### Background

Barack Obama stated during the presidential primary campaign that he was willing to talk to ‘friend and foe’ because ‘not talking doesn’t make us look tough – it makes us look arrogant, it denies us opportunities to make progress, and it makes it harder for America to rally international support for our leadership.’<sup>1</sup> He stuck to that position despite heavy criticism from within the Democratic Party during the primaries and later during the presidential campaign against Republican nominee Senator John McCain. While the candidate Barack Obama through his personal charisma, inspiring life story, and progressive political programme kindled hope, large swathes of the Middle East (assuming that they would under any circumstances give an American official the benefit of the doubt) were sceptical of his ability to actually change anything in the way US Middle East policy was conducted.<sup>2</sup> This is particularly pertinent in the case of Iran where Iranian politicians and their American counterparts have had a long history of being fatefully out of sync with one another. In addition, the Iran question was and remains related to the US-Israel alliance. This is

1. Campaign site of Barack Obama, ‘Renewing American Diplomacy’, accessed 17 August 2009. See: [http://www.barackobama.com/issues/foreign\\_policy/index\\_campaign.php#diplomacy](http://www.barackobama.com/issues/foreign_policy/index_campaign.php#diplomacy).

2. Steven W. Barnes and Nadia Bilbassy, ‘Peace will help keep Obama popular’, *Worldnews.com*, 31 August 2009. See: [http://www.dailystar.com.lb/article.asp?edition\\_id=10&category\\_id=5&article\\_id=105903](http://www.dailystar.com.lb/article.asp?edition_id=10&category_id=5&article_id=105903); ‘Egyptian Public to Greet Obama With Suspicion’, *WorldPublicOpinion.org*, 3 June 2009; Pew Global Attitudes Project 2009, ‘Confidence in Obama Lifts US Image Around the World. Most Muslim Publics Not So Easily Moved’; 23 July 2009.

also taken as a given by the other actors. Thus both European and Iranian observers assume that Israel looms large in the crafting of US policy towards Iran.

Yet part of the legacy of the Bush years was also the widening discrepancy between what was officially said and stated and what was eventually done or pursued. With regard to Iran the Bush administration studiously avoided acknowledging its ruling elite or dismissed them categorically as part of the ‘Axis of Evil’. Thus by avoiding direct contact with the Iranian government but repeatedly admonishing it the Bush administration seemed to believe that it was conducting diplomacy.

Compared with the Bush administration, the Obama administration has taken a very different approach towards Iran. It has so far taken several steps to ease tension and steer toward a situation where negotiations on several outstanding issues can eventually take place. From a European perspective the Obama administration is bringing America closer to the EU baseline in dealing with Iran. In his Nowruz message marking the Iranian New Year, Obama addressed both the Iranian people and its leaders.<sup>3</sup> This promising approach has not backfired nor is the window of opportunity quite lost, but recent events in Iran has made the idea of *rapprochement* less attractive and the hope of achieving anything tangible through such negotiations less likely.

Furthermore the Obama administration’s new approach is hampered by the fundamentals of the decision-making process in Iran. The system with its many formal and informal power centres combined with the constant balancing of appointed and elected positions promotes consensus and a slow pace of change, if any at all.

Contributing to this sense of being constantly out of sync is the political self-perception of both Iran and the US. For the last 30 years the relationship between the two countries has been characterised by a rivalry that presumes diametrically opposed strategic objectives. In addition, their domestic election cycles have often impeded overtures that might lead to a thaw in relations. As will be discussed in greater detail below, the conservative wing of the elite of the Islamic Republic still thinks of itself as revolutionary and integral to their understanding of this revolutionary ethos is standing up to the US. Thus the US is a necessary element in their understanding of what makes the ideology of the Islamic Republic of Iran unique in the world and distinguishes them as a faction in the Iranian domestic context. It is important to note, however, that this ideological fervour does not preclude pragmatic solutions, only that a change of course will be problematic in terms of self-perception and credibility with constituents.

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3. ‘A New Year, a New Beginning’, Videotaped remarks by the President in celebration of Nowruz, 19 March 2009. Available at: <http://www.whitehouse.gov/Nowruz>.

The foreign policy repercussions of the revolution and its ideology were by definition detrimental to the US: exporting the revolution and thus destabilising neighbouring US allies, hostage-taking at the US embassy in Tehran, and of more recent date Iran's uncompromising attitude towards the Israeli-Palestinian peace process. These are known issues and quarrels that can easily be tapped into, fuelling fresh hostility.

In terms of strategic objectives the picture is less clear cut. A central ambition of imperial Iran under the Shah which the elite of the Islamic Republic have also pursued is regional hegemony. As far as they are concerned, Iran's aspiration to be a key player in the region follows naturally from its demographic and geographical size and, more importantly, its achievements. Such ambitions were channelled and reined in by the US during the era of the Shah within an overall structure of regional security for its allies. That structure was severely damaged by the revolution and the subsequent war between Iraq and Iran. The US became increasingly involved using its own troops, particularly through the UN-sanctioned war to liberate Kuwait in 1991 and the unilateral invasion of Iraq in 2003. Thus the increased US military presence in the region in turn fuelled Iranian insecurity about regime survival as well as its resolve to remain an independent force in regional affairs. In the general zero-sum understanding of the political game the deteriorating situation in Iraq, especially in 2005-2007, should be seen as beneficial to Iran. But that ignores the Iranian long-term need for stability in the immediate neighbourhood. Furthermore, from Tehran's point of view, the presence of US troops in the Persian Gulf, regardless of where they are stationed, presents a distortion of the regional power balance.

Election cycles both in Iran and the US tend to favour those who stick to the beaten path. In both countries the enmity and resulting standoff seems to be taken as a given and thus to change policy requires domestic consensus or extraordinary events that will somehow shake the system into a major rethink. In the case of the United States it was the Iraq war and Barack Obama's promise that he would pursue time-proven strategies (multilateralism) and bold novel initiatives (reframing of the relationship with the Muslim world, talking to Iran) that made a re-evaluation of the conventional policy into something more than a drawing-board scenario. Iran had its moment of hope during President Khatami's first term in office, but there was no domestic consensus on the issue. The Clinton administration's first term saw some of the most wide-ranging sanctions being applied to Iran (many of which indeed are still in effect) which made the attempts at *rapprochement* initiated during his second term more difficult. By then the hardliners in Iran were busy stemming Khatami's liberalisation efforts and undermining his presidency and hence any moves towards a *rapprochement* with the US were fraught with the danger of being accused of selling

out the revolution and the country. Thus by the time the political mood on both sides had become more constructive, the structural constraints for a breakthrough were formidable and forbidding.<sup>4</sup>

A sense of hope re-emerged in the last month of campaigning for the Iranian presidential elections in 2009. Among the changes clamoured for were a new tone and a re-starting of the relationship with the outside world, both with the Western world and Iran's Arab neighbours. Consensus on such initiatives was however even more elusive now than it was during Khatami's presidency. Before the election the notion of a *rapprochement* with the US was somewhat like the proverbial elephant in the room. Now the contested result has thrown everything up in the air, including Iran's relationship with the Western countries.

## The nuclear programme

The Obama administration has several pressing issues on its agenda that require interaction with Tehran: the nuclear issue, particularly fuel enrichment; the fragile stability of Iraq; the increasingly unstable political situation in Afghanistan, and the repercussions of that instability on an already wobbly, nuclear-armed Pakistan. The EU has a similar list of concerns with the added urgency that comes from having the Middle East as its near abroad. While not originally engaged to the same extent in Iraq, the ongoing conflict in Afghanistan and its repercussions on Pakistan, as well as the stuttering peace process between Israel and the Palestinians, are areas where EU Member States and the EU as a whole are heavily engaged.

To the outside world, and by virtue of its being constantly in the spotlight, the perceived nuclear threat is the paramount issue at hand. This is a strategically useful way of trying to foment political cohesion, diplomatically and publicly, between the US and the EU, as it constitutes a national, regional and international security issue and threat. For Israel this threat is part of a national perception of dangers that has an existential dimension but it is also of instrumental use as it can deflect attention from the occupation of Palestinian territory, a domestic as well as an external problem in Israel. Finally, for the hardliners in Iran, and President Ahmadinejad in particular, the nuclear issue has been part of an important strategy used to neutralise domestic political competitors and at the same time a way of raising Iran's profile in international politics.

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4. For an account of the period from an American perspective see Kenneth M. Pollack, *The Persian Puzzle: the Conflict between Iran and America* (New York: Random House, 2004), esp. pp. 312-42.

President Ahmadinejad's first term in office delivered a radical change in tone both on the domestic scene as well as in terms of foreign policy. He frequently criticised the Khatami administration for being too soft in its negotiations with the EU on the nuclear issue.<sup>5</sup> Even though he was not tasked with the nuclear issue he criticised the negotiating strategy of the reformists and pursued a more stubborn and less accommodating line once in power. In this area in particular he used all the means available to him to act as the spoiler in the game, if not the one actually in charge.

In many respects his domestic and foreign policy has been a failure, but on this issue he has been successful. The nuclear technology has been elevated to a matter of national security as well as national pride. Ahmadinejad has thus been able to depict himself as a guardian of national interests and wedge his way into a foreign policy arena beyond his constitutional purview. Thus it is important to understand that the nuclear issue is both a *realpolitik* calculation that up until the present has had support from all the factions of the ruling elite, while also providing Ahmadinejad with a stump speech theme as he tries to hammer home the idea that the Iranian nation's future prosperity and stature is somehow intimately linked to its ability to enrich uranium. This consensus has now been shattered as a result of the contentious election and its aftermath.<sup>6</sup>

The Iranian regime's ability to make its case on the nuclear issue was hampered by its unwillingness to accept more safeguards from the International Atomic Energy Agency (IAEA) and undermined by Ahmadinejad's strategy of projecting himself, and thus Iran, on the international scene equipped with a holistic religious-revolutionary approach to a series of more or less foreign policy-related issues. See for instance his recent speech in Mashhad where he said that one of his missions '... is to reform the situation in the world, change the relations that govern the world and establish justice in world behaviour and relations.'<sup>7</sup>

At times the international media has cherrypicked IAEA reports on Iranian compliance, over-dramatising and overstating the conclusions.<sup>8</sup> On the other hand the

5. Alireza Rezaei, 'Explanation of the Islamic Republic of Iran's Foreign Policy Periods from the International Relations Theories Perspective' [Tabiin dowreha-ye siasat khareji IRI az manzer teoriha-ye ravabet beinolmellal], *Rahbord*, vol. 16, no. 48, 1988.

6. For a prescient recent analysis of Ahmadinejad's nuclear strategy, see Farideh Farhi, 'Ahmadinejad's Nuclear Folly', *Middle East Report* no. 252, September 2009. Available at: <http://www.merip.org/mer/mer252/farhi.html>.

7. Public Speech in Mashad, 16 July 2009. Available at: <http://www.iranalmanac.com/news/print.php?newsid=11006> (accessed 17 August 2009.)

8. Francis Matthew, 'Concern voiced over exaggerated reports on Iran's non-compliance', *Gulfnews.com*, 2 June 2008. Available at: <http://archive.gulfnews.com/region/Iran/10218067.html>.

recent revelation of a second site for future enrichment near the city of Qom, about which Iran did not initially volunteer information, indicates that a lot remains to be understood about the Iranian nuclear programme. The site raises anew the questions surrounding the end purpose of Iran's nuclear programme. The immediate effect of the publicising of a second site has been the increased alignment of EU and US positions and greater pressure on Russia to accept the idea of a harsher sanctions regime. In this regard the Obama administration's attempt to placate Russian fears in Eastern Europe has yielded results, i.e. greater Russian willingness to contemplate further sanctions. It is however too soon to tell whether this signals a major and more long-term shift in the Russian position on the Iranian nuclear programme. Yet as IAEA Director General Dr. Mohamed ElBaradei has repeatedly stated, the core of the problem is political – a deep sense of mutual distrust.<sup>9</sup> While establishing trust is a two-way street the Iranian government's way of handling the issue of the second site does not inspire confidence in their good faith.

Yet Ahmadinejad's speeches and comments, primarily aimed at his own base back home but also attempting to conjure up a new self-confident and abrasively truth-seeking revolutionary image for Iran, played into the hands of those arguing for less compromise and a more unyielding approach towards Iran. In short, while those in Iran who were clamouring for a more strident attitude towards European and American demands had reason to be satisfied with his performance, the overall position of the country in negotiations as well as its international stature were diminished and Ahmadinejad became a caricature of himself, personifying all that easily brings people to the conclusion that Iran is inscrutable, irrational and increasingly dangerous.

It is therefore worth reiterating that in the view of the contestants in the Iranian power game the nuclear issue is important but its core is not Iranian military ambitions as much as perceived Western mistrust and hypocrisy. Thus, regardless of what faction is in power, the Islamic Republic will most probably not give up its stated right to master the fuel cycle. To what extent this mastery must be implemented on an industrial scale and flaunted, as it were, is a different matter. Here the reformists have displayed a more flexible attitude without conceding all their bargaining chips. In this regard President Obama's evaluation of Ahmadinejad and Mousavi –

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9. Siddharth Varadarajan, 'Language of Force is not Helpful on Iran Issue', *The Hindu*, 3 October 2009. Available at: <http://www.hindu.com/2009/10/03/stories/2009100355310900.htm>; Christopher Dickey, 'Mohamed ElBaradei: "They are not Fanatics." The director-general of the International Atomic Energy Agency on what it's like to negotiate with the Iranians', *Newsweek*, 23 May 2009. Available at: <http://www.newsweek.com/id/199149>; Lally Weymouth, 'A Conversation with Mohamed ElBaradei', *Washington Post*, 1 February 2009. Available at: [http://www.washingtonpost.com/wp-dyn/content/article/2009/01/30/AR2009013003085\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2009/01/30/AR2009013003085_pf.html).

'The difference between Ahmadinejad and Mousavi in terms of their actual policies may not be as great as has been advertised' – is correct.<sup>10</sup> On the nuclear issue the Iranian elite is not divided on principle as much as in terms of attitude and tactics.<sup>11</sup> The presidential elections did however also show a great dissatisfaction within the ruling circle with Ahmadinejad's approach, both among fellow conservatives and reformists.

The main issue is not necessarily the end goal so much as the manner in which it is pursued. The confrontational style of Ahmadinejad towards the West as well as Arab neighbours incurs greater costs than benefits. Echoing, as it were, the critique of President Obama against the Bush administration, reformists refuse to accept the idea that diplomacy and pursuing national goals are mutually exclusive.<sup>12</sup> Thus it is Iran's diplomatic strategy and not its nuclear ambitions that are in need of change.

The Middle East peace process – which more often than not is a faint hope rather than an actual process – is another area where Iranian obstructionism contributes to the general lack of progress. The strategy of isolating Iran when dealing with the Israeli-Palestinian conflict has so far not yielded any tangible results as far as conflict resolution is concerned. A more integrative approach would help bring all the parties to the table while acknowledging that the core issue was and remains a conflict over land.

### The US and Iran

In the Iranian case normalising the relationship with the US makes political sense considering Iran's position in the Middle East and the country's chronically ailing economy. In order to improve the economy as much as to gain recognition, Iran needs a working relationship with the US. That is however not where the real problem lies as far as Iranian domestic politics is concerned. The Islamic Republic is in many ways still the brainchild of the ideological wave that mobilised and channeled the discontent of the Iranian population against the Shah. Regardless of whether people had leftist or Islamist sympathies, the Shah's association with the US very much worked to his detriment in terms of legitimacy while also serving as a focal point for the opposition in its dual adherence to Iranian nationalism and international anti-imperialism.

10. CNBC interview, 16 June 2009. Available at: <http://www.cnbc.com/id/31393724/site/14081545>.

11. *Iran Diplomacy* interview with former ambassador and minister Hossein Adeli. 1 June 2009 Available at: <http://irdiplomacy.ir/index.php?Lang=fa&Page=24&TypeId=1&ArticleId=4809&BranchId=5&Action=ArticleBodyView>.

12. Ibid.

Thus while *realpolitik* dictates an eventual coming to terms with the US, the ideological opposition to the United States still looms large for some elements of the elite of the Islamic Republic. For the conservative wing of the Iranian polity, animosity towards and rejection of the US is part and parcel of the liberation from the ‘corrupt’ modernity with which the Shah was so enthralled. Thus, in the ongoing internal fight between reformists and conservatives, keeping the US at a distance serves a double function. It enhances cohesion and maintains focus on the basic principles of the revolution (as interpreted by the conservatives) both in domestic and foreign policy, while at the same time upholding the image of a country under constant attack that therefore needs to be ultra-vigilant. Furthermore there are quite a few indications that the enhanced sanctions put in place during 2007-2008 against Iran by the United Nations Security Council (UNSC), on grounds of non-compliance with IAEA requests pertaining to use of nuclear technology, have benefited already privileged groups. This is not an uncommon effect in closed or semi-closed societies (for instance, Iraq during Saddam Hussein’s last 20 years in power) but in addition, in the Iranian case, points towards another worrying trend which has come to the fore due to the presidential elections debacle of June 2009.

That is the increased institutional clout, political visibility and ideological voice of the Iranian Revolutionary Guard Corps (IRGC). All three elements were in a sense there from the very inception as the IRGC was explicitly created as the trusted armed wing of an ideologically motivated Islamist movement that had just taken over the state. The recent development, however, is more of a result of the need of the then Hojjat al-Islam, Ali Khamenei, to marshal support on becoming Leader after Ayatollah Khomeini (more on this later). One of the avenues available for the theologically diminutive Khamenei was to curry favour with and privilege other pillars of the Islamic Republic than the *ulama* who symbolise and guarantee the religious credentials of the system.

Thus the IRGC’s enhanced institutional clout derived from their association with Khamenei and during the presidency of Khatami (1997-2005) they increasingly voiced their displeasure with his liberalising policies by asserting their position as not just guardians of the state and country against external enemies, but also ideologically within society and the ruling elite itself. In this and another crucial aspect, their increasing economic activities, they resemble the Kemalist military of Turkey. Added to this general corporatist trend is that besides being part of the white economy through their ownership of industries, they are also part of the grey economy, operating through tax-exempt foundations (*bonyad*) as well as being involved in the smuggling of consumer goods into the country through their own airports etc.

Thus the sanctions regime benefits them by limiting the competition as it were. If the general sanctions regime were to tighten and have a more severe impact on society the regime in Tehran would quite naturally prioritise its own base in terms of resources in order to secure its survival.

The unprecedented events following the disputed election proceedings in June 2009 indicate that the core issue of Iranian political development over the past hundred years remains the role of the population in determining the political fate of the country. In its latest guise, it is a struggle over the locus of sovereignty between those who hark back to a more traditionalist understanding of sovereignty and law as belonging to God and those who have argued, since the end of the nineteenth century, that it is the right of the population to participate in political decision-making through a parliamentary system. This is not a simple secular versus religious or clergy versus laymen fissure and it was present at the very inception of the polity.

The Iranian constitution reflects the, so far failed, effort to harmoniously wed elements of elected and appointed forms of institutions into a functioning state. But never before in the history of the Islamic Republic have the centripetal forces of society and intra-elite rivalry unravelled this fragile construction to such an extent and so openly for everyone to see. This will determine the future nature and existence of the Islamic Republic. Needless to say this latest transformation (we have yet to see how the chips will fall) of the Iranian political landscape will have profound implications for what kind of foreign policy the regime in Tehran is willing and able to pursue. It also points to the long-term question often obscured by the nuclear issue, and which now after the recent events in Iran has become even more difficult to grapple with: how should the West handle relations with Iran and to what degree can it be further integrated into regional and global systems?

### The EU and Iran

The EU strategy on Iran has two main dimensions; one concerns European energy dependency and security, the other flows from the transatlantic bond, i.e. developing a policy in concert with the US, which is of paramount importance for the Europeans. The long-term relationship of the EU with Iran is predicated on the Middle East being a neighbouring region where Iran, by virtue of size, political ambitions and importance as a global energy provider, plays a central role.

The EU's long-term view with regard to Iran has also been less ideologically charged than that of the Americans. The strength of the ideological element of the relation-

ship has varied but never taken centre stage. While criticising human rights abuses different European countries have maintained business relations with Iran. This *realpolitik* approach can partly be accounted for by Europe's increasing need to diversify its energy supply.<sup>13</sup>

These considerations have an immediate effect on the attempts to negotiate with Iran. The European position, while accommodating, cannot offer what the Iranians want, nor have the Europeans been willing to move too fast ahead of the US. The security guarantees and status the Iranians seek cannot be achieved solely through an accord with Europe – this will require not only benign neglect from the US, but its active participation in negotiations with Iran in order to bring about a resolution of outstanding issues.

The EU thus occupies a peculiar position in the ‘what-to-do-with Iran’ equation. It pursues a double-track policy, offering negotiations to settle outstanding issues on the nuclear front, while being ready to push for harder sanctions if Iran refuses to acknowledge and comply with IAEA and P5+1 requests.

Yet, as mentioned above, its inability to offer safety guarantees to Iran constituted one of its major weaknesses during the negotiations that broke down in 2007; on the other hand the same lack of military posturing and bellicose rhetoric usually makes it a less onerous negotiation partner for the Iranians.

In general, pinning all hopes of a breakthrough on relations with Iran on the nuclear issue is a non-starter because of the irreconcilable positions of Iran ('right to enrichment') and the EU/US ('general lack of trust and the probable military use of the programme disqualifies Iran'). Confidence-building measures in other areas where cooperation is possible and where normalisation can take place should be pursued. Normalisation can only be achieved if it is stated as a goal, piecemeal utilitarian cooperation might have worked but George W. Bush's Axis of Evil speech has made the Iranians very wary of becoming engaged in cooperation where the reward might be non-existent. In addition, the piecemeal approach tends to focus on areas of hard security that are problematic for the EU and US – solving them will leave Iran with less bargaining power, something of which Tehran is aware.

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13. Abbas Maleki, 'Energy Supply and Demand in Eurasia: Cooperation between EU and Iran,' *China and Eurasia Forum Quarterly*, vol. 5, no. 4, 2007, pp. 103-13; Walter Posch, 'Iran' in Álvaro de Vasconcelos and Marcin Zaborowski (eds.), *European perspectives on the new American foreign policy agenda*, EUISS Report no. 4, EU Institute for Security Studies, Paris, January 2009, pp. 29-30.

The countervailing argument to this strategy is based on the prospect of a nuclear Armageddon and the immense proportions of damage associated with nuclear weapons. The spectre of nuclear weapons looms large in the discourse of those who share or propagate this fear: e.g. Israel's insistence that an Iran with a nuclear capability would constitute an existential threat and, during the Bush era, Condoleezza Rice's allusion to the proverbial smoking gun being the mushroom cloud when discussing the possibility of an Iraqi nuclear weapons programme. Appraisal of the danger of nuclear weapons is in turn predicated on the notion that Tehran would be tempted to use them more or less immediately. This is a fantasy rooted in the fear of irrational revolutionaries. The elite of the Islamic Republic of Iran are primarily preoccupied with their own survival and the continuation of their rule. To this end they calculate that becoming a threshold nuclear state will constitute a security guarantee of sorts and give them leverage in regional affairs. While the EU and to an even greater degree the US finds this unpalatable it hardly amounts to a grave and imminent danger of war. Even less inclined to accept this potential recalibration of regional power-relations is Israel. While Israel has achieved very little with its nuclear arsenal in terms of everyday foreign or domestic policy, its endgame strategy rests on being the only nuclear weapons power in the region. Thus for Israel it is crucial to depict the issue in terms of 'non-nuclear Iran = peace' versus 'nuclear Iran = Armageddon' in order to shore up the withering *status quo*.

The European Union has tried to present a united front with regard to Iran. While this may have been successful with regard to the actual talks over the nuclear issue, recent events have shown that in its overall relationship with Iran the EU has shown little evidence of unity, cohesion or purpose. While things more or less stood still in expectation of a new American administration, a similar wait-and-see approach was necessitated by the Iranian election. Similar to the disappointment and bewilderment following Ahmadinejad's election in 2005, the post-election debacle made the 'nuclear issue-first' approach somewhat irrelevant. European dithering on what to do with regard to the demonstrations, their repression and, of late, the subsequent show trials, indicate that the relative unity achieved was predicated on the nuclear issue rather than the result of a cohesive strategy for building a relationship with Iran.

Russian and Chinese stakes in the Islamic Republic are higher than those of European countries and thus as veto-holding global powers their endorsement for enacting tougher sanctions as well as their participation in behind-the-scenes negotiations is crucial. Yet Iran's biggest trading partner remains the EU and from a European perspective Iran cannot be avoided when dealing with conflict in the Eastern Mediterranean and the Middle East. In short, this is a two-way street: the

Europeans can punish Iran by enacting tougher sanctions but Iran has banked, and will continue to bank, on European governments' reluctance to shut themselves out of the Iranian market.

## Conclusion

All the actors mentioned here have their own internal fragmented decision-making systems. While the Obama administration represents a psychological break away from the Bush era and an attempt at closure, it is also the more or less unwilling inheritor of the Bush administration's foreign policy projects and legacy as well as of the conventional wisdom informing US foreign policy.

Yet the conciliatory change *vis-à-vis* Iran is controversial both among Republicans and Democrats. Among the latter the reason is primarily the effect any reconciliation will have on Israel's security. Thus besides trying to restore diplomacy as a mode of communication and not as a carrot of appeasement (as during the Bush era), the Obama administration must convince a domestic audience on both sides of the aisle that prolonged and delicate negotiations are possible, necessary, and will eventually yield results on several fronts. The European Union can play a constructive role in supporting the Obama administration's effort to engage Iran on all fronts and sustain this fragile process.

What in general seems to be lacking in the political discourse is the need to look beyond specifics such as the nuclear issue, Iraq etc. and envision a long-term solution where the Middle East power balance and intra-regional relations are not seen as a zero-sum game. Iran cannot be balanced out of the equation, as it were. The other players expected to undertake the actual balancing are not paragons of stability and good governance, let alone democracy. The dual containment policy of the Clinton administration was a makeshift solution, not a long-term strategy, and the regime change adventures of the G. W. Bush administration constituted a disastrous display of incompetence and hegemonic over-reach.

The constant imposition of artificial deadlines on Iran for compliance with IAEA requirements is more of an indication of the need to placate forces inside the US Congress and Israel than the result of any analysis of events in Iran compelling the Obama administration to act by a certain date. The recent vilification of the US and EU by the hardliners in Tehran is in turn the outcome of desperate attempts to rally the population after the election debacle. Gaining international recognition of his government becomes of greater importance to Ahmadinejad the more his own domestic position

## 9. The Obama effect and the Iranian conundrum

is precarious. However, Ahmadinejad's government will first have to set its own house in order before it can undertake any major foreign policy initiatives.

What this points to is that the overarching question is not what to do about Iran's nuclear ambitions but rather how to sufficiently normalise relations to a degree that the projection of fear and threat on both sides subsides. In the long run it is not the technical evidence in either direction that is going to undo this Gordian knot but a comprehensive attempt to integrate Iran into the Middle East scene and the world community. This will require not only a re-appraisal of American strategies and attitudes toward Iran but also a rewriting of the revolutionary narrative in Iran. And perhaps in a very tragic and unintended sense the election of Obama heightened the hardline conservatives' anxiety that as one of the remaining constants of the power calculation, i.e. a stereotypical and inherently hostile US, might unravel, this would accelerate changes inside Iran and its ruling elite that would work to their detriment.

Regarding Iran's response to the Obama administration's overtures, the Ahmadinejad faction either wanted to block a *rapprochement* with the US outright or make sure that they would be the sole interlocutors for any ensuing negotiations. In either case they set in motion a chain of events that they did not manage to control or contain – and now there is no turning back.

To be fair no one inside or outside Iran expected this development, and no one can claim to have emerged from it unscathed. The nuclear issue remains paramount for the West and can be compartmentalised to some degree from the other issues, regional and domestic. In the long run, however, a more comprehensive approach to Western-Iranian relations is needed. The latest upheaval in Iran is perhaps not always most effectively dealt with by grand public gestures – sometimes less is more. However, prudence and minimalism cannot replace strategy and long-term thinking. The root causes of the nuclear issue cannot be reduced to the arithmetic of radioactive material but must be sought in the domestic fears and foreign policy visions (or lack thereof) of all three actors. Until these are addressed, the stalemate will continue.

# **10. Israel and Palestine: trauma, truth and politics**

**Ibrahim Kalin**

## **Introduction**

After eight years of deliberate inaction by the Bush administration, President Barack Obama has undertaken new initiatives to revive the Middle East peace process. Obama is right in giving priority to Palestine in order to bring about regional stability and peace because Palestine lies at the heart of the Israeli-Arab conflict and is key for many of the political tensions in the region and the larger Muslim world. It would be admittedly naïve to think that finding a lasting solution to the Palestinian question will solve all of the intractable problems in the Middle East. The future of Iraq after the withdrawal of US troops, the Iranian nuclear programme, internal stability in Lebanon, and the growing Sunni-Shiite tensions from the Gulf to the Afghanistan-Pakistan region are among the issues that will continue to be a source of tension and friction. The power struggle between Iran and various Arab states will also continue with differing degrees of intensity. The Palestinian question, however, remains the most vital issue with repercussions that go far beyond the Middle East.

The Gaza war of 2008-2009 has once again turned the Palestinian question into a global issue for the Muslim world and the international community. The failure of Palestinian groups to form a national unity government on the one hand, and the continued Israeli aggressions and settlement activities on the other has stalled the process, leaving little hope for peace. Too much blood has been shed and too much trust has been lost between Israelis and Palestinians. The emotional and social gap between the two societies has never been this wide, and even the ‘Obama moment’ has been unable to prevent the situation from further deteriorating into social paranoia and political despair. The hope and excitement created by the Oslo process in the 1990s has long been lost. The successive attempts of Camp David in 2000, the Taba Summit in 2001, the Road

Map for Peace in 2002, the Arab Peace Initiative proposed in 2002 and renewed in 2007 and numerous other attempts in between including the Geneva Accords have failed to bring freedom to Palestinians and security to Israel.<sup>1</sup> The last-ditch effort by the Bush administration in Annapolis in 2007 to restart the peace process was flawed from the outset by a lack of serious commitment and any clear roadmap. The devastating power disparity between the state of Israel and the stateless and impoverished Palestinians is plain for all to see in the region; yet both Israelis and Palestinians have suffered the consequences of the occupation in their own ways.<sup>2</sup>

At the time of writing, President Obama was yet to announce his Middle East Peace Plan. A new process must be started to find a just and lasting solution to the Palestinian question. Delay will only exacerbate the problems and deepen the sense of mistrust and hopelessness. It is a strategic mistake to think that one should start with other problems in the Middle East, bring Israelis and Arab states closer to one another, and then move towards Palestine because the disagreements are too deep and emotions are too high on the Palestinian issue. Since the time of David Ben Gurion, successive Israeli and US governments have tried different versions of forming an ‘alliance of the periphery’ for Israel, i.e., establishing loose alliances with non-Arab countries such as Turkey, Iran and Ethiopia to bypass the constellation of neighbouring Arab states. But all of these policies have failed. It is only by resolving the Palestinian issue that an Israeli-Arab reconciliation can be achieved. As Turkey has shown in its recent engagements with the Palestinian issue, this requires an integrated understanding of the social, political and psychological dynamics of the region. It also calls for a strong political will and a firm belief in peace. It is easy to form consensus on issues that involve little or no commitment. The challenge is to achieve consensus and ensure commitment at the same time – a challenge to which the Americans, Europeans, Israelis and Arabs must wake up.

### Palestine as trauma

The Palestinian question remains the source of acute social tensions and political manoeuvring in the region; the solution must therefore start from there. President

1. For the failure of the Bush Road Map for Peace, see Avi Shlaim, *Israel and Palestine* (London/New York: Verso, 2009), pp. 263–95 and Noam Chomsky, *Hegemony or Survival: America’s Quest for Global Dominance* (London: Penguin Books, 2004), pp. 173–85.

2. As Edward Said noted, ‘the disparity in power is so vast that it makes you cry. Equipped with the latest in American-built (and freely given) air power, helicopter gunships, uncountable tanks and missiles, and a superb navy as well as a state of the art intelligence service, Israel is a nuclear power abusing a people without any armour or artillery, no air force (its one pathetic airfield in Gaza is controlled by Israel) or navy or army, none of the institutions of a modern state’. From ‘Occupation is the Atrocity’, *Al-Ahram Weekly*, 16–22 August 2001; also published in his *From Oslo to Iraq and the Roadmap* (New York: Vintage Books, 2005), pp. 92–97.

Obama acknowledged this fact in his Cairo speech in June 2009: ‘the second major source of tension that we need to discuss is the situation between Israelis, Palestinians and the Arab world.’ Immediate steps must be taken by Israelis and Palestinians to contain the further deterioration of the situation. A right-wing Israeli government that openly opposes the minimum conditions of peace on the ground and a Palestine deeply divided between the West Bank and Gaza adds fuel to the fire. The sides must be brought together under the leadership of the Quartet composed of the UN, EU, US and Russia with the active participation of the Arab League, the Organisation of the Islamic Conference and countries like Turkey. Despite the opposition by the current Netanyahu-Lieberman government and the conditions on the ground that make an independent Palestinian state almost impossible, the two-state solution is the only realistic way to end the conflict and establish a new order of peace in the region. For that reason, the Israeli occupation, which is the main obstacle to peace, must end. This point has been clearly stated in the Quartet Statement of 26 June 2009: ‘The Quartet underscored that the only viable solution to the Israeli-Palestinian conflict is one that ends the occupation that began in 1967 and fulfils the aspirations of both parties for independent homelands through two states for two peoples, Israel and an independent, contiguous, and viable state of Palestine, living side by side in peace and security.’<sup>3</sup>

Many in the West fail to see the symbolic meaning of Israeli occupation and the impact of the plight of Palestinians on the Middle East and the larger Muslim world. The poisoning effect of the Palestinian question extends on a global scale from Islam-West relations to Muslim-Jewish relations and the relations between the US and the Muslim world. A report on the Middle East published by the International Crisis Group in 2006, for instance, notes that the ‘perpetuation of the Arab-Israeli conflict, with all the anger it generates, fuels extremist, *jihadi* movements in the Muslim world; intensifies animosity toward the West and the US in particular; radicalises Muslim populations in Western Europe; discredits pro-Western governments; deepens the damaging divide between the Islamic and Western worlds; and, as both Syrian and Israeli officials have warned, sows the seeds of the next Arab-Israeli war.’<sup>4</sup> As former President Jimmy Carter notes, ‘...the growth of Islamic extremism and the unprecedented hostility towards America in the Islamic world is directly related to the continuing bloodshed between Israelis and Palestinians. To think otherwise is foolish and dangerous.’<sup>5</sup> The conflict clearly goes deeper than

3. See: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/declarations/108778.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/declarations/108778.pdf).

4. International Crisis Group, ‘The Arab-Israeli Conflict: To Reach a Lasting Peace’, *Middle East Report*, no. 58, 5 October 2006, p. i.

5. Jimmy Carter, *Palestine: Peace, not Apartheid* (New York: Simon and Schuster, 2006), p. 254.

short-term political concerns; it shapes the perceptions and attitudes of millions of people around the world. It turns a political and territorial conflict into a universal clash of ideas, ideals and beliefs. Symbolised by the Wall of Separation Israel has built to isolate itself from Palestinians, it creates hatred and animosity to a degree we have not witnessed in any other conflict.<sup>6</sup>

Olivier Roy categorises Palestine as among the three traumas of the Arab Middle East, the other two being the failure in 1918 to establish a ‘great Arab Empire’ on the ruins of the Ottoman Empire and the fading away of the traditional balance between Sunnis and Shiites.<sup>7</sup> Ever since the Napoleonic invasion of Egypt in 1789, the region has been the subject of great power games and become ‘the most penetrated sub-system of the international political system’.<sup>8</sup> The gradual loss of the Palestinian lands and the defeat of Arab states in the four wars against Israel in 1948, 1956, 1967 and 1973 not only hurt Arab national pride and destroyed various forms of Arab nationalism and pan-Arabism.<sup>9</sup> It also created a regime of tutelary states and impeded and delayed the development of democratic institutions in much of the Arab Middle East. These states have depended for their legitimacy on the big powers of Europe and the US which have supported them in exchange for support for Israel and access to Middle Eastern oil. This, in turn, has alienated the masses from their political leaders and deepened their sense of dispossession and hopelessness. The regime of tutelary states continues to generate deep divisions and polarisations in Arab societies and fuels much of the anti-American and anti-European sentiments in the region.

The political vocabulary of the contemporary Arab world has been shaped by the ineptitude of Arab regimes on the one hand, and the failure of global powers on the other. The convergence of the two has created a regional system of tutelary states where Western powers support authoritarian Arab regimes to maintain the *status quo* concerning Israel and energy supplies. This has led many Arabs to question the legitimacy of the international order and demand a new distribution of power in the region.<sup>10</sup> At the heart of this vortex of endless misery is a deep sense of injustice exemplified most dramatically in the story of Palestine since the Balfour Declaration of 1918. Struck by the rare incidence of the word *hurriyah* (freedom) in the daily conversations

6. The 2007 Gallup Survey shows the extent to which the suffering of the Palestinians shapes the attitudes of the Muslim masses towards the US governments that have given unconditional support to Israel. See John Esposito and Dalia Mogahed, *Who Speaks for Islam: What a Billion Muslims Really Think* (New York: Gallup Press, 2007).

7. Olivier Roy, *The Politics of Chaos in the Middle East* (London: Hurst and Company, 2007), p. 75.

8. Avi Shlaim, op. cit. in note 1, p. 187.

9. Cf. Mehran Kamrava, *The Modern Middle East* (Berkeley: The University of California Press, 2005), pp. 107-37.

10. The series of events since the invasion of Iraq and the stalling of the peace process in Palestine have triggered an interesting and lively debate about Turkey in the Arab world. See Ibrahim Kalin, “Debating Turkey in the Middle East: The Dawn of a New Geopolitical Imagination”, *Insight Turkey*, vol. 11, no. 1, Winter 2009, pp. 83-96.

of Arabs, an astute observer of the Middle East notes that the word *adl* (justice) commands a heavy presence in all political talk in the Arab world. It is a ‘concept that frames attitudes from Israel to Iraq. For those who feel they are always on the losing end, the idea of justice may assume supreme importance’.<sup>11</sup> Absence of both justice and freedom has pushed individuals and groups to extremes, turning the plight of the Palestinians into a breeding ground of mourning as well as radicalisation.

## Freedom and security

The aftermath of the terrorist attacks of September 11, 2001 witnessed the emergence of a growing discrepancy and tension between security and freedom. The Bush administration clearly favoured security over democracy, civil liberties and human rights, creating a culture of fear and suspicion in the US itself. As Jurgen Habermas has pointed out, the Neocons even tried to replace the established international law with their ‘own ethical values and moral convictions’.<sup>12</sup> The dichotomy between law and ethics has never been seen to have such destructive consequences as it has in the Bush adventures in Afghanistan and Iraq as well as in the stance taken by the Bush administration on Palestine. The impact of the so-called ‘global war on terror’ has been equally disastrous in other places; it has been read as a *carte blanche* to oppress political dissent and legitimise authoritarian regimes. From Russia to Egypt, oppressive and brutal measures have been put in place to crush political opposition, giving way to concepts of national security based more on political paranoia and self-interest than facts. The ‘war on terror’ has been used as a smokescreen to cover up authoritarianism, oppression and corruption.

The impact of the securitisation of regional and global politics has been particularly devastating in the context of the Palestinian-Israeli conflict. The post-9/11 security environment and the failed peace initiatives have led many Israelis and their American supporters to believe that Israel’s security can be guaranteed only at the expense of Palestinian demands for freedom and justice. Today many hold that Israel will ensure its security only by curbing Palestinian aspirations for independence and freedom. But this is a recipe for disaster and has served neither Israelis nor Palestinians. What is presented as an existential security concern, which should be addressed to provide security for the Israelis as well as Palestinians, is often a camouflage for territorial expansionism and political opportunism. In the words of Avi Shlaim, ‘the Israeli occupation of the West Bank and the Gaza Strip in the

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11. Anthony Shadid, *Night Draws Near: Iraq’s People in the Shadow of America’s War* (New York: Picador, 2006), p. 18.

12. Jurgen Habermas, *The West Divided* (Cambridge: Polity Press, 2008), p. 103.

aftermath of the June 1967 war had very little to do with security and everything to do with territorial expansionism. The aim was to establish Greater Israel through permanent political, economic and military control over the Palestinian territories. And the result has been one of the most prolonged and brutal military occupations of modern times.<sup>13</sup> Occupation and the policies that deepen it are the main reason for the violent resistance of the Palestinians. Israel's long-term security depends on ending, not widening and deepening, the occupation.

One of the promises of the Obama presidency is precisely the restoring of balance between freedom and security in international relations – a goal to which Europeans have committed themselves but taken very little risk to attain. The long-term security concerns of any nation can be met only by securing freedom and democracy, not oppressing them in the name of national security. As President Obama said in his Cairo speech, ‘the continuing humanitarian crisis in Gaza does not serve Israel’s security; neither does the continuing lack of opportunity in the West Bank.’ It is a deep paradox that the securitisation of politics is justified across the globe at a time when democracy and human rights are touted as the most universal human and political values. This is especially true in Palestine where the basic rights of Palestinians have been violated repeatedly under occupation, continued settlement activities and systematic political dispossession.

The most recent episode was the Palestinian national elections of 2006 when Hamas came to power through a lawful electoral process only to face severe political and economic isolation from Israel and the Bush administration. To make things worse, key European countries supported these measures with Arab states tacitly approving them. This policy not only created a major rift between Fatah and Hamas, a division that has deeply divided Palestinian society, but also undermined American and European assertions that they were seeking to establish democracy and good governance in the region. In addition, it has damaged the high moral ground claimed by the US and Europe in the name of democracy and rule of law. In hindsight, many now admit that it was a fatal mistake to push Hamas to the margins of the political system after it had prepared itself for a gradual political engagement.<sup>14</sup> As will be

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13. Avi Shlaim, ‘How Israel Brought Gaza to the Brink of Humanitarian Catastrophe’, *The Guardian*, 7 January 2009.

14. Speaking to the *New York Times*, Khaled Mashal, the leader of Hamas, said ‘I promise the American administration and the international community that we will be part of the solution, period’. Mashal reiterated the Hamas position on the two-state solution as follows: ‘We are with a state on the 1967 borders, based on a long-term truce. This includes East Jerusalem, the dismantling of settlements and the right of return of the Palestinian refugees.’ Concerning the Hamas Charter which calls for the destruction of Israel, Mashal said that the Charter is twenty years old, adding that ‘we are shaped by our experiences.’ See ‘Addressing US., Hamas Says It Grounded Rockets’, *The New York Times*, 4 May 2009.

discussed below, the Turkish position has been one of inclusion and engagement on this key issue. The value of ‘Turkish-style’ diplomacy has been acknowledged by all actors as a major contribution to the most contentious issues in the region including Syrian-Israeli relations which Turkey had facilitated until the Olmert government attacked Gaza at the end of 2008.

The unconditional US support for Israel has brought neither peace nor security for Israelis and Palestinians. It has not helped Israel develop good relations with its Arab neighbours either, which is in its long-term strategic interests. The suffering of the Palestinians has been the main reason why Arab states and many non-Arab Muslim countries refuse to develop any relations with Israel. Worldwide Muslim public opinion across the board from the Islamist to the liberal and leftist ends of the spectrum is opposed to Israeli policies of occupation, dispossession, intimidation and humiliation not because Muslims share a pan-Arab or pan-Islamist ideology but because they see the Palestinians as being the victims of a great injustice. This is where Israel’s short-sighted vision of territorial expansionism and military supremacy fails her to win the minds and hearts of her Arab and Muslim neighbours.

## **The regional and global context**

It would be a mistake, however, to think that opposition to US-backed Israeli policies is a typically ‘Arab’ and ‘Muslim’ attitude and betrays a cultural and religious prejudice towards Jews. Many people of conscience in the non-Muslim world in Europe, the US, Latin America, Africa and Asia oppose the plight of the Palestinian people as a matter of justice, not ethnicity or religion. The Palestinian issue cuts across religious and ethnic boundaries. This is evidenced, *inter alia*, by mass demonstrations against the killing of hundreds of Palestinians in Gaza in 2008 in the US and Europe. The numerous UN resolutions, systematically vetoed by the US and violated by Israel (over forty since 1971), also attest to a global consensus on the illegitimacy of Israeli expansionism including on grounds of so-called ‘natural growth’.

In contrast to those who seek to portray the current conflict as an ‘Islamist resurgence’ against a democratic and secular Jewish state and its Western supporters, political Islam as an oppositional ideology has become a source of legitimacy for the Palestinian struggle over the last two decades. Represented by the rise of Hamas and other Islamist groups to political prominence, Islamist arguments for a free Palestine are only a part of the history of Arab nationalist discourse against Zionism and the expansionist policies of Israel. While Islam has long been part and parcel of Pal-

estinian national identity, neither the states that opposed Israel's establishment in 1948 nor Jamal Abdel Nasser, who was the undisputed leader of pan-Arabism, nor Yasser Arafat, leader of the Palestinian Liberation Organization for decades, were either religious or Islamist. Arab nationalism supplied them with whatever justification they needed to fight for Palestine. Therefore, it is a mistake to present the current tensions as the product of a clash between Judeo-Christian values and secular principles on the one hand, and Islamic beliefs on the other. The Palestinian political spectrum displays considerable variety with Muslim as well as Christian Arabs, secular as well as religious groups.<sup>15</sup> The same holds true for the Israeli intellectual and political scene, which is extremely rich, diverse and dynamic. It is simply wrong to conceive of the current conflict as one between Jews and Muslims – a point that needs to be constantly remembered when analysing the Israeli-Palestinian question and its ramifications in the wider Middle East.

At the regional level, the Palestinian issue continues to oscillate between being a conflict between Israelis and Palestinians on the one hand, and between Israel and Arabs on the other. At its core, the issue is between Israelis and Palestinians. But as everything is intertwined in the Middle East with wider implications for regional and global politics, it is also an Israeli-Arab conflict. A solution to the Palestinian question will open the gates of peace for Israel with its Arab neighbours and Muslim countries. But such a solution cannot be achieved in isolation from the realities of Arab politics. The history of the Palestinian struggle up until the Oslo Process was an example of Arab solidarity although that solidarity achieved very little for the Palestinians themselves. The failure of the Oslo Process confirmed that the Palestine issue cannot be resolved in isolation from the larger political context of the Arab Middle East.

While the failure of the Oslo Process was also a failure of Arab politics, the Arab states have since come to accept the reality of Israel in various degrees but even this has not helped improve the conditions of the Palestinians. Many Arab states have been 'unable to aspire to any kind of strategic parity with Israel after Russian support ended, divided among themselves and beset by Islamist disputes, ... [and] all accepted Israel in their various ways, ranging from Jordan's *entente cordiale*, Egypt's cool but functional relations, an objective convergence of interests for Saudi Arabia (against Iran and al-Qaeda) to a *modus vivendi* between cantankerous neighbours, namely the Syrian regime whose collapse was feared (lest the Islamists were

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15. It is often forgotten that the Ba'ath Party, founded in 1947, purported to be a trailblazer of pan-Arabism with little interest in religion. In fact, the Ba'ath party was secular from its origins and has remained so to this day and many Christian Arabs have played a significant role in its development.

to benefit).<sup>16</sup> The intra-Palestinian conflict between Hamas and Fatah continues to be a matter of deep concern to many of the Arab regimes. Egypt in particular feels uneasy about the political future of Hamas in Palestine, for its success in Gaza and the West Bank will have repercussions for the Muslim Brotherhood in Egypt against which the Mubarak regime has been fighting with oppressive measures. In recent years the Saudis have been more pragmatic and forthcoming in engaging Hamas but they have not been able to bring the factions together to form a national unity government. By contrast, Turkey has treated all Palestinian parties to the conflict as central to a lasting solution between Israelis and Palestinians on the one hand, and as essential for a Palestinian reconciliation on the other.

As a military conflict, the Israeli-Palestinian conflict reinforces the view that the only way to resolve conflicts in the Middle East (and by extension the larger Muslim world) is through military intervention. We have no shortage of American and European commentators who have claimed that military might is the only language Arabs and Muslims understand. Samuel P. Huntington had said of Islam that 'Islam's borders are bloody; so are its innards'<sup>17</sup> implying that the borders of the Middle East are permanently stained with blood and that the bloodiest conflicts always happen in this region of the world. A simple examination of the facts disproves such gross generalisations. Yet this essentialist and culturalist myth, spread systematically through political statements, think-tank reports, security assessments and media campaigns, purports to reveal the 'dark side' of the Middle East: it is blood rather than politics, culture or diplomacy that has shaped the history of the region, and the religious and cultural traditions of the Middle Eastern and Muslim masses have only confirmed this destiny. The only option left for Israel is military force which is presented as the only language the Arabs understand.<sup>18</sup> This propaganda also serves to justify Israel's military might and belligerent policies that have subjugated not only Palestinians but also the Arab states. An ardent supporter of Israel recommends, for instance, more military might for resolving the Palestinian conflict: 'If Israel is to protect itself, it must achieve a comprehensive military victory over the Palestinians, so that the latter give up their goal of obliterating it.'<sup>19</sup>

16. Olivier Roy, op. cit. in note 7, p. 25.

17. Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Touchstone, 1996), p. 258.

18. The work of Christopher Mayhew and Michael Adams, *Publish It Not: The Middle East Cover Up* (first published in 1975) is still performs a valuable role in exposing the myths about Arabs and Palestinians in the Israeli and Western media. The myths that have been circulated since then include the following: there is no such thing as a Palestinian people and it was created only after the founding of the State of Israel; Israel is the only democracy in the Middle East fighting against oppressive and fanatical Arab regimes; Arab states deliberately encouraged the Palestinians to leave their homeland implying that there was no forced migration; and all Arabs and Palestinians want to throw the Jews into the sea.

19. Daniel Pipes, 'The Only Solution is Military – I and II', *New York Post*, 25 February and 2 April 2002.

## One, two, three ... How many states in the Promised Land?

Various solutions have been proposed to resolve the Palestinian conflict. Two among them have claimed prominence since the Oslo process started in the early 1990s. They are usually contrasted to one another because they begin with two opposite premises and reach different conclusions. According to the one-state solution, Israelis and Palestinians should live within one state as equal citizens and share both the trials and blessings of a pluralistic society. If successful, the one Israel-Palestine, also called a 'bilateral state', can become a genuinely multi-religious and multi-cultural society and serve as an example for other societies in conflict. A single Israeli-Palestinian state can help Israelis develop good relations with their Arab neighbours and the larger Muslim world in a short period of time. It can let the Palestinians live in their ancestral homeland together with the Jews who also claim the same land on biblical grounds. Instead of using history, theology and politics to create war, both societies can learn how to live in peace and share a blessed land on the grounds of equal citizenship and mutual respect. Defended by a small group of academics and activists,<sup>20</sup> the one-state solution appears to be more of a fading dream than a vision that can be realised.

The two-state solution begins with bleaker but clearly more realistic premises. The historical and political claims and experiences of Israelis and Palestinians are radically different from one another and cannot be reconciled on the basis of a romantic conception of shared history, cultural co-existence and religious pluralism. Too much bloodshed has stained the history of Jews and Arabs in the twentieth and already in the first decade of the twenty-first century, and both have lost their trust and respect for one another. Furthermore, given the political realities on the ground, establishing even a viable Palestinian state is becoming ever more difficult. The two nations should therefore live in two different states.

While both positions have a point and appeal to different audiences, they are flawed because of their exclusive focus on the state. What will save Israelis and Palestinians from further destruction, bloodletting and mistrust is not one or two states of some sort, though statehood in itself is undoubtedly important, but a regional social contract based on the principles of justice, peace, equality and mutual respect. One or two-state solutions will work only when the Israeli and Palestinian societies will have the ability to look at each other in the face and recognise their respective concerns, aspirations and hopes for the future. Israeli-Arab co-existence is possible

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20. Including the late Edward Said. See for instance his 'The Only Way', *Al-Ahram Weekly Online*, 1-7 March 2001.

in the Holy Land if all sides firmly commit themselves to peace and justice and put aside short-term political gains and work for the greater good of the peoples in the region. A new social capital and human trust is needed to make peace an enduring reality. To achieve this goal, all sides must assume their historic responsibility.

The future Palestinian state must be founded on the basis of the principles of political independence, territorial contiguity, institutional viability and economic self-sufficiency. Israel cannot hope to create a ‘fake Palestinian state’ that would function like an Israeli colony and expect the Palestinians and Arabs to accept it. The future Palestinian state must have all the prerogatives of a normal state with its own parliament, cabinet, security forces, self-sufficient economic institutions, full diplomatic relations, citizens’ ability to travel and trade with the outside world, and ability to join regional and international organisations. A fully functioning, independent and prosperous Palestine is in the interest of Palestinians, Israelis, the Arabs in the region, the United States and Europe.

## **The ‘Obama moment’**

The ‘Obama moment’ promises more than a policy change in Palestine. Many in the Muslim world would like to see it as the harbinger of a new era in world politics, a new set of principles and priorities, and a new commitment to freedom, peace and justice on a global scale. The fact that the 2009 Nobel Peace Prize was given rather prematurely to President Obama to encourage him in his global peace efforts shows that such an expectation is still strong in Europe too. These principles hold true for Israel’s security concerns as well as Palestinian aspirations and right to freedom and prosperity. Acknowledging the persecution of Jews in Europe and its culmination in the horrific experience of the Holocaust, President Obama also acknowledged in his Cairo speech the continuing plight of the Palestinians and its heavy toll on the Arab and Muslim world: ‘... it is also undeniable that the Palestinian people, Muslims and Christians, have suffered in pursuit of a homeland. For more than 60 years they have endured the pain of dislocation. Many wait in refugee camps in the West Bank, Gaza, and neighbouring lands for a life of peace and security that they have never been able to lead. They endure the daily humiliations large and small that come with occupation. So let there be no doubt: the situation for the Palestinian people is intolerable. America will not turn our backs on the legitimate Palestinian aspiration for dignity, opportunity, and a state of their own.’<sup>21</sup>

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21. ‘Remarks by President Barack Obama on a New Beginning’, Cairo University, 4 June 2009..

Compared to the one-sided and pro-Israeli policies of the Bush administration, this is a new perspective and ostensibly promises an ‘even-handed US policy’ towards the conflict. Given the realities of the special relationship between the US and Israel, however, the critical question is what an even-handed US policy will look like and how it will be implemented. Will Obama pursue his policy of a two-state solution in the Holy Land in the face of a clear disagreement with the current Israeli government and amidst the mounting pressure of domestic US politics? The ‘realists’ in the US as well as in Europe and the Middle East argue that Obama is constrained by the realities of US politics and the ‘facts on the ground’.<sup>22</sup> But a ‘transformative leadership’ such as the one Obama is expected to represent is possible when these so-called ‘facts on the ground’ are questioned and challenged, and a new vision of reality is presented. In practical terms, it remains to be seen whether President Obama is prepared to put real, not simply rhetorical, pressure on Israel to stop, for instance, the settlement activities which successive US governments have generally opposed but done very little to stop. While pressuring the Palestinians to stop attacking Israeli civilians and guarantee Israel’s security, which must be granted, the Obama team will have to do the same with Israel to guarantee the relative safety and prosperity of the Palestinians in the West Bank and Gaza.<sup>23</sup>

The principles underpinning the new outlook on Palestine and the Middle East need to be translated into actual policies to move from words to deeds, and this seems to be the greatest challenge facing the Obama administration, the Quartet as well as the Israelis and the Arabs. As Obama himself has stated in his Cairo speech, ‘the obligations that the parties have agreed to under the road map are clear. For peace to come, it is time for them and all of us to live up to our responsibilities.’ The crucial question is to want for others what one wants for oneself – the golden rule of reciprocity and mutual respect which the three Abrahamic traditions of Judaism, Christianity and Islam advocate. Peace, security and prosperity must be established for both Israelis and Palestinians, and this cannot be achieved by giving unconditional support to Israel while undermining the basis of a viable political structure and governance in the Palestinian lands.

### European perspectives on the conflict

Europe has been part and parcel of the Palestinian issue since its beginning. From the Balfour Declaration of 1918 to the British Mandate and the founding of the State of Israel, Britain has played a key role in the political history of the conflict.

22. John Esposito, ‘Obama and Great Expectations in Muslim World’, available online at: [http://newsweek.washingtonpost.com/onfaith/panelists/john\\_esposito/2009/07/obama\\_and\\_great\\_expectations\\_in\\_muslim\\_world.html](http://newsweek.washingtonpost.com/onfaith/panelists/john_esposito/2009/07/obama_and_great_expectations_in_muslim_world.html).

23. Stephen Walt, ‘Can the United States Put Pressure on Israel?: A User’s Guide’, *ForeignPolicy.com*, 4 October 2009.

Since the beginning of the Oslo Process, the European Union has been active in trying to broker a peace between the Israelis and Palestinians. In many ways, Europe has acted as a counterbalancing force to the unconditional support given by successive US governments to Israel. From the 1990s onwards, many European politicians have insisted that Hamas cannot be eliminated militarily and should be engaged as a political actor. To that effect, some European countries and officials have established contact with Hamas representatives and started a process of political engagement even after the second Intifada in 2000. Europeans have supported Palestinian efforts at institution-building and donated considerable sums of money to aid the reform process. As a matter of fact, the European Union is the largest donor to the Palestinian Territories helping both the Palestinian Authority and the extremely dynamic NGO sector in the occupied territories.

In contrast to US and Israel, Europe projects itself as a soft power and aspires to assume the role of a mediator especially in view of the increasing criticism that the US lost its credibility during the era of the Bush administration and can no longer act as an honest broker in the conflict. This perception of the US has begun to change under Obama but it is too early to tell how much it will affect policy. While successive Israeli governments have dismissed European stances as anti-Semitic, Europeans have continued to engage both sides and tried to offset American and Israeli pressures. Many both in and outside of Europe have argued that Europe can and should play a more active role in the peace process beyond providing financial aid and utilising whatever political leverage it has with Washington and the Arab countries in the region.<sup>24</sup>

European policies on Palestine, however, have suffered from a lack of political coherence and strategic focus. European strategic culture is based more on diplomacy and international conventions than the use of hard power and open confrontation. Part of the reason why European efforts have failed in Palestine is due to divergences between Europe and the US regarding the use of (hard) power. One neoconservative scholar of the Bush era has called Europeans 'Kantian idealists' and Americans 'Hobbesian realists': while the former uphold Kant's notion of 'perpetual peace' and 'cosmopolitan condition', which calls for multilateralism, diplomacy and international law, the latter operate in 'an archaic Hobbesian world where international laws and rules are unreliable, and where true security and the defense and promo-

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24. See, for instance, Richard Youngs, 'The European Union and Palestine: A New Engagement', *openDemocracy*, 29 March 2007. Available at: [http://www.opendemocracy.net/conflict-middle\\_east\\_politics/union\\_engagement\\_4485.jsp](http://www.opendemocracy.net/conflict-middle_east_politics/union_engagement_4485.jsp).

tion of a liberal order still depend on the possession and use of military might.<sup>25</sup> In the case of Palestine, European involvement has strengthened the diplomatic processes but it has not been sufficient to broker a lasting peace. The repeated pattern has been the use of European soft power to rebuild what the US-backed Israeli hard-military power has destroyed in the occupied territories.

The European efforts to engage all political actors in Palestine culminated in political deadlock with the EU decision in September 2003 to put Hamas on the list of terrorist organisations. The decision was probably taken under American and Israeli pressure with resistance from some member countries including France. But this move not only proved to be futile in terms of containing Hamas resistance but also caused considerable confusion and stalemate for Europeans after the 2006 Palestinian national elections which saw the victory of Hamas in the Gaza Strip. These elections, which the Europeans themselves had actively supported, were hailed as the most democratic elections that had ever taken place in the Arab Middle East. The irony is that while Europeans attached no pre-conditions to the national elections in Palestine before the elections took place, they agreed with the Bush administration to isolate Hamas in Gaza after the elections.

The new Obama administration has encouraged European leaders to take a more active role in the stalled peace process.<sup>26</sup> The European role in the new process, however, cannot be confined to statements or even providing financial aid to the Palestinian Authority. A just and lasting peace in the Palestinian Territories requires serious political commitment and consistent efforts to mobilise all available resources. Europeans should put pressure on all sides including the US, Israel, Arab states and Palestinians to agree on a timetable for a final settlement.

### The Turkish role and the way forward

Turkey's increasing activism in the Middle East deserves our attention as it heralds the emergence of new actors and changing dynamics in the region. The 'Turkish style' in regional diplomacy represents a new perspective on political engagement in the region. In both style and substance, Turkish policy towards the Middle East is based on four principles: full engagement with all political actors including Syria, Iran, Hamas and Hezbollah; respecting the results of democratic elections in all countries

25. Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York: Alfred Knopf, 2003), p. 3.

26. For instance, the EU's top foreign policy official Javier Solana has urged the UN Security Council to recognise a Palestinian State with or without a final settlement between Israel and the Palestinians. See 'EU's Solana calls for UN to recognise Palestinian state', Reuters, 12 July 2009.

from Iran to Lebanon and Palestine; increasing economic and cultural cooperation and interdependence among the countries in the region; and finally having recourse to all regional and international institutions and organisations such as the UN, the European Union, the Arab League and the Organisation of the Islamic Conference.

These principles have been implemented in a gentle manner but underlined by firm commitment. The engagement policy with Syria, for instance, was at first harshly criticised by some circles in the US. Now everybody acknowledges and appreciates Turkey's contribution in bringing Syria into the fold of regional politics. The same holds true for the Turkish role in the Syrian-Israeli indirect talks which have been suspended since the Gaza war. Turkey followed the same principle in engaging Hamas when it was isolated and marginalised by the US and most Arab countries. While maintaining good relations with the Palestinian Authority and Fatah, the Turkish policymakers have started a new process of political dialogue with Hamas to bring about reconciliation in Palestine and move the peace process with Israel.

Contrary to what many think, Turkish involvement with the Palestinian issue dates back to the founding of the State of Israel. While Turkey became the first Muslim country to recognise Israel in 1948, it responded harshly to the Jewish settlement activities in East Jerusalem in 1967 and the fire at the Al-Aqsa Mosque in 1969. Turkey rejected the declaration of Jerusalem as the 'eternal capital of Israel' under the Basic Law of 1980. On several occasions, bilateral relations came to a near halt. In 2002, the then Prime Minister Bulent Ecevit called the Jenin operation a 'genocide'. Prime Minister Recep Tayyip Erdogan characterised the assassination of Shaykh Ahmad Yassin in 2004 and the events at the Rafah refugee camp as 'state terror'.<sup>27</sup>

In spite of these critical responses to Israeli policies, bilateral relations between Turkey and Israel have remained sound – a fact that gives Turkey leverage with both Israelis and Palestinians. This political capital was put to use, *inter alia*, when Turkish President Abdullah Gul invited Israeli President Shimon Peres and Palestinian President Mahmoud Abbas to Ankara in 2007 before they headed for the Annapolis Summit in the US. The two presidents took the floor at the Turkish Parliament and outlined their vision for peace. While neither this mini-summit nor the Annapolis meeting yielded any results, it confirmed Turkey's growing interest and involvement in the Middle East peace process.<sup>28</sup>

27. Cf. Bulent Aras, 'Turkey and the Palestinian Question', *SETA Policy Brief* no. 27, January 2009. See: [www.setav.org](http://www.setav.org).

28. For the meeting of the Israeli and Palestinian presidents in Ankara, see Selin Bolme, 'From Ankara to Annapolis: Turkey and the Middle East Peace Process', *SETA Policy Brief* no. 5, December 2007. See: [www.setav.org](http://www.setav.org)

The Turkish Prime Minister Recep Tayyip Erdogan's reaction to the Gaza war should be seen against this background. Erdogan called the attack on Gaza 'an act of disrespect toward Turkey', for it came only days after Olmert was in Ankara for the fifth round of the Turkish-led talks between Syrians and Israelis.<sup>29</sup> This was followed by the famous Davos incident where Erdogan stormed out of a panel on Palestine after a heated discussion with Shimon Peres. In both cases, Erdogan was expressing both his personal frustration because he felt he had been betrayed by Ehud Olmert and the overall sentiment of the Turkish public. Erdogan's criticism of Israel's brutal war in Gaza was confirmed by the findings of the United Nations Human Rights Council report on Gaza headed by Justice Richard Goldstone in which Israel was accused of serious war crimes and crimes against humanity.<sup>30</sup> While some critics have claimed that Turkey has forfeited its neutral position after the Davos incident, the Turkish views on regional diplomacy and political engagement remain intact and concur almost completely with the principles outlined by President Obama – a fact underlined by Obama's phrase 'model partnership' which he used to describe the state of US-Turkish relations in his speech at the Turkish Parliament on 6 April 2009.

As is the case with most protracted conflicts around the world, what needs to be done in Palestine is neither a political secret nor a subject for further academic discussion. The key points of a just solution that will serve both societies have been summarised, *inter alia*,<sup>31</sup> in a joint statement signed by 135 global leaders and published in the *New York Times* and *Financial Times* on 4 October 2006: 'The outlines of what is needed are well known, based on UN Security Council resolutions 242 of 1967 and 338 of 1973, the Camp David peace accords of 1978, the Clinton Parameters of 2000, the Arab League Initiative of 2002, and the Roadmap proposed in 2003 by the Quartet (the UN, US, EU and Russia). The goal must be security and

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29. Concerning the Gaza events, Erdogan added: 'Hamas abided by the truce. But Israel failed to lift the embargoes. In Gaza, people seem to live in an open prison. In fact, all Palestine looks like an open prison. I am calling out to the whole world: why do you not display the same sensitivity you showed in Georgia [when Russia attacked it in the summer of 2008], now in Gaza? The United Nations, the United States and the EU-member states mobilized for Georgia immediately. But now, no one takes action for Gaza.' 'Turkish premier calls on international community to take action for Gaza,' *Today's Zaman*, 4 January 2009.

30. For the Goldstone report, see <http://www2.ohchr.org/english/bodies/hrcouncil/specialsession/9/FactFinding-Mission.htm>. The Goldstone report was harshly criticised by Israel but the UN Human Rights Council endorsed it on 16 October 2009.

31. Reading the following principles outlined by Anwar Sadat in his speech at the Israeli Knesset on 20 November 1977, one wonders if anything has really changed since then. Sadat, who was the first Arab leader to recognise Israel, a fact for which he paid a heavy price, had proposed five principles as the foundation of a lasting peace: 'Ending the occupation of the Arab territories occupied in 1967 ... Achievement of the fundamental rights of the Palestinian people and their right to self-determination, including their right to establish their own state ... The right of all states in the area to live in peace within their boundaries ... Commitment of all states in the region to administer the relations among them in accordance with the objective principles of the United Nations Charter ... Ending the state of belligerence in the region.' Quoted in Walter Laqueur and Barry Rubin, *The Arab-Israeli Reader: A Documentary History of the Middle East Conflict* (New York: Penguin Books, 1995, 5<sup>th</sup> edition), p. 396.

full recognition of the state of Israel within internationally recognised borders, an end to the occupation for the Palestinian people in a viable independent, sovereign state, and the return of lost land to Syria.<sup>32</sup>

The two-state solution is possible but contingent on addressing the key issues that block all attempts at a final settlement. The steps that must be taken can be summed up as follows:

1. Ending the occupation and normalising the lives of Palestinians and ending Palestinian attacks on Israeli civilians, which will come about as a result of the end of the occupation, is the only way to start a process of ‘normalisation’ – if this word still has any meaning in the region. While the Palestinians must understand the importance of security for Israel, the Israelis must acknowledge the devastating reality of the occupation. As Israel has the military and political upper-hand in the conflict, however, it must first end the occupation in the military, territorial, political and economic senses of the term. Various peace plans that have been proposed since the Oslo Accords have identified the occupation as the greatest obstacle to peace – a fact that has been stated by the Quartet members as well.
2. The Israeli-Palestinian conflict is also a conflict about land. Therefore the borders of a final settlement need to be identified as part of an Obama-led peace process. The key issue here is the pre-1967 borders. All of the known peace plans and roadmaps call upon Israel to withdraw to the pre-1967 borders on which an independent Palestinian state will be established. These borders will not only determine the shape of the future Palestinian state but also serve as a security guarantee for Israel. In return, Arab states will recognise Israel and normalise their relations with her – a key element of Israel’s long-term peace and security.
3. An independent Palestinian state must be established on the pre-1967 Palestinian lands. The future state must be viable with real and functioning state institutions, territorial contiguity and economic self-sufficiency. Israeli politicians cannot just create a ‘fake state’ and expect Palestinians, Arabs and others to accept it for a real one.
4. A crucial component of the borders issue is the status of Jerusalem, a city that is sacred to Jews, Christians and Muslims. The Biblical claim of the Israelis on Jerusalem has value as much as other religious claims by Christians and Mus-

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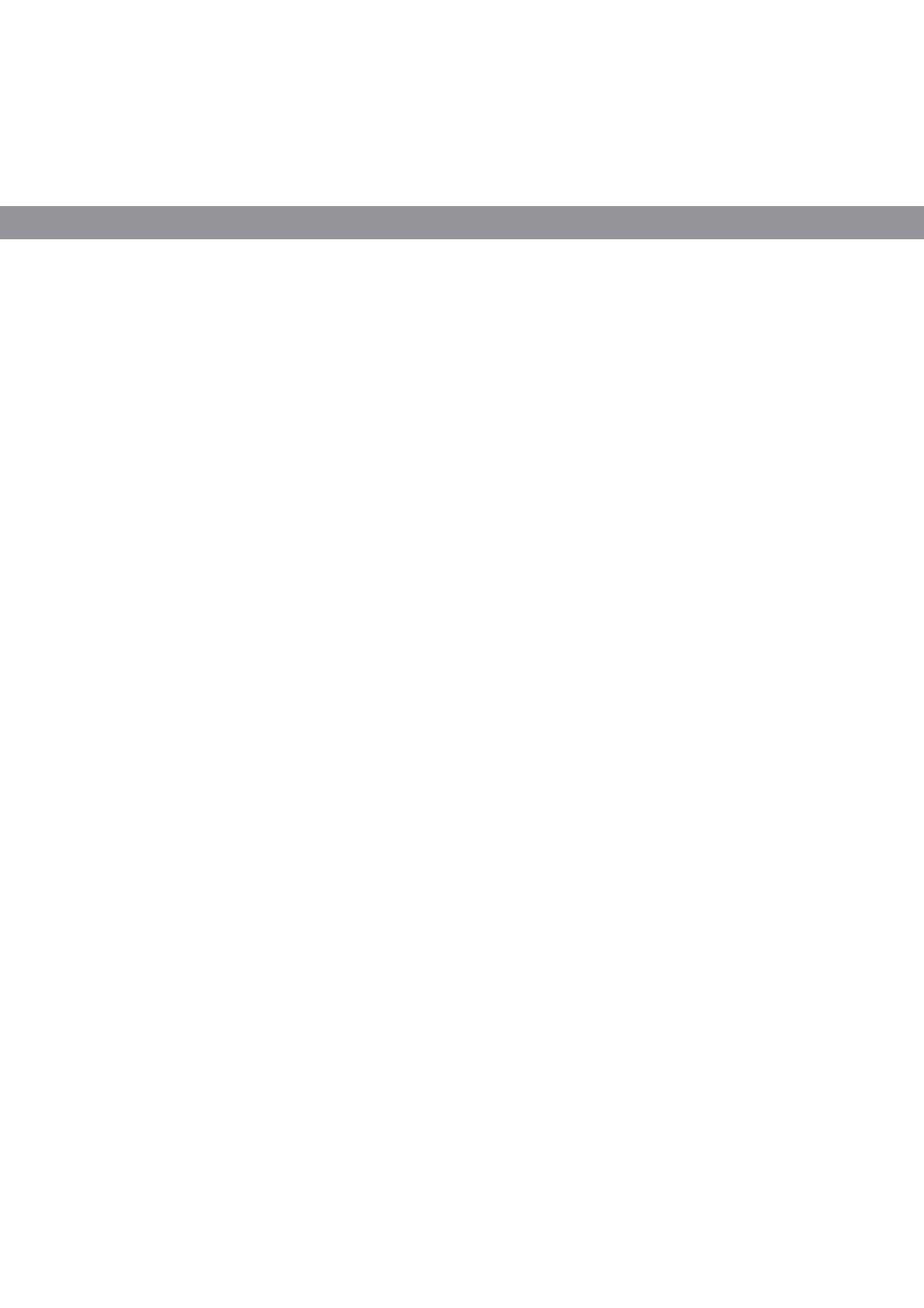
32. ‘Global Leaders’ Statement: Towards a Comprehensive Settlement of the Arab-Israeli Conflict’, published in the *New York Times* and *Financial Times* on 4 October 2006.

lims. Using religious references is therefore simply counterproductive. It is also against current international law because Jerusalem is classified by the UN and other international organisations as occupied land. Jerusalem must serve as the capital of all peoples of the Holy Land; it must symbolise the wisdom and compassion of sharing the Promised Land. The only realistic way is to divide Jerusalem between Israel and the Palestinian state.

5. Israel's security concerns must be met. This means taking a broad overview of the region that extends from Palestine to Lebanon and Syria. A comprehensive peace settlement will bring about a normalisation of relations between Israel and her Arab neighbours. As far-fetched as it may sound, it may also lead to the neutralisation of threats from Iran. Israel's long-term security depends not on more defence spending and military build-up but on establishing trust and confidence with her neighbouring countries.
6. The Palestinian refugee problem must be addressed at an international conference. Over five million Palestinian refugees have been dispersed all over the Middle East. Their right to return must be recognised and necessary measures taken to facilitate their relocation or final settlement in other countries.
7. An unforeseen problem, thanks to the failed policies of the Bush administration and the political ineptitude of Arab states between 2001 and 2008, is the deteriorating situation with regard to Palestinian national unity. The rift between Fatah and Hamas poses a real threat not only to the Palestinians but also to the peace process. The Quartet and Arab countries must recognise that there will be no comprehensive and lasting solution in Palestine without Hamas. The Arab countries must overcome their fear of Hamas and open up a new line of communication with the Hamas leadership in Gaza and Damascus. The help of other countries including Turkey and Qatar should be sought to bring about a national reconciliation among the Palestinians and bridge the gap between the West Bank and Gaza.
8. Europeans have been involved with the Middle East peace process for too long to be passive observers. The EU makes substantial financial contributions to Palestine and helps various Palestinian organisations. European soft power needs to be utilised to achieve concrete results on the ground for peace and security. As part of the Quartet, the EU and European countries should put pressure on all sides to come to an agreement on a final settlement in Palestine and the region.

9. A regional peace conference should be held to address the security concerns of Israel and normalisation of relations with Israel but it should be contingent upon ending the occupation and allowing the establishment of a viable Palestinian state. The Arab states should develop a common position and work closely with Washington to convince Israel to accept the terms of a comprehensive solution that would include a final settlement with Syria and Lebanon. Besides the Quartet and the Arab League, Turkey, which has good relations with all the key actors in the region, should be part of this process.

A just and viable solution to the Palestinian conflict is the only way to end decades of occupation, killing, suffering and dispossession that have shaped the destiny of the Holy Land and its Jewish, Christian and Muslim inhabitants. Finding a balance between freedom and security in the Holy Land, a balance that will bring peace, security and prosperity to Israelis and Arabs, is a strategic priority as well as a human and moral responsibility.



# **11. The Obama administration's 'reset button' for Russia**

**Andrew C. Kuchins**

## **Introduction**

The interests of the Obama administration in improving ties with Russia, a policy metaphorically first described by Vice President Biden in February 2009 as 'pressing the reset button,' are principally driven by three goals. These may be summed up as follows: (i) the heightened urgency of resolving the Iranian nuclear question; (ii) the need for additional transport routes into Afghanistan to support a larger US military presence; and (iii) a return to a more multilateral approach to ensuring nuclear security and strengthening the non-proliferation regime. In an interview in October during Secretary of State Hilary Clinton's first trip to Moscow, the Senior Director for Russia and Eurasia on the National Security Council, Michael McFaul, stated that putting greater pressure on Iran was the most important issue for the Obama administration in their drive to improve ties with Moscow.<sup>1</sup> Broader global policy goals of the administration, including addressing the climate change challenge, energy security, health, and other matters also require heightened cooperation from Russia, but the urgency is not as intense as with the first three issues.

In the last year of the Bush administration, US-Russia relations reached their lowest point since the 1980s. Communication between Washington and Moscow had virtually ceased after the war in Georgia in August 2008. 2008 amounted to a 'perfect storm' as US-Russia relations were fraught with major cleavages over Kosovo's independence, NATO enlargement, and plans for the deployment of 'third site' missile defence installations in the Czech Republic and Poland. But the breakdown in relations in the second half of 2008 was years in the making. The brief honeymoon that occurred in the autumn of 2001 after 9/11

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1. 'Lecturing and Wagging a Finger is not our Style,' Interfax interview with Michael McFaul, 14 October 2009. Available at: <http://www.interfax-news.com/17/523071/Interview.aspx>.

rapidly eroded after a series of conflictual issues highlighted different interests as well as the absence of trust despite the allegedly close personal relationship between Presidents Bush and Putin.

Just what the Obama administration is prepared to do to facilitate better ties with Moscow remains not fully clear, but questions and concerns have been expressed publicly and privately throughout Europe. Russia's near neighbours are particularly sensitive to Washington possibly compromising their interests.<sup>2</sup> These concerns reached a crescendo after the administration announced on 17 September that it was abandoning plans developed under the Bush administration for missile defence deployments in Poland and the Czech Republic in favour of a new system configuration.<sup>3</sup> Despite the very insensitive handling of the way in which the missile defence decision was announced, the decision itself was hardly a surprise given the Obama team's comments before and after the election questioning the advisability of the Bush plan. No doubt Obama would have been criticised for the decision from many quarters even if his administration had handled the roll-out much more effectively. Indeed, the Obama administration can hardly be accused of not paying attention to Europe while making efforts to improve ties with Russia. In his first six months in office, Obama made three trips to Europe, and his first major foreign policy address abroad was in Prague in April.

The Washington policy community in the winter and spring of 2009 issued a plethora of reports and analyses calling for improved relations with Russia.<sup>4</sup> Russian critics of one of the most noteworthy of the reports, the Hart-Hagel Commission report, categorised many of the recommendations for improved ties with Russia as 'realist'

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2. For example, see the policy brief issued by the German Marshall Fund just after Obama's trip to Moscow in July, 'Why the Obama Administration should not take Central and Eastern Europe for granted,' 13 July 2009 (accessed on 19 July 2009 at [http://www.gmfus.org/doc/Obama\\_CEE.pdf](http://www.gmfus.org/doc/Obama_CEE.pdf)).

3. Disappointment over this decision was deepest in Poland, and the Obama administration certainly did not help themselves by rolling out the announcement on the 70th anniversary of the Soviet invasion of Poland in 1939 and also by waking up Polish and Czech leaders with phone calls in the middle of the night to inform them of the decision.

4. See 'The Right Direction on US Policy toward Russia,' (commonly known as the 'Hart-Hagel Report'), the Commission on US Policy toward Russia, Washington, D.C., March 2009. Various recent publications calling for improved relations with Russia include: Anders Aslund and Andrew Kuchins, 'Pressing the Reset Button', in *The Russia Balance Sheet* (Washington D.C.: Peterson Institute for International Economics and Center for Strategic and International Studies); Steven Pifer, 'Reversing the Decline: An Agenda for US-Russian Relations in 2009,' Brookings Policy Paper no. 10, Brookings Institution, Washington D.C., January 2009; Stephen Sestanovich, 'What Has Moscow Done? Rebuilding US-Russian Relations,' *Foreign Affairs*, November/December 2008; Henry A. Kissinger and George P. Shultz, 'Building on Common Ground With Russia,' *Washington Post*, 8 October 2008; Michael McFaul, 'US-Russia Relations in the Aftermath of the Georgia Crisis,' testimony to the House Committee on Foreign Affairs, US Congress, Washington, 9 September 2008; Rose Gottemoeller, 'Russian-American Security Relations After Georgia,' Carnegie Endowment for International Peace Policy Brief, Washington D.C., October 2008; and Dmitri Trenin, 'Thinking Strategically About Russia', Carnegie Endowment for International Peace Policy Brief, Washington D.C., October 2008.

compromises of American values of liberty and democracy.<sup>5</sup> This kind of critique, however, misses the crux of the reason why East Central European neighbours are especially nervous. The problem, as set out in a recent brief published by the German Marshall Fund, is that Russia is mostly a *status quo* power globally, but in its neighbourhood it is a revisionist power. Russia wants something that no American administration could give it without committing political suicide, an acknowledgement of ‘privileged relations’ or a ‘sphere of influence’ in its neighbourhood.<sup>6</sup> If that circle cannot be squared, the future of the ‘reset button’ is likely to be short-lived.

## Diverging narratives in Washington and Moscow

Before assessing the prospects of the Obama administration’s policy to ‘reset’ relations with Russia, it seems useful to briefly describe how and why the bilateral relationship deteriorated so dramatically. For Washington, Putin’s Russia was doubly frustrating because of simultaneous trends towards growing authoritarianism at home combined with a resurgent foreign policy designed to intimidate and control its near neighbours, especially the former republics of the Soviet Union.<sup>7</sup>

While the Bush administration did not react strongly at the time, the Yukos case in 2003 was a watershed – indeed it was the turning point in Vladimir Putin’s presidency. Buoyed up by petrodollars, the Russian economy was taking off, and Putin viewed the devolution of power from the state to a group of increasingly powerful oligarchs in the 1990s as threatening. He was especially concerned about the rise of the most successful of them, Mikhail Khodorkovsky, the CEO of what was then Russia’s biggest company, Yukos. With the arrest and prosecution of Khodorkovsky, the Kremlin destroyed its potentially most powerful adversary and instilled fear in the Russian business community as to who might be next. This measure was accompanied by many others over Putin’s tenure as President, amounting to a consistent weakening of Russia’s fragile democratic institutions and its replacement with the so-called ‘vertical of power’.<sup>8</sup>

5. See for example, Lev Gudkov, Igor Klyamkin, Georgy Satarov and Lilia Shevtsova, ‘False Choices for Russia,’ *Washington Post*, 9 June 2009.

6. Pavol Demes, Istvan Gyarmati, Ivan Khrastev, Kadri Liik, Adam Rotfeld, Alexander Vondra, ‘Why the Obama Administration Should not Take Central and Eastern Europe for Granted,’ German Marshall Fund Brief, 13 July 2009. Available at: [http://www.gmfus.org/publications/article.cfm?id=621&parent\\_type=P](http://www.gmfus.org/publications/article.cfm?id=621&parent_type=P).

7. The author participated in small, private briefings for Secretary of State Rice in February 2006 and with President Bush in June 2006, and both expressed the view that they were reasonably satisfied with Russian cooperation on a number of issues including Iran, but that growing authoritarianism at home and Russia’s policies in its neighbourhood troubled the administration the most and contributed to growing concern about where Russia was headed.

8. For a concise summary of the recentralisation of power in Russia under Putin, see chapter 2, ‘Political Development: From Disorder to Recentralization of Power’ in Anders Aslund and Andrew C. Kuchins, *The Russia Balance Sheet* (Washington D.C.: Peterson Institute for International Economics and Center for Strategic and International Studies), pp. 25–38.

On foreign policy, while the Bush administration was disappointed that Putin did not support the war in Iraq, the initial really deep rupture occurred over the Orange Revolution in Ukraine at the end of 2004. The first gas crisis between Russia and Ukraine in January 2006 marked the next big blow that prefaced the disagreements over Kosovo, NATO enlargement, and missile defence that clouded 2007/2008.

The rapidly rising oil price was the common factor driving both trends in Russian foreign and domestic policy. The Kremlin believed the state needed greater control of the windfall revenue from oil and gas exports, and increasingly strong economic performance afforded Moscow more leverage in its foreign relations. The recovery of financial independence symbolised by paying off its International Monetary Fund (IMF) and Paris Club debts early in 2005 and 2006 coincided with the emergence of the ideology of "sovereign democracy" which emphasised both Russia's independence and its distaste for perceived foreign interference in its domestic affairs.

During the years of the Putin presidency, Moscow's narrative of its own domestic experience since the collapse of the former Soviet Union and the emergence of a 'unipolar world' dominated by the United States was increasingly at odds with Washington's perspective over these events.<sup>9</sup> For Moscow the 1990s were spun as a modern-day 'Time of Troubles' when state authority collapsed and foreigners exercised too much influence over Russian affairs to the detriment of the Russian state and people.<sup>10</sup> Putin's goal was to restore the authority of the state and ultimately Russia's rightful place as a great power in the world.

The linkage between domestic and foreign policy goals was most starkly illustrated in Putin's remarks to the Russian nation after the Beslan tragedy in September 2004 when he referred to foreign interests that seek to weaken Russia and proposed the remedy of further centralisation of state power to protect Russia from such threats.<sup>11</sup> The Kremlin, initially through the ideology of sovereign democracy, Vladislav Surkov, later linked those foreign interests who seek to weaken Russia with an alleged

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9. See Clifford Gaddy and Andrew C. Kuchins, 'Putin's Plan', *The Washington Quarterly*, vol. 31, no. 2, Spring 2008, pp. 117-29.

10. The Time of Troubles refers to a period of Russian history at the end of the 16th century and the beginning of the 17th century when a succession crisis precipitated virtual state collapse and foreign domination of Russia until the establishment of the Romanov dynasty in 1613.

11. See for example: Это нападение на нашу страну', Обращение президента России Владимира Путина к нации всвязи с терактом в Беслане, Полит.РУ ['This is an attack against our country', address to the nation by the Russian President Vladimir Putin with regard to the terrorist attack in Beslan, available online at: <http://www.polit.ru/>]. (Accessed on 31 August 2009 at: <http://www.polit.ru/dossier/2004/09/04/putin.html>.).

'fifth column' of domestic collaborators.<sup>12</sup> The linkage of foreign threats with domestic collaborators marked a return to the traditional Russian justification for central authority that has its roots deep in Russian history and reached its apogee in Stalin's terror. For Russia's Western-leaning liberals, the resurrection of this old ideology resonated deeply and their apprehensions were confirmed by a number of high-profile contract killings, including most notably the brave and independent chronicler of the Chechen Wars, the journalist Anna Politkovskaya, in October 2006.

The perception that the West, and most notably the United States, not only sought to humiliate Russia in the 1990s but to take advantage of its weakness with relentless geopolitical encroachment in areas close to its borders, was most strongly demonstrated by NATO enlargement. Putin's speech in February 2007 at the Werkunde Munich security conference conveyed the notion that the United States, in its quest for unipolar global domination, had over-extended itself geopolitically and the global balance of power was shifting in favour of Russia and other large emerging market economies at the expense of the West.

Probably the most fundamental difference in the narratives of post-Cold War history boils down to this sense of the shift in balance of power, the international system becoming truly multipolar, and US relative power being on the decline while Russia rises. To mix metaphors, the US ship of state was slowly sinking while the Russian phoenix was rising from the ashes. For Moscow this disjuncture in perceptions was probably widest shortly after Dmitri Medvedev was inaugurated as president in May 2008 when the oil price hit its peak in July, and the financial crisis remained mostly confined to the United States. While Washington acknowledged that Russia was resurgent, conventional wisdom held that its longer-term prospects still looked relatively bleak as economic growth remained too dependent on natural commodity prices, demographic and health trends were extremely adverse, and the country's infrastructure was still decaying.<sup>13</sup> While the Georgia war in August had its roots in a long and contentious history, Moscow's tendency to overestimate its strength while Washington's post-Soviet default position to view Russia as a weak but irritating trouble-maker contributed to the failure to prevent the war.

12. See Лариса КАФТАН, 'Заместитель главы администрации Президента РФ Владислав Сурков: Путин укрепляет государство, а не себя' [Larisa Kaftan, 'Vladislav Surkov, Deputy Head of Presidential Administration of the Russian Federation: Putin Strengthens the State and Not Himself', *Komsomolskaya Pravda*, 29 September 2004]. (Accessed on 31 August 2009 at: <http://www.kp.ru/daily/23370/32473/>).

13. As Vice President in July 2009 in an interview with the *Wall Street Journal*, Joe Biden caused quite a stir when he made similar comments about Russia's vulnerabilities and challenges and then suggested this would lead Moscow to more readily support US foreign policy initiatives. See Peter Spiegel, 'Biden Says Weakened Russia Will Bend to US,' *Wall Street Journal*, 25 July 2009. (Accessed on 31 August 2009 at: <http://online.wsj.com/article/SB12484246032580581.html>.)

### Rationale for the 'reset button'

Despite the overall breakdown of US-Russia relations in the wake of the August 2008 war in Georgia and the last months of the Bush administration, Vladimir Putin and George W. Bush left a useful framework to develop with the Sochi Declaration from their last bilateral meeting in April 2008. It is the Sochi Declaration that effectively provides the framework for the Obama administration's efforts to 'press the reset button' in US-Russia relations.<sup>14</sup>

#### *Nuclear security and non-proliferation: The return of arms control*

Nuclear security and non-proliferation are areas that the Obama and Medvedev administrations should find most amenable to 'pressing the reset button.' The Russians would argue that they have been more responsible in this regard over the past eight years than the Bush administration. Even though Russia became more reliant on its nuclear deterrent due to the deterioration of its conventional forces in the 1990s, the continued ageing of its nuclear arsenal leads Moscow to be interested in more extensive cuts in strategic weapons.

Although the Russian economy has rebounded impressively in the past decade – or at least this was the case until the advent of the global financial crisis – from a strategic military standpoint, Russia remains in decline. Even with its difficulties in Iraq and Afghanistan, to Russia, the United States still looks as though it is on the march – developing missile defences, outspending Moscow on its military by a ratio of about 10:1, enlarging NATO, etc. Russian policymakers still perceive stabilising the strategic competition with Washington and its allies as being in Moscow's interests.

In his speech in Prague in April 2009, President Obama announced that his administration would be committed to making significant progress on the path to 'getting to zero' nuclear weapons in the world. This goal has recently garnered international attention since articulated by the 'Four Horsemen,' Henry Kissinger, Sam Nunn, William Perry and George Shultz in January 2008.<sup>15</sup> Russian President Dmitri Medvedev endorsed this goal in his speech in Helsinki in the spring of 2009, and the two presidents agreed in London in April that their negotiating teams would convene discussions for a replacement to the START 1 Treaty, which expires

14. Anders Aslund and Andrew C. Kuchins, *The Russia Balance Sheet* (Washington D.C.: Peterson Institute for International Economics and Center for Strategic and International Studies), p. 79, pp. 127-28.

15. George P. Shultz, William J. Perry, Henry A. Kissinger, Sam Nunn, 'Toward a Nuclear-Free World', *Wall Street Journal*, 15 January 2008.

on 5 December 2009. The negotiations have moved quickly, and Secretary Clinton expressed optimism in October that the negotiating teams have a good chance to make their deadline. In the event that the deadline is missed, each side is committed to finding a bridging mechanism to provide assurances for both sides after the expiration of the current START Treaty.

In addition to the urgency of the expiration deadline, the Obama administration's approach to nuclear arms reductions is more in line with Russian interests than that of the Bush administration. Russian negotiators have pushed for a new legally binding treaty that would replace START and supersede SORT (2002 Moscow Treaty). Moscow wants the new accord to be more detailed than SORT, whose limits they view as inadequate to ensure predictability and parity in the Russian-American strategic balance. Russian representatives have sought to require the United States to eliminate the warheads that are removed from its active stockpile, rather than simply place them in storage as they are concerned that the earlier agreements leave the United States with the ability simply to upload these warheads back onto US strategic systems.

Given the pressing time constraints to negotiate, the START replacement treaty will call for a fairly modest reduction in offensive arms and launchers while maintaining many of the monitoring and verification measures of the original START.<sup>16</sup> Then hopefully the two sides would agree to immediately engaging in the next round of negotiations to take the cuts down to at least 1,000 per side. The Russians have indicated that to get to this next level of deeper cuts, there will have to be some agreement about the limitations of ballistic missile defences as Moscow is concerned that due to the combination of deep cuts, US developments in missile defences as well as powerful conventional weapons with near-nuclear capabilities, that the strategic balance may be upset. Both Moscow and Washington also agree that in order to make greater progress in strategic reductions once we are below a certain level (probably in the 500-1,000 range), the bilateral negotiations will have to become multilateral to include the other nuclear-weapons states.

Another lingering nuclear arms control problem is intermediate-range weapons, those with ranges of 500-5,000 kilometres. The 1987 Intermediate-Range Nuclear Forces (INF) Treaty bans the two countries from developing, manufacturing or deploying ground-launched ballistic and cruise missiles with these ranges. Russian

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16. The limits of strategic offensive arms will be in the range of 500-1,100 for strategic delivery vehicles, and in the range of 1,500-1,675 for their associated warheads, in the seven years after the entry into force of the treaty and thereafter. See Joint Understanding, 8 July 2009, accessed on 31 August 2009 at: [http://www.whitehouse.gov/the\\_press\\_office/The-Joint-Understanding-for-The-Start-Follow-On-Treaty/](http://www.whitehouse.gov/the_press_office/The-Joint-Understanding-for-The-Start-Follow-On-Treaty/).

dissatisfaction with the INF Treaty stems in part from how this bilateral agreement uniquely discriminates against Russia and the United States. In October 2007, Putin warned that Moscow would find it difficult to continue complying with the INF Treaty unless other countries ratified the agreement as well. Washington and Moscow subsequently agreed jointly to encourage other countries to join the INF Treaty, but this has fallen on deaf ears. The most serious concern for Moscow in this regard is China, and privately Russian officials express frustration with the lack of transparency of their 'strategic partner'.

Progress this year on replacing START 1 would also be timely in providing greater credibility for Moscow and Washington to fulfilling their NPT Article VI commitment with the already looming 2010 NPT review conference. Given the NPT's call for nuclear weapons states to relinquish their arsenals, many other governments and international security analysts believe that the Russian Federation, the United States, and other nuclear powers must make more drastic reductions – with many calling for total elimination – to meet their NPT obligations. The Obama administration's desire to ratify the Comprehensive Test-Ban Treaty (CTBT) and to engage in negotiations for a Fissile Material Cut-off Treaty (FMCT) should also provide positive momentum for the non-proliferation regime that has been on 'life-support' in recent years. The broader non-proliferation regime needs major reworking to endure effectively, but initial measures need to be taken in particular by Russia and the United States as their close partnership in these efforts is essential.

### *Iran*

The Iranian nuclear and ballistic missile programmes have been, along with differences over their shared neighbourhood, the most persistent bones of contention between Russia and its Western partners since the collapse of the Soviet Union. In an effort to avert near-term challenges posed by Iran's nuclear programme, Russia and European governments continue to urge Tehran to comply with UN Security Council resolutions to suspend its enrichment and reprocessing activities. While Russia joined with other UN Security Council members in supporting sanctions in 2006 and 2007, Moscow remains an unenthusiastic backer of punitive measures. Russian diplomats often work to weaken proposed sanctions, and, in addition, they have always defended Iran's right to pursue nuclear activities for peaceful purposes. Russian officials have also been especially stubborn in denying that Tehran is currently seeking a nuclear weapon or is developing long-range missile technology (although this may be changing – see next section on missile defence).

The urgency of resolving the challenge of the Iranian nuclear programme cannot be underestimated as Tehran has already demonstrated the capability to enrich uranium, and the capacity to weaponise this material is not far off. Russian efforts in recent years to serve as an intermediary with Tehran were tacitly supported by the Bush administration, but ultimately they were unsuccessful; e.g. proposal to take back spent fuel to Russian territory. Moscow's leverage with Tehran is very limited, and the Russians have shown signs of being nearly as frustrated with Iran's intransigence on the nuclear question as the Americans and Europeans. The Obama administration has promised a new approach to engage Tehran in direct negotiations. The fall-back strategy in the event of continued intransigence even in bilateral negotiations, is that the Obama administration would probably have more success in then going to their P-5 partners to support much tougher economic sanctions. In his public speech in Washington in May 2009 Russian Foreign Minister Sergei Lavrov was remarkably enthusiastic and supportive of the Obama administration's approach to Iran.<sup>17</sup>

The September 2009 revelation of the additional Iranian enrichment facility in Qom again put the Iranian nuclear programme firmly in the international spotlight. At the G20 meeting in Pittsburgh, Pennsylvania, President Obama made a public appearance with British Prime Minister Gordon Brown and French President Nicolas Sarkozy firmly demanding that Iran make its nuclear programme fully transparent or suffer serious consequences. While reference was made to German Chancellor Angela Merkel's support, the other two leaders of the P5 +1, Russian President Dmitri Medvedev and Chinese leader Hu Jintao, were conspicuous by their absence in this effort to demonstrate international solidarity. Whether Iran will cooperate to prevent sanctions and whether Russia and China would support really tough economic sanctions against Iran in a vote of the UN Security Council permanent members remain critical open questions at the time of writing.

### *The missile defence connection*

Along with NATO enlargement, US plans to deploy theatre missile defence system components in Poland and the Czech Republic was a deeply contentious issue in US-Russia security relations for the past two years. This is likely the issue that pushed Putin over the edge when he delivered his anti-American tirade in Munich in February 2007, having realised the previous month that the United States was serious

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17. See Jessica Mathews and Sergey Lavrov, 'Foreign Minister Lavrov on Russia-US Relations: Perspectives and Prospects for the New Agenda,' Carnegie Endowment for International Peace, Washington D.C., May 2009. Event transcript accessed at: [http://www.carnegieendowment.org/files/0507\\_transcript\\_lavrov.pdf](http://www.carnegieendowment.org/files/0507_transcript_lavrov.pdf).

about deploying missile interceptors in Poland and a radar in the Czech Republic. Although NATO endorsed the plans, the issue has been highly controversial within Europe including in the Czech Republic itself. Moscow responded with both carrots and sticks: threatening to target the planned deployments with nuclear weapons as well as reaching out to the United States to offer use of Russian-controlled facilities. The Bush administration engaged the Russians in discussions of these proposals, notably the Gabala radar station in Azerbaijan, but these talks were not successful.

While there has always been a link to the missile defence plans and Iran, the Obama administration made this linkage more explicit to Moscow since taking office in January. This was reportedly a topic in a not-so-secret letter from newly inaugurated President Obama to Russian President Medvedev in February – the less of a threat Iran poses, the less theatre missile defence capabilities in Europe will be needed, thus the greater incentive for Moscow to exercise more leverage on Tehran.<sup>18</sup>

With the Obama administration's decision to scrap the third site deployments in Poland and the Czech Republic planned by the Bush administration, one of the biggest thorns in the US-Russia relationship over the past three years was removed. The Obama team emphasised that changes in assessment of Iranian missile programmes (progress on short-and medium-range missiles that could threaten Europe combined with no evidence of progress on long-range missiles that could threaten the United States) and advances in alternative radar and interceptor technologies are the driving factors supporting the new system configuration. They noted that if this improves the atmosphere in US-Russia relations, then that is a useful fringe benefit.<sup>19</sup> The initial response from the Russian government to the changed plans was positive, and quickly Moscow and Washington engaged in talks over possible US-Russian cooperation in the new configuration.

From Moscow's perspective, along with putting NATO enlargement on the back burner and engaging in discussions over revision of the architecture of European security, missile defence cooperation is at the heart of the wiring of the 'reset button.' Moscow looks at the current NATO-led security system plus enlargement and deployment of theatre missile defence components as part of a broader expansion of a US-led security system from which they are excluded. This is the crux of our collective failure, twenty years after the fall of the Berlin Wall, to build the integrated

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18. See Peter Baker, 'In Secret Letter, Obama Offered Deal to Russia,' *New York Times*, 3 March 2009.

19. The new configuration does not necessarily mean there will be no missile defence system deployments in Poland and the Czech Republic. Negotiations are ongoing with Warsaw and Prague, and Poland has first right-of-refusal for interceptor battery deployments.

transatlantic security system ‘from Vancouver to Vladivostok.’ The essence of solving this problem involves entrusting Moscow with some decision authority over a reformed European security system.

### *Afghanistan and the Northern Distribution Network*

As a presidential candidate in 2008, Barack Obama promised to allocate more US forces to the war in Afghanistan. Because of increasing problems on the Afghanistan/Pakistan border, in the second half of 2008, US Central Command (CentComm) began to explore the possibility of opening a transit corridor from the North into Afghanistan which came to be termed the Northern Distribution Network (NDN).<sup>20</sup> Even if US force presence would remain stable, opening the NDN would likely be required, but with the increased troop presence, the required flow of goods and materials to supply the troops is estimated to grow by up to three times by 2010 if the Obama administration decides to further increase US troop presence.<sup>21</sup>

The opening of the NDN increases the attention of US policymakers to Central Asia and the Caspian as well as Russia. As initially conceived, the NDN is to be composed of two transit corridors. The first starts in the port of Riga where goods are loaded onto railway container cars for shipment through Russia, Kazakhstan, and down to Herat on the Uzbek/Afghan border. The other NDN route would come in through the Caspian to either Kazakhstan or Turkmenistan then onto Uzbekistan. US CentComm is also exploring the possibility of bringing in goods through China in the East. In the spring of 2009, the NDN rail route from Riga to Afghanistan became operational as trains were making the trip with full support from Russia and Kazakhstan to the Uzbek/Afghan border in only nine days. Privately US government officials laud Russian cooperation in expediting the trains, and by the end of September, already more than 3,500 20-foot containers had made it to Afghanistan on the two NDN routes.

Despite supporting the establishment of the NDN, Russian intentions have been far more questionable on the issue of US access to Manas, the airbase in Kyrgyzstan from which the US military had been transiting troops and goods into Kyrgyzstan since 2001. In early February, Kyrgyz President Bakiev announced that the United States would lose access to Manas at virtually the same time that the Russians and

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20. The author met with CentComm planners to discuss NDN in May 2009. The NDN was created to convey non-lethal goods (which comprise over 85% of supplies to US troops) on a commercial basis by ground and sea. Note that it does not include air transport of lethal materials.

21. See Andrew C. Kuchins and Thomas Sanderson, *The Strategic Implications for the Northern Distribution Network on Afghanistan and its Neighbors* (Washington D.C.: Center for Strategic and International Studies, forthcoming autumn 2009).

Kyrgyz reached agreement on an economic assistance package of \$2.25 billion.<sup>22</sup> While the Russian government denied any linkage on the base decision and the loan package, there was widespread speculation that the loan was contingent on Bishkek closing the base to the Americans. Negotiations with Kyrgyzstan continued into June until Washington and Bishkek finally reached agreement to allow the United States to use Manas as a 'transit center', paying more than three times the previous rent. The agreement was reached shortly before Obama's trip to Moscow in early July, but questions remained as to what extent Moscow supported this decision.<sup>23</sup>

In the run-up to the Moscow summit, US government officials were rather surprised when the Russian government raised the idea of reaching agreement for the air transport of lethal materials over Russian airspace.<sup>24</sup> The US and Russian governments worked hard for the next two months, and Presidents Medvedev and Obama signed an agreement at the Moscow summit in July authorising flights of lethal goods over the territory of the Russian Federation. This agreement came into force in September, and the first 'test' of the route took place in October. Although the Pentagon does not plan extensive use of these overflights, such an alternative is potentially useful, and the agreement has generated more positive momentum in the improvement of US-Russian ties.

However, the murky issue of Moscow's influence on Kyrgyz decisions about Manas highlights for US policymakers the question of whether Moscow views supporting allied efforts in Afghanistan as a higher priority over maintaining and extending its own military influence with Central Asian neighbours. Later in the summer Moscow lobbied for the Collective Security Treaty Organization (CSTO) to agree to establish a military base in Osh Kyrgyzstan in the volatile Ferghana Valley. Uzbekistan adamantly opposed the establishment of the base under the auspices of the CSTO, so the agreement for the base was reached on a bilateral basis between Bishkek and Moscow. Tashkent views the establishment of this base as a security threat to Uzbekistan, and policymakers there are very sceptical about Russian policy in the region and even about whether Moscow would like to see Afghanistan stabilised.<sup>25</sup>

22. See Clifford Levy, 'Kyrgyzstan: At the Crossroad of Empires, a Mouse Struts,' *New York Times*, 25 July 2009. (Accessed on 31 August 2009 at: [http://www.nytimes.com/2009/07/26/weekinreview/26levy.html?\\_r=1](http://www.nytimes.com/2009/07/26/weekinreview/26levy.html?_r=1)).

23. See 'Kyrgyzstan agreed US base deal with Russia-source,' Reuters, 24 June 2009 (accessed on 31 August 2009 at: <http://www.reuters.com/article/latestCrisis/idUSLO894657>).

24. That this agreement was Moscow's initiative has been confirmed in the author's private discussions with US officials in Washington and Moscow.

25. In private discussions with very high-level government officials in Tashkent in July 2009, the view was expressed that Moscow prefers to see Afghanistan unstable so as both to justify Russian military presence in Central Asia as well as to prevent Central Asian states gaining access to global markets through southern transit corridors. See Andrew C. Kuchins and Thomas Sanderson, 'Northern Exposure in Central Asia,' *International Herald Tribune*, 4 August 2009.

## Prospects for the ‘reset button’

It is too early to draw conclusions about the success or failure of efforts towards *rapprochement* between Washington and Moscow. Nevertheless, given the toxic history leading to the rupture in relations in the autumn of 2008, there are some important reasons to keep expectations moderate. Already twice in the past twenty years, in 1991-92 and again ten years later in 2001-2002, excessive hopes for dramatic breakthroughs in US-Russian relations resulted in deep mutual disappointment and recriminations. In both those instances improved US-Russia relations were hoped for in a context of Russia’s broader integration with the West and its domestic transformation into a market democracy. For at least the last five years, the Russian government has no longer described its objectives in such terms. Often this is characterised by US government officials and analysts as a ‘values gap’ between Moscow and Washington.

Regardless of what one thinks of the debate over a ‘values gap’, the most fundamental near-term problem, as the above discussion illustrates, is that Moscow and Washington simply do not view their interests as fully aligned on the three key issues that drive the Obama administration to improve ties: Iran, Afghanistan and deep cuts in offensive nuclear arms. Often the differences in interests are papered over by official statements from Washington and Moscow that the United States and Russia share much more in common than what separates them. That may well be true at a certain level of analysis in that both support non-proliferation of weapons of mass destruction and oppose terrorism. But like so many things in life, in policy and politics, the devil is in the details, and platitudes about shared interests have little relevance if you cannot agree on concrete details and action.

The logic of ‘reset’ is also dubious because it rests on the assumption that there is new leadership in Washington and Moscow ready to reconsider past policies, but the reality is that the assumption is only true in Washington. There should be no illusions about where ultimate decision-making authority in Russia resides today. The ‘tandem’ is a fiction for the most part, and Obama must operate under the assumption that on any issue of importance to Russia – from nuclear arms reductions to Afghanistan to Iran – the ultimate arbiter for Russian policy is Vladimir Putin. Why should we expect Mr. Putin to effectively repudiate many of his foreign policy positions that constitute his political legacy of nearly a decade as Russia’s leader?

This is especially true in the most contentious area of US-Russia relations, the independence and sovereignty of Russia’s neighbours, especially those that were part of

## 11. The Obama administration's 'reset button' for Russia

the Soviet Union. For any US administration to implicitly, let alone explicitly, allow for these states' sovereignty to be compromised as part of some 'grand bargain' with Moscow, would be geopolitically foolish, morally cowardly, and politically suicidal. And with regard to Moscow's desires for a wider sphere of influence or 'privileged relations' with its neighbours, this appears to be a set of interests where there is no evidence of any differences between Vladimir Putin and Dmitri Medvedev.

US allies and partners in East Central Europe, given their difficult history with Russia, are understandably concerned that the United States might consider compromises to reach agreements with Russia that would run counter to their own interests and independence. The missile defence decision, despite the Obama administration's vociferous protestations to the contrary, was interpreted in many quarters as just such a decision. These concerns were the motivation behind the letter to the Obama administration signed by East Central European leaders and their supporters after the July Moscow meetings. Vice President Joe Biden travelled to Ukraine and Georgia later in July to assuage precisely such concerns in Kiev and Tbilisi where the local populations feel extremely vulnerable to Russian pressure.

But such paranoia is probably misplaced because Moscow is not in a position to provide the United States with anything of sufficient value for the US administration to risk what would be, in effect, political suicide. Despite the best intentions, Obama's 'reset button' was probably not the best chosen analogy for a policy that in all likelihood will not result in any major breakthroughs. Nevertheless, the Obama administration has successfully reversed the steep decline in US-Russia relations as symbolised by cooperation over supplies into Afghanistan and a hopefully successful negotiation for a replacement to the START Treaty. Dispelling, at least for now, the spectre of a new Cold War may not justify winning a Nobel Prize, but this success should be applauded. It is to be hoped that President Obama will continue in this vein.

# **12. The United States, Europe and East Asia**

**Michael O' Hanlon**

## **Introduction**

This chapter is based on a fairly strong premise: that despite the new era of transatlantic cooperation ushered in by Barack Obama's inauguration as president of the United States, very little will change in regard to most East Asian scenarios as concerns possible EU-US cooperation.

The reasons are simple. Let us begin with the biggest potential challenge – China, and its relationship with Taiwan. This is not likely to be a crucial matter for EU-US cooperation in the Obama period for two reasons. First, European security interests in East Asia are quite limited, meaning that American plans would revolve around cooperation with regional allies rather than Europeans. Second, the election of President Ma in Taiwan in 2008 has thankfully dampened cross-Strait tension, greatly reducing the chances of a new conflict.

As regards Korea, again, there is little reason to have expected any major European military response to any crisis before or after the election of Barack Obama. This is largely due to distance, and also to the impressive strength of the Republic of Korea's military forces. Their improvement over the decades has made the US-Republic of Korea (RoK) alliance largely sufficient on its own, at least for most military situations.

There are several exceptions to this broad argument, however, and one of them is explored in some detail below – that of the six-party nuclear talks with North Korea, a process that has to date largely excluded Europeans but that could require their participation in one form or another at a future point.

However, the centrepiece of this chapter is an examination of a collapsing North Korea – perhaps the most plausible serious military scenario in the region, and also one that reveals just how limited a European role would likely be. My purposes in describing it in some detail are to underscore the military reasons, in addition to the (probably self-evident) political ones, why European nations individually or the EU in concert would be unlikely to engage vigorously if this were to come to pass.

### A North Korea negotiation agenda

This past spring, when expecting that the Democratic People's Republic of Korea would soon launch a long-range rocket, disguised as a space launch vehicle but more likely a test version of an intercontinental ballistic missile (ICBM) that could in theory carry a nuclear warhead to the United States, some American analysts suggested a strong response. Some for example argued for shooting down the missile shortly after its launch – a feat of which the United States might now be capable, using Navy ships operating to the east of North Korea below the expected trajectory of the rocket. They pointed to a UN Security Council resolution forbidding any such North Korean missile tests for legal justification, and to the broader dangers posed by the North Korean regime for their strategic motivation.

Such a reaction would have been a mistake at that juncture and thankfully it did not happen. So would less extreme steps like an effort to propose a significant tightening of UN sanctions against the North Korean regime. (Appropriately, such stronger sanctions were employed later, after a much more serious North Korean transgression in the form of a second nuclear weapons test – a subject to which we return below.) The Obama administration, still establishing itself in office and without some of its top Asia hands yet in place, may have felt excessive pressure to act tough after such an event, but it was patient and restrained and wisely so. North Korea's behaviour has indeed been highly provocative of late, and its government is undoubtedly one of the most brutal on earth. But there is still a time and place for everything, and this was not the time or place for escalation. Down the road, if we are lucky, negotiations may progress to the point where Europe can play a role, and the situation can actually be improved.

But first, back to the fundamentals on this past spring's crisis. A test of a three-stage missile is an unfortunate, and highly undesirable, development. But it is not brutal, or tragic, or earth-shattering in and of itself. It is important to remember that missiles themselves are not weapons of mass destruction, even if they are often capable of carrying such weapons. Accordingly, no international treaty regime bans

such tests, or the development and production of these technologies. As such, the UN measures prohibiting North Korea from testing such missiles, while legitimate and understandable, do not have quite the strong and long-standing foundation of a major treaty. (It should be recalled as well that, while it hardly makes us happy in the process, Iran routinely launches medium-range missiles and we do nothing about it.) European members of the Security Council were right to go along with a UN reprimand for the North Korean test, therefore, but were also right (as was Washington) not to seek stronger responses at that point.

To put it a different way: while bad, this test does not even rank among the worst of North Korea's recent actions. In 2002 it announced its withdrawal from the Nuclear Non-Proliferation Treaty, which earlier it had voluntarily joined, and proceeded to tell all international nuclear inspectors to leave the country. It then took spent fuel out of small nuclear reactors that it had previously developed, with some international help, on the grounds that they were for research, and reprocessed that fuel – thus providing purified plutonium that has probably since been turned into actual warheads. If North Korea built six to eight weapons with this material, as suspected, that would be a huge increase in its previously estimated arsenal of one to two nuclear warheads dating back to the days of the first Bush administration.

Things got worse, of course, following North Korea's nuclear test. This was quite regrettable, and a more alarming development than missile tests. While not a treaty violation *per se*, since North Korea is not party to the Comprehensive Nuclear Test-Ban Treaty (which is itself not in force yet), the test further weakens the *de facto* nuclear testing moratorium that almost all states have observed for nearly two decades (with the notable exceptions of the India and Pakistani tests that took place in the late 1990s).

Beyond its nuclear violations, North Korea continues to run a gulag of prisons that house at least tens of thousands of political prisoners. It mismanages an economy that has resulted in death by starvation or malnutrition of up to a couple of million of its own people in the last 15 years. It continues to refuse to provide more information on additional Japanese citizens that Tokyo suspects of having been kidnapped in the past few decades. It still fields a million-strong army that consumes 30 percent of its GDP – by far the highest fraction in the world by this measure – and necessitates that South Korea, as well as the United States, waste resources maintaining deterrence and vigilance along the Demilitarised Zone (DMZ). And it is suspected of having helped countries like Libya and Syria with their own weapons of mass destruction programmes.

So why, one might ask, does any such country deserve any space to launch missiles and test nuclear bombs at all? Why not slap on strong sanctions after a launch – if indeed we even decide to tolerate that launch? The case for patience here is not obvious. And yet avoiding overreaction was, and remains, the right thing to do, for several reasons:

- President Obama has an opportunity to see if his new multilateralist style can ease tensions with Pyongyang and open up a more constructive period of diplomacy. The odds are against him, but there is no reason to give up before he and his team can construct an integrated North Korea policy in consultation with key allies and other countries. That policy should offer North Korea the vision of becoming ‘the next Vietnam’ (speaking loosely) – that is, a reforming communist state – with substantial international help if it will do so. Europeans could play a key part in offering any such aid, if it is ever appropriate. The nuclear test complicates the situation quite a bit, and July’s exchanges of tough words between Secretary Clinton and North Korean officials underscore how delicate things have become. But after a suitable cooling off period, it is still worth a try at a new type of negotiation.
- Showing calm will avoid playing into North Korea’s hands. Its leaders clearly are seeking attention. Yet they are doing so via actions that they know probably will not be extreme enough to align the world community firmly against them. As such, any American overreaction will tend to divide the United States, along with Japan and perhaps South Korea, from China and other countries whose help we will need in any subsequent effort to truly get tough with the North. European states would be caught in a dilemma in this situation.
- Restraint will also avoid helping North Korean hardliners. President Kim Jong Il is probably not in very good health, after a stroke or heart attack last summer, and various players within the Democratic People’s Republic of Korea (DPRK) are positioning for advantage in what could soon be a post-Kim North Korea. Americans do not want to send a message that we are pushovers, but nor do we want to react so strongly that any ‘moderate’ voices within North Korea are unable to make their case for testing a new type of relationship with a new American president. Indeed, former President Clinton’s summer trip to North Korea to obtain the release of two imprisoned journalists produced a partial thaw that was welcome and perhaps even encouraging.

Of course, such hopes for a better relationship are optimistic. In the more likely event that we wind up with a seriously problematic North Korea in the future as in the past, we may have to form a strong international coalition to react strongly to a more severe North Korean provocation down the line – be it another nuclear weapons test, or a border dispute with South Korea, or something even worse. Our ability to convince countries like China to go along with a more muscular response that really squeezes the North Korean economy will depend in part on being able to argue that we previously attempted a more positive relationship with Pyongyang but were met by a still-clenched fist.

The bottom line is that the United States does not allow much trade, investment or aid flow to North Korea as things stand. There is not that much to sanction, and not that many more ties to curtail, in punishing Pyongyang. As such, hardliners should take some comfort from the fact that the US will hardly be propping up the North Korean regime if it takes a few months to test a new, integrated policy. And diplomatic pragmatists should remember that our real leverage here requires getting China and other nations, including in Europe, to be willing to clamp down further on their trade with and aid to the DPRK if necessary – meaning that a calculated, patient strategy for developing a strong global coalition is better than a visceral response guided mostly by our own internal politics.

If the US can somehow get through this dicey period and get negotiations back on track, European partners could be very helpful in a number of ways, either as part of a ‘seven-party process’ that included the EU, or as supporting actors. The EU understands arms control, development aid, and pragmatic diplomacy. It also understands how to negotiate ‘grand bargains’ – such as a possible plan to help North Korea reform economically and militarily in exchange for more aid and trade (with the nuclear weapons given up in the process). It has the resources, the expertise, and the perceived independence to be very helpful. No one can predict such a turn of events now, but it is possible down the road.

Diplomacy may or may not work, of course – and on balance it has to be admitted that the odds are against it. Should it fail, North Korea may or may not ‘muddle through’, to use Marcus Noland’s memorable phrase first coined in the North Korean context in the 1990s. One possibility, in fact, is that its economy may continue to falter and ultimately fail – or that internal political competition over leadership succession may produce a competition for power that becomes violent. Either way, North Korea’s collapse cannot be dismissed as a possibility. And its implications would be so grave, in a nuclear-armed state at the intersection of

several great powers in Northeast Asia, that it behoves us to think through its implications.

### North Korea collapse scenarios

Ironically, at precisely the moment when they may be more likely, major military scenarios on the Korean peninsula are apparently being deemphasised by the United States government, including the American armed forces. The reasons for this lack of attention to Korean matters are numerous. Of course, US policymakers are distracted by both ongoing and potential military activities throughout the broader Central Command theatre. In addition, with the anticipated transfer of preeminent command responsibilities from US Forces/Korea to the Republic of Korea's own military in 2012, the United States may feel less obligation to lead allied efforts to prepare for possible contingencies. Finally, North Korea collapse scenarios make the relative RoK role larger than that of the United States. If the main task will be restoring order, rather than defeating a combined air-armour offensive by DPRK forces, it is only natural to defer to Seoul as much as possible. Or so it would seem.

This calculus is appealing to American officials already overtaxed by operations, responsibilities, and worries elsewhere. It is also appealing to US ground forces, who can hardly afford to consider another operation emphasising US Army and Marine Corps contributions when they are already so overstretched elsewhere. Yet it is mistaken. In fact, it could be disastrous. The stakes in nuclear-armed North Korea are enormous for the United States: the notion that somehow the US could defer to a single ally of relatively modest means in stabilising a country holding 8 to 10 nuclear weapons somewhere within its territory is illusory and irresponsible. Failing to do proper planning is therefore unacceptable. As a result, American forces might wind up having to enter into North Korean territory at the last minute in an unforeseen manner – risking a tragic repeat of the same kinds of dynamics that led to Chinese involvement in the Korean War.

There are four main challenges associated with scenarios for collapse (or ‘Operations Plan 5029’, in the vernacular of war planners). Most would not involve much if any European help in all likelihood (though perhaps European friends could spur the US and RoK on to better planning themselves):

- Developing a solid overall concept of operations, with appropriate emphasis on securing North Korea’s nuclear weapons as fast as possible – and limiting all vehicular movement by land, sea, and air out of the country in the meantime, to

provide an added layer of defence against nuclear leakage (biological and chemical weapons could pose a parallel though lesser concern).

- Developing an allied plan for sharing the burden of this operation, and for adjusting the plan accordingly as circumstances require – based on respect for Seoul's leadership role in any such campaign but also on Washington's need to have substantial influence in how the campaign is conducted.
- Intensive, ongoing, and high-level coordination with China – both to secure the DPRK/PRC border, and to avoid any mishaps if and when People's Republic of China (PRC) and RoK/US forces come into proximity.
- Relatedly, developing shared principles with Beijing and Seoul on how to handle postconflict foreign military presence on the peninsula, rather than assuming blithely that the understandings will naturally emerge on their own.

Regarding the first matter, the basic concept of operations, combined RoK-US forces, would need to be able to restore order in the face of anarchy. They would also need to attack any splinter elements (or even substantial elements) of the DPRK armed forces that were posing local resistance or attacking South Korean territory with long-range strike assets. They would have to deliver humanitarian aid as speedily as possible. They would have to arrest top-level members of the North Korean leadership unless an amnesty had been negotiated. And of course, they would absolutely need to secure nuclear weapons. This last mission would be the most important to accomplish quickly, especially from an US perspective – and it could be quite distinct in many ways from other aspects of the effort.

The idea that the United States could somehow outsource most of this DPRK stabilisation mission to its South Korean ally falls apart the minute one begins to consider the stakes – and the possible degree of uncertainty, confusion, and violence that could accompany many collapse scenarios. Loose North Korean nuclear materials and/or weapons would be a nightmare for American security, immediately raising the urgency of this mission above that of the current Iraq and Afghanistan efforts.

In theory, South Korea may have the numerical capacity to handle North Korean stabilisation. North Korea is a mid-sized country, slightly smaller than Iraq or Afghanistan demographically. Its population is estimated at just under 25 million. That implies a stabilisation force of 500,000. South Korea has that many soldiers in its active army, and eight million more between its reserves and its paramilitary

forces. Such reassuring arithmetic may help explain the Department of Defense's apparent inclination to view this problem as manageable largely by RoK forces themselves.

However, the problem is more complicated than that. To begin, some significant fraction of North Korea's million-strong army may fight against South Korea even in an apparent collapse scenario. After all, collapse is likely to imply a contest for power among multiple North Korean factions rather than a literal, complete, and immediate dissolution of authority nationwide. Some significant amount of the South Korean army could therefore be in effect on a war footing, fighting from village to village and city to city.

In addition, a calculation based simply on overall force requirements ignores the dimension of time. How long would it take South Korea to spread out and establish control of the North Korean territory – and how much time can we afford? In fact, and of course, speed would be of the essence in any mission to find and control DPRK nuclear-related assets.

Requirements for American forces could vary greatly depending on the specific scenario, within an overall 5029 framework. If the problem developed very fast, available American main combat forces would of course be limited in number to those already on the peninsula, and perhaps also to some of the Marines on Okinawa. In this situation, South Korea's activation of its own reservists could likely happen more quickly than any US effort to respond with forces based back home. But even for this scenario, the role of American special forces in helping search for nuclear weapons could be quite significant (assuming they could be flown across the ocean quite quickly). They might team up with not only RoK forces, but even an element of a North Korean unit that had possession of the materials and was under siege by larger parts of the DPRK army; Seoul and Washington might strike a deal with any such DPRK unit holding nuclear weapons if that was the only viable way to secure the dangerous materials.

An alternative scenario might witness the more gradual descent of North Korea into internal conflict – in which case the United States might well have the option of deploying forces from the US homeland in appreciable numbers on a more manageable time scale. Having a clear vision of some of the various alternatives scenarios that might be played out would be important for the US military in this context.

If US forces could be deployed in significant numbers fast, the question would then become – what should they do, and where should they go? And it is here that the most nettlesome questions of all arise. There would be major challenges within the US-RoK alliance and even bigger challenges in working with China.

Because of the imperative to stop DPRK vehicles that could be carrying nuclear materials, it would be crucial to coordinate US and RoK forces to avoid friendly fire incidents and other tragedies. Otherwise, in attempts to stop North Koreans from moving about, allied forces could wind up firing frequently on each other. Many troops would also have to be transported fast by air to secure borders – meaning they would be flying when the DPRK air force was likely still functional, and therefore when an active air war was underway. Issues such as identification friend-or-foe (IFF) and careful coordination of the airspace would be more difficult than they probably were in either major Iraq war (since in the first, a long air war preceded any meaningful movement of allied forces by ground or air, and in the second, the United States handled central, western, and northern Iraq essentially on its own).

An even more dramatic issue concerns how to handle coordination with China. If the United States could position some forces in the general theatre before the North Korean state truly failed, say on Okinawa, it might be better equipped than the RoK to help secure northern North Korea. With its amphibious and air assault capabilities, the United States might be able to handle such deployments more rapidly than South Korea could. But that possibility immediately raises the question of how Beijing would react to US forces again approaching its borders.

If the nuclear problem did not exist, this issue might not have to be faced; northern North Korea could simply be left for last, as allied forces led by the RoK gradually moved up the peninsula securing cities and towns and military facilities. But in the current situation, borders would have to be sealed as fast as possible all around the country. If American forces were to deploy to the Chinese border, however, several major concerns would have to be addressed. The US military would have to know that China was not itself moving into northern North Korea to create a buffer zone and handle humanitarian issues there rather than on its own territory – requiring at the very least rapid and clear communications with Beijing. Or, to avoid that potentiality, the US might have to develop a legal basis – and if not, obtain a UN Security Council resolution – explaining why American forces had the right to occupy part of North Korea while Chinese forces did not. They might also need to quickly promise that American forces would subsequently withdraw from North Korean territory as soon as practically possible, even if the peninsula was reunified under a Seoul

government that wanted to preserve the US-RoK alliance thereafter. Several other issues would arise and require attention as well.

However, European friends are a long way away from this problem in almost every sense of the word. Their ability to quickly deploy meaningful military capability of any type is doubtful. Their involvement in this issue has been limited. Their role even in UN command in Korea is modest. Their minds are elsewhere today. This is, in short, probably a problem for the US and the RoK, should the unthinkable occur and the scenario play out in real life.

### Conclusion: stretching the imagination

Of course, other opportunities for a substantial EU role in East Asian security could emerge and either disprove my main thesis outright or render it obsolete. Beyond a possible role in rescuing the North Korea negotiations, European countries individually or collectively could in fact wind up playing a number of important roles. Such a scenario does not seem likely – but then again, neither did war in Afghanistan before 2001, or the success of the surge in Iraq, or a number of other developments on the world stage.

One possibility, deriving from the above North Korean collapse scenario, is a situation in which a problem develops with China. Perhaps the United States would have sent special forces to the China-Korea border, to try to prevent the leakage of North Korean nuclear materials, even as China sent troops southward across the Yalu to establish a buffer zone of sorts within North Korea's territory. A resulting standoff might require a third party, either as negotiator or even as peacekeeper – if the EU (perhaps in conjunction with Russia?) could send troops. A variant on this type of scenario could involve a situation in which some faction of the North Korean government or military had control of the nation's nuclear weapons and was willing to bargain to surrender them in exchange for amnesty. Again, a third party might be helpful, partly to take possession of the weapons (as well as, perhaps, the North Korean leadership, especially if asylum was involved). Of course, the EU would not be seen as a truly neutral party by any means – but in a situation like this, in which the United States and South Korea were in the stronger position *vis-à-vis* the DPRK and had urgent security requirements demanding a high level of rigour in their implementation, the EU might be the only plausible candidate.

Another scenario could involve joint maritime patrols to address low-level, non-state threats. These could include overfishing or polluting in parts of the Pacific by mer-

chant fleets of various nationalities, piracy, or other such illicit activity. In such a situation, a European naval contribution to monitoring not unlike the multilateral mission currently underway in the Gulf of Aden near Somalia could be appropriate.

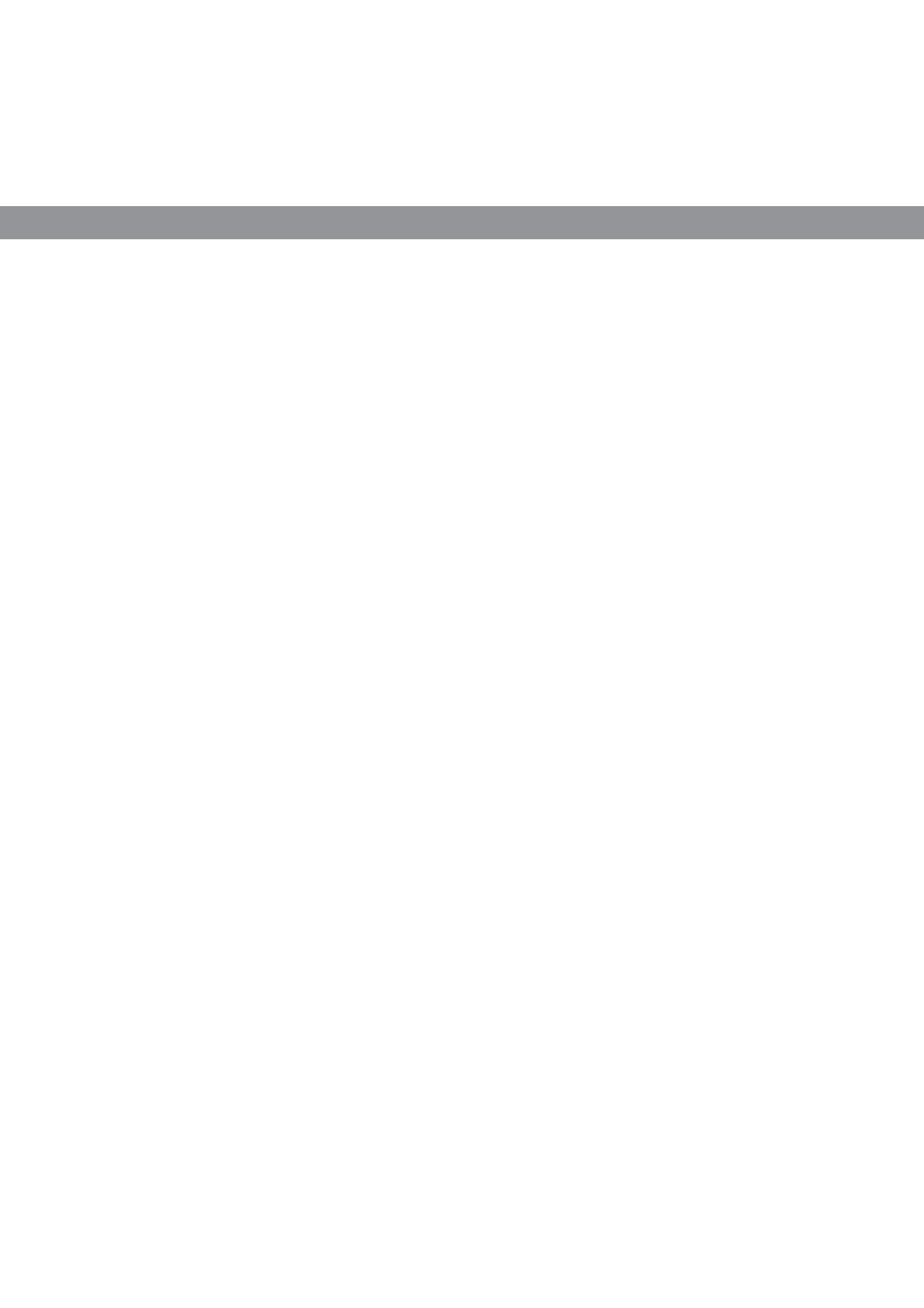
A very unlikely but important potential scenario could involve a worsening of the Taiwan Strait situation, followed by limited Chinese attacks of some kind against Taiwan, followed by a Western response. That response could amount to the direct defence of Taiwan (against missiles, sea mines, submarines, or related attacks). It could also involve responses that targeted China's economy, perhaps a symmetrical form of response to what Taiwan had suffered at the hands of the PRC. In such a case, European states could be involved in applying sanctions; they could even be involved in naval operations to limit commercial traffic into and out of China (at least until it relented and ceased its pressure against Taiwan).

Less fancifully, the EU and the US will have to work together on an ongoing basis to limit high technology exports to China. This issue tends to pop up every so often, and it probably will during the Obama era, with or without a major crisis to provoke it. This is not the place for a detailed discussion of parameters for possible policy modifications, but this question could well present itself on the transatlantic agenda in the coming years.<sup>1</sup>

On balance, however, I must conclude with an observation that an author of such a chapter is not generally advised to offer: my subject, EU-US security cooperation in East Asia, is likely to remain less important than collaboration in other parts of the world discussed by other contributors elsewhere in this volume.

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1. For a detailed analysis of this topic, see May-Britt Stumbaum, 'Risky business? The EU, China and dual-use technology', *Occasional Paper* no. 80, EUISS, Paris, October 2009.



# **13. Obama's sub-Saharan Africa policy: implications for Europe**

**Alex Vines and Tom Cargill**

On 20 January 2009, Barack Obama, a man of both African and American ancestry, became President of the United States. Some six months into his administration, President Obama made his first trip to sub-Saharan Africa in early July 2009 (he had already visited Egypt). The trip was brief: over the course of just 22 hours on the ground in Ghana, the President visited a Maternal Health Centre, gave a keynote address on Africa and visited a slave trade castle. White House officials portrayed this stopover at the tail end of summits in Russia and Italy as an indication that Africa was being mainstreamed, and becoming a routine foreign policy discussion destination for the Obama administration.

President Obama's Ghana trip was mostly about symbolism, providing a sharp critique of corruption and repression on the continent, and advocating home-grown good governance and stronger institutions as remedies. 'Development depends upon good governance ... and that is a responsibility that can only be met by Africans,' and the wider world must 'support those who act responsibly and isolate those who don't ... Africa's future is up to Africans,' Obama told Ghana's parliament. Interestingly, he never mentioned the word 'terrorism.'<sup>1</sup>

## **Africa policy is being gradually defined**

A short Africa stopover by Obama was probably deliberate as the detail of his Africa policy is still ill-defined and his speech had few specific pledges other than a promise to cut down on funding American consultants and administrators. Ghana was chosen to illustrate an African country that enjoys political pluralism and a growing economy.<sup>2</sup> Likewise, the first African Head of State to be received back in Washington D.C. in the Oval Office by Obama was President Jakaya Kikwete

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1. Libby Purves, 'Treat Africans as part of the human jigsaw', *The Times*, 13 July 2009.

2. President John Atta Mills and Barack Obama are also newly elected heads of state and were legal professionals.

of Tanzania in late May. He had been carefully chosen for his technocratic and democratic credentials and according to the White House, 'exchanged views on approaches to enhancing the US-Tanzanian partnership, improving development policy in the fields of health, education, and agriculture, and working with other partners in the region to solve some of the most pressing conflicts on the African continent'.<sup>3</sup> These conflicts included Sudan, Somalia, the Democratic Republic of Congo and Kenya.

For much of 2009, Obama has been putting his foreign policy team in place, assisted by the Secretary of State, Hillary Clinton and, at the United Nations, by Susan Rice, who was an Assistant Secretary of State for African Affairs in the Bill Clinton Administration. Gayle Smith, the White House's National Security Council (NSC) Director for Africa under Clinton has been appointed by Obama as his NSC Senior Director for Reconstruction, Stabilisation and Development.<sup>4</sup> The Africa team has Michele Gavin leading efforts at the NSC and Johnnie Carson as Assistant Secretary of State for African Affairs at the State Department. Hillary Clinton during her confirmation hearing before the Senate Foreign Relations Committee insisted that with regard to Africa, Darfur, natural resource conservation, the war in Congo, 'autocracy in Zimbabwe', African democracy and working to reach the Millennium Development Goals were issues that would receive attention.

Until his Ghana trip in July 2009, President Obama made few statements on Africa, limiting comments to individual African conflicts, such as Sudan, Somalia piracy and Zimbabwe. The broad thrust of Obama's Africa policy was outlined in his Ghana speech, the buttressing of democracy and good governance ('we must support strong and sustainable governments'), smart development assistance ('supporting development that provides opportunity for more people'), strengthening public health and support for conflict reduction and resolution ('we stand ready to partner through diplomacy and technical assistance and logistical support, and we will stand behind efforts to hold war criminals accountable').<sup>5</sup> Hillary Clinton in her October 2009 address to the Corporate Council on Africa spelt this out further by highlighting trade, development, energy security, public-private partnerships and good governance, transparency and accountability as Africa priorities.

3. 'Statement on White House Visit of Tanzanian President Kikwete: Leaders to discuss economy, regional and bilateral issues', 19 May 2009. Available at: [www.america.gov/st/texttrans-english/2009/May/20090519174952xjsnommis0.4865338.html](http://www.america.gov/st/texttrans-english/2009/May/20090519174952xjsnommis0.4865338.html).

4. Samantha Power, also an Africa specialist, has been appointed as the NSC's Director for Multinational Affairs and David Goldwyn as Coordinator for International Energy Affairs at the Department of State. For an assessment of Clinton on Africa see, J. Stephen Morrison and Jennifer C. Cooke (eds.), *Africa Policy in the Clinton Years: Critical Choices for the Bush administration* (Washington D.C.: Center for Strategic and International Studies, 2001)

5. 'Africa: Barack Obama's Address to Ghanaian Parliament - As Delivered', *allAfrica.com*, 11 July 2009. See: <http://allafrica.com/stories/printable/200907110013.html>; Tim Hughes, 'US-Africa Relations: The Modest Foundations of Obama's Four-Pillar Platform', *Business Day*, 14 July 2009.

The appointment in March 2009 of retired Air Force General J. Scott Gration as US Special Envoy on Sudan before the Assistant Secretary of State for Africa was in place emphasised the importance of Sudan for the new Obama administration. Scott Gration has shifted emphasis away from exclusively Darfur to trying to stave off the disintegration of the Sudan north-south Comprehensive Peace Agreement (CPA) by ‘rekindling the same passion’ that infused the original signing of the CPA. He hosted a meeting in Washington in June 2009 intended to shore up political will to address some of the unresolved issues and to help prepare a ‘soft landing’ when the south votes in its secession referendum. Gration’s approach has been consciously high risk and created controversy among many campaigners and some in the US media in that he has actively sought to court the ruling National Congress Party (NCP) to gain traction with them. His personal style has also come in for some criticism with accusations that he has been treading on Sudanese cultural sensitivities.<sup>6</sup> Yet his military no-nonsense approach and NCP engagement has also found favour among many analysts. Whether his strategy succeeds is yet to be seen. The announcement in mid- October 2009 of a new Sudan strategy was a welcome recognition on the part of President Obama that a more cautious, consistent diplomatic approach was required on the part of the US administration, mixing incentives and penalties to secure cooperation on the part of the Sudanese. It was a hopeful indication that a similar emphasis will become apparent in the rest of America’s Africa policy.

Elsewhere, ‘firefighting’ responses to crisis are likely to still dominate the Obama administration’s efforts during its first term. Already, unsurprisingly, Madagascar, Guinea Bissau and Guinea have drawn the attention of key officials away from their longer-term policy objectives, although fear of a repeat of Kenya’s disputed election results in early 2008 meant that US focus on Malawi’s June election has contributed to a non-violent outcome. The administration seems to be concentrating on an effort to end key conflicts through more forceful diplomatic initiatives after years of perceived drift by the Bush administration. The White House has also nominated Howard Wolpe, a former Michigan congressman who directed the Africa programme and the project on leadership and building state capacity at Washington’s Woodrow Wilson International Center for Scholars, as President Obama’s Special Envoy to the Great Lakes Region.<sup>7</sup> His brief is to tackle a web of conflicts that have affected eastern Congo for 15 years.<sup>8</sup>

6. In one meeting he referred to senior Sudanese politicians present as being ‘silly’ – considered by many at the very least culturally insensitive in the context

7. Wolpe previously served as an envoy to the region from 1996-2001 for President Clinton and more recently advised the Obama presidential campaign on African issues.

8. Chris McGreal, ‘Obama adopts interventionist Africa strategy’, *The Guardian*, 11 July 2009.

The administration is also closely monitoring the continuing upheaval in the Niger delta, which is a major source of America's oil imports and Obama officials have openly said that Nigeria is the most important African country. As of late 2009 there was still no agreed US policy on Nigeria, but the emphasis remains firmly diplomatic, trying to get the Yar'Adua administration in Nigeria to focus on the issues of impoverishment, endemic corruption and environmental devastation that underpin the Niger Delta crisis.

Hillary Clinton's first trip to Africa as Secretary of State in August 2009 continued the messaging from Obama's Ghana visit and as Hillary Clinton emphasised, 'the point of the trip was to underscore the importance of Africa to the Obama Administration. It is obviously a cause that I personally am committed to, but it is truly a high-level commitment from the entire Administration, because we start from a premise that the future of Africa matters to our own progress and prosperity.'<sup>9</sup>

This trip included a visit to Nigeria where she was coolly received. The Yar'Adua administration took exception to the fact that President Obama visited Ghana first, but also opposed her public meeting with representatives of Nigerian civil society in Abuja where she told her audience that Nigeria's election system was flawed and 'lack of transparency and accountability has eroded the legitimacy of the government and contributed to the rise of groups that embrace violence and reject the authority of the state.' In the short-term bilateral relations are frosty and the US offer to set up a bi-national US-Nigeria Commission has made little progress although the Nigerian foreign minister has agreed to it. Indeed in addition to health issues this may have also contributed to President Yar'Adua's decision not to attend a lunch for 25 African heads of state plus AU Commissioner Jean Ping, hosted by President Obama in late September 2009 on the first day of the opening session of the UN General Assembly in New York. Presidents Ellen Johnson-Sirleaf of Liberia spoke on youth and jobs, President Paul Kagame of Rwanda spoke on investment and President Jakaya Kikwete spoke on agriculture at this lunch.

Hillary Clinton led a 300-strong delegation for talks on the African Growth and Opportunity Act (AGOA) meeting in Nairobi with officials from 38 African countries: this is part of the US plan to reform trade policy, cut agricultural subsidies and expand markets at the same time.<sup>10</sup> The US Trade Representative Ambassador Ron Kirk attended the AGOA meeting and then visited Ethiopia and Senegal. While in

9. 'Remarks by Secretary of State Hillary Clinton at CCA's 7<sup>th</sup> Biennial U.S.-Africa Business Summit', Walter E. Washington Convention Center, Washington D.C., 1 October 2009.

10. 'United States/Africa: Obama launches his agenda', *Africa Confidential*, vol. 50, no.14, 10 July 2009.

Dakar he signed an agreement with Senegal to provide US\$540 million to help that country to rebuild its transportation and irrigation infrastructure.

The Secretary of State visited five other African countries (South Africa, Angola, Liberia, Democratic Republic of Congo and Cape Verde) in August 2009. Kenya remains central to US regional policy, but it also has added significance because of Obama's personal commitment to the country deriving from his family ties, and therefore he maintains an interest in and is able to speak out on Kenyan political issues in the manner that former US presidents with Irish ancestry did on Irish politics. During her Kenya visit, Hillary Clinton also met Somali President Sheik Sharif Sheik Ahmed. This 11-day visit is the longest ever of a US Secretary of State to Africa and the countries chosen are of interest to the Obama administration, either as anchor states, sources of oil, because they are important for regional peace and security or, as in the case of Cape Verde, constitute an exemplary model of good governance. Angola is becoming more important for the Obama administration and the US-Angola Bilateral Commission has been reconstituted after having fallen into abeyance during the Bush years (the US has a similar relationship with its South Africa-US Business Council which has been re-invigorated and it is also trying to set up a bilateral commission with Nigeria as discussed above).

The proposed launch of a Global Energy and Environment Initiative will be a radical change from current US policy. It will go some way towards promoting a changed public face for the US in Africa, particularly in South Africa which is so central for US objectives on the continent and yet has had a very difficult relationship with the United States in recent years. On the environment, the break with the George W. Bush administration is clearest: the new administration accepts the need for carbon limits and accepts that Africa has the most to lose if present trends continue.

While a higher visibility on Africa seems inevitable in the Obama administration, the level of US commitment to the region, and the quality of that commitment, remain uncertain. Given the current economic environment it is far from clear where extra funds will come from. Vice President Biden commented during the Vice Presidential Debates that a Democratic administration would probably have to moderate its commitment to double foreign assistance.<sup>11</sup> There has been much lobbying against this since the comment was made, but it will be a key indicator of the new administration's commitment to Africa. At the G8 summit in Italy, Obama announced \$20 billion in pledges, including \$3 billion from the US to improve food security in poor

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11. 'Transcript of Palin, Biden debate', *CNNPolitics.com*, 3 October 2008. Available online at: <http://www.cnn.com/2008/POLITICS/10/02/debate.transcript/>.

countries around the world, while in his Ghana speech he said his administration was also committing \$63 billion to address global health crises.

Ahead of his Ghana visit Obama suggested in an interview to *AllAfrica.com* that the US government had lacked a well-coordinated aid-to-Africa effort. ‘Our aid policies have been splintered among a variety of agencies, different theories embraced by different people depending on which administration, which party is in power at any given time.’<sup>12</sup>

### More than humanitarianism?

Historically the United States has rarely considered Sub-Saharan Africa as being of great strategic significance to its national interests, and in fact most Presidents have had very little direct engagement on foreign policy in Africa.<sup>13</sup> Even during the Cold War, the proxy conflicts that played out with Soviet and Chinese-backed enemies across the continent from Angola to Ethiopia, were generally never more than side shows.<sup>14</sup> Sub-Saharan African countries was seen as universally poor and of limited commercial interest, had little impact, either positive or negative, on the world stage, and did not offer any significant threats or opportunities to the United States, and in any case former European colonial powers and NATO members, Britain, Portugal, Italy, Spain and Belgium but also France, could be expected to focus on their former colonies.

On the other hand, in common with European countries, the United States has a long history of humanitarian interest based on missionary activity and an ideological commitment to democracy and human rights. This interest traditionally has been non-governmental in nature, grounded in the churches, civil rights movement and campaigning communities across the United States. Elected officials have consistently been motivated to pay attention to this concern, out of both genuine commitment and through the lobbying skills of these interests. However from the 1990s onwards the humanitarian lobby for Africa began to grow. Private philan-

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12. ‘Africa: U.S. Wants to Spotlight “Successful Models” And Be An “Effective Partner” – Obama’, *AllAfrica.com*, 2 July 2009. See: <http://allafrica.com/stories/200907021302.html>.

13. President Carter led the first State visit to Sub-Saharan Africa under any US President. Prior to that only President Roosevelt had visited Africa during World War II, although Vice President Nixon had witnessed Ghana’s independence ceremony in 1957. Vice President Bush made two trips to Africa, both in 1982, before President Clinton became the first US President to visit Africa twice while in office. President George W. Bush also visited twice, and met more Heads of State than any previous President.

14. An exception to this was the Angola civil war when, for some time, UNITA (the National Union for the Total Independence of Angola) was the second largest recipient of covert US support in the world. It is also worth noting that within five years of the 1959 opening of a US Embassy in Guinea Conakry, 30 more had been opened across the continent.

thropy and remittances from the US to the developing world in 2006 amounted to around US\$105 billion a year, dwarfing the \$23 billion worth of official US assistance and the amount of attention paid by successive administrations has reflected this growth.<sup>15</sup>

The perception of the strategic significance of sub-Saharan Africa to the US national interest has grown since the 1990s, particularly because of concerns over terrorism and the radicalisation of young Muslims, particularly in the Sahel and eastern Africa. This continues under the Obama administration. One of the earliest, most serious attacks on US interests by al-Qaeda was against the US Embassies in Nairobi, Kenya and Dar Es Salaam, Tanzania in 1998. The fear that Somalia is at risk of falling into the hands of anti-American extremists has driven US interest in that region for some years as has the fact that al-Qaeda operatives have originated from the Comoros and Tanzania. The establishment of an Africa Command in 2008 for the US Military is partly tied to this interest, though this is more of a rationalisation of current organisation than many of its more conspiracy-minded critics will admit. Under the Obama administration aggressive counter-terrorism operations have continued in Somalia and although there is a review of policy, no change in strategy is yet visible. An effort to reach out to Eritrea was stillborn due to the public announcement that the US welcomed UN sanctions on Asmara.

Energy security has been another driver of US policy that will continue under the Obama administration. The US depends upon Africa for more of its oil imports (around 20 percent) than it does on the Middle East (around 17 percent).<sup>16</sup> The presence of a US Embassy in Equatorial Guinea, and the size of the Angola and Nigeria lobbies in the US are partly attributable to this. However, in comparison to the amount of national resources, both political and physical, invested in the Middle East, Africa to date has received minimal attention in Washington.

A third driver has been the need to win the votes of African countries in the UN, and to counter attempts by others to do so. The African continent has more countries, and therefore UN votes, than any other continent. In key decisions, such as over sanctions on Iran, or on climate change, winning the votes of African countries is crucial. In the past, General Assembly votes were either peripheral to US interests or it was considered pragmatic to secure the necessary African votes by inducement. In

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15. Hudson Institute 2008 index of global philanthropy. See: <http://gpr.hudson.org/>. The reasons for the growth in US domestic concern are complex, but partly driven by the fast growing links between churches in the United States and across Africa.

16. Energy Information Administration (EIA) statistics 2008. See: [http://tonto.eia.doe.gov/dnav/pet/pet\\_move\\_impcus\\_a2\\_nus\\_ep00\\_im0\\_mbbl\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbbl_m.htm).

recent years, however, and in particular under the Obama administration, UN votes have become more important just as African states have become more effective at caucusing, both among themselves and within the broader G77 block of developing countries. Other countries such as Iran and China have increased their public diplomacy efforts, forcing the US to do likewise. This driver for US interest in Africa is still less developed than the others, and both the UK and France have been more proactive in working to gain support for their positions in the General Assembly than has the United States.

African politicians have a history of skilful diplomacy in dealing with more powerful countries and using their agency to play off suitors against each other to secure special concessions for themselves. A key reason for support for US policies from African states has been a pragmatic calculation of self-interest based on the acceptance, however reluctant, of a unipolar world order with the United States as the leading power. China's dramatic increase in commercial and diplomatic investment across Africa may yet change this, particularly as commercial and cultural links between African states and China grow. For Europe and the US, the growing presence in Africa of 'emerging powers' has helped put African issues higher up the policy agenda. It is however possible that the global economic downturn will slow down this beauty contest for influence and access to natural resources.<sup>17</sup>

Unlike China and a number of European countries, US firms have been lagging behind others in seeking new markets in Africa although they have not yet been displaced by Asian investment. Although US investment in Africa outside the energy sector has remained almost static, the US remains Africa's largest trading partner. In contrast to the lack of commercial investment in Africa, there has been a very strong record of official US humanitarian support and aid over recent years.<sup>18</sup>

US policy towards Africa fell under two broad categories. The first sought to build the capacity of African states. Policy under this category included the President's Emergency Plan for AIDS Relief (PEPFAR), the Africa Growth and Opportunity Act (AGOA), Millennium Challenge Corporation (MCC) and the African Education Initiative along with other programmes designed to improve standards of living across Africa. The Obama administration is looking to merge PEPFAR into USAID to ensure that AIDS policy and development policy are better coordinated.

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17. Princeton Lyman and J. Stephen Morrison, *More than Humanitarianism: a Strategic US Approach to Africa* (New York: Council on Foreign Relations, 2006)

18. Ray Copson, *The United States in Africa* (London: Zed Books, 2007)

The second sought to improve the security capacity of African States. Policy under this category included Africa Contingency Operations and Training and Assistance (ACOTA), the Trans-Saharan Counterterrorism Initiative, the founding of the United States Africa Command (AFRICOM) and the semi-permanent basing of US Marines and Special Forces in Djibouti.

There are two factors that have underpinned recent US security policy in Africa. The first is a belief that the US has become overdependent on oil supplies from the Middle East and Venezuela and that Africa represents an opportunity to diversify. This view has been further driven by increased numbers of significant oil finds in Africa and the volatility in the price of oil. Cutting across and influencing this has been the increasing demand for oil and natural resources by emerging economies, particularly China.

The second driver for US security policy is a fear that al-Qaeda type organisations may become established in African states that have a significant Muslim population, or, even worse, that al-Qaeda may establish bases in a failed African state such as Somalia. It is these concerns that have led to the most controversial aspects of US policy in Africa, and have generated considerable opposition both inside Africa and internationally.

All of these initiatives have been controversial, with accusations that they have led the United States into alliances with African governments that have poor human rights records, and that these governments have subverted and co-opted the US anti-terrorism agenda to suppress democracy and silence legitimate dissent. This has in turn allowed extremist voices to gain greater legitimacy, as they point to the futility of democratic opposition. The best defence of US policies in such cases is that often they have taken place in the context of fast-moving events, grave threats, and with limited specific expertise or intelligence available to the US. The most tragic case of such a blunder occurred in Somalia. Ill-thought-through US policy during the Ethiopian overthrow of a popular Islamic revolutionary movement that had brought stability for the first time in over a decade facilitated renewed violence in Somalia. This in turn strengthened extremists in the country, delegitimised moderates and led directly to the chaos and piracy that is increasingly disrupting trade and threatening wider terrorist activity in the region.

Partly as a response to concerns over the effectiveness of security policy, the creation of AFRICOM is a recognition that US interests in the region have reached a critical mass. AFRICOM became operational in October 2008; the command incorporates

the base in Djibouti as well as the Trans-Sahara Counterterrorism Initiative; the initial annual budget is US\$ 266 million. While AFRICOM is an indication that the United States perceives African security within a more strategic framework, its implementation and the public relations surrounding it have been extremely poor.<sup>19</sup>

Announced in 2007 during a period when international criticism of US military methods and motives was high, African leaders heard mixed messages regarding AFRICOM's role and function in Africa from different sections of the American government. The impression quickly emerged of internal confusion and uncertainty regarding the mandate and organisation of AFRICOM. Different branches of the US government, both between and within the Pentagon and State Department, briefed different lines to African officials and others according to their perceived interests and perspectives. On the one hand it was asserted that AFRICOM was a straightforward organisational military re-shuffle with no real implications for non-US actors. On the other hand, it was asserted that AFRICOM would revolutionise the way the US engaged with African states. There were separate and contradictory briefings around where AFRICOM would be based – Tampa, Stuttgart or some African country. Combined with growing African concerns about the perceived militarisation of US foreign policy, these contradictions in the public diplomacy surrounding AFRICOM meant that America's intentions quickly became lost in a sea of conspiracy.

The unnecessary confusion over AFRICOM's purpose is illustrative of the major problem the US government faced during the Bush years in trying to win a sympathetic hearing for its foreign policy abroad, one that is not unique to Africa.<sup>20</sup> In fact, this confusion did much to undermine the positive messages that were starting to take root over Bush's Africa legacy. There were simply too many American agencies with too many different roles and agendas that have a hand in defining and implementing foreign policy, and a lack of coordination between them. There was also fuzzy thinking and a lack of consistent cost benefit analysis over the tradeoff between what were core American values and interests. It is not surprising that in his Ghana speech, Barack Obama reassured his audience by saying 'our Africa Command is focused not on establishing a foothold in the continent, but on confronting these common challenges to advance the security of America, Africa and the world ...'<sup>21</sup>

19. Lauren Ploch, 'Africa Command: U.S. Strategic Interests and the Role of the US Military in Africa', Congressional Research Service Report for Congress, 28 July 2009.

20. 'Experts wary about Africom', *The Times*, 1 October 2008. See: <http://www.thetimes.co.za/News/Article.aspx?id=854378>

21. 'Africa: Barack Obama's Address to Ghanaian Parliament - As Delivered', *allAfrica.com*, 11 July 2009. See: <http://allafrica.com/stories/printable/200907110013.html>.

The State Department, whose role should have been to coordinate and impose sense upon this myriad of organisations, was under-staffed, under-funded and under-valued during the Bush years. The Department of Defense became elevated to a position where too much non-military activity is expected of it, including the reluctant exercise of public diplomacy. While these problems are not unique to the US Africa policy (or indeed to the US), they have a disproportionate impact on the continent where so much remains to be done.

## Opportunities to co-ordinate with Europe on African issues

The 2002 US National Security Strategy stated that:

Together with our European allies, we must help strengthen Africa's fragile states, help build indigenous capability to secure porous borders, and help build up the law enforcement and intelligence infrastructure to deny havens for terrorists.<sup>22</sup>

At the EU-US Summit in Slovenia in June 2008, the US and Europe further defined a series of common strategies toward Africa. These overlap with emerging Obama policy on Africa such as promoting international peace, stability, democracy, human rights and international criminal justice. In other words, the 'good governance, transparency and accountability' pillar of Obama policy. Another overlap is the importance of trade including encouraging the world's fast-growing emerging economic powers to assume their responsibilities in the global-rules based system. In the global economic downturn, how this will support fostering an open, competitive and innovative transatlantic economy through free movement of goods, persons, services and capital remains to be seen. The EU has been engaged in tortuous negotiations over the Economic Partnership Agreements with African nations resulting in significant frustration among some African states such as South Africa and this is likely to rumble on. The US is also trying to build greater trade capacity in Africa through AGOA, provide assistance to new industries, and engage in new bilateral investment treaties like the one signed with Mauritius in August 2009. At times there is overlap. The US and EU are coordinating in their negotiations in the WTO-Doha round on cotton subsidies in 2009 with Burkina Faso, Mali, Chad and Benin.

The Slovenia EU-US summit also defined climate change, promoting energy security and fighting the most crippling infectious diseases as a common agenda for

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22. George W. Bush, 'The National Security Strategy of the United States of America, 2002'. Available at: <http://www.whitehouse.gov/nsc/nss.pdf>.

Africa. This continues to be the case with Obama in his Accra speech advocating strengthening investment in public health and support for conflict reduction and resolution. Only 'fighting the scourge of terrorism' is less explicit in the joint EU-US posture, falling under the good governance discourse although as discussed above this remains an important driver of US policy toward Africa.

In contrast, Barack Obama's first US-EU summit in Prague in April 2009 was dominated by transatlantic relations, cooperation on the economic crisis, energy security, climate change, North Korea and Iran; Africa was not on the agenda. Nevertheless, on Africa, both the EU and the US try to coordinate their efforts to stabilise Sudan, Somalia and the Great Lakes region of Africa. This is most visible through the work of the EU's Special Representatives in Africa, on the Great Lakes Region, on Sudan and in relation to the African Union (AU). This has in the past included issuing joint demarches with their US special envoy counterparts.<sup>23</sup>

There is agreement to coordinate efforts to support African Union capacity-building including financial accountability and the development of the African Standby Force. Such broad commitments are likely to remain the direction of the EU-US transatlantic relationship on Africa throughout the first term of the Obama administration.

At present, Obama's policies are emerging and discussion has been more at the bilateral level with Member States on particular countries or through the United Nations at the Security Council with France, the UK and Austria. The Department of State's Africa Bureau retains 'Africa watchers' in Paris and London although it should consider extending this to Beijing and probably Brussels.

The Obama administration has committed to strengthen the State Department and also centralise aid policy under USAID. A review of the State Department's Bureau of African Affairs by the Office of the Inspector General gave a blistering assessment and worryingly advised that some of its responsibilities be assigned to AFRI-COM.<sup>24</sup> One of US Assistant Secretary for Africa Jonnie Carson's initial priorities is to improve the morale and effectiveness of his Africa Bureau. Obama sent team members from his campaign to Europe also to assess what is the best practice from European development agencies, such as the UK's Department for International

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23. 'On Strengthening US Diplomacy in Africa: Testimony of Howard Wolpe Before the Senate Subcommittee on Africa', Senate Committee on Foreign Relations, Subcommittee on African Affairs, Hearing on Strengthening US Diplomacy to Anticipate, Prevent and Respond to Conflict in Africa, 21 April 2009.

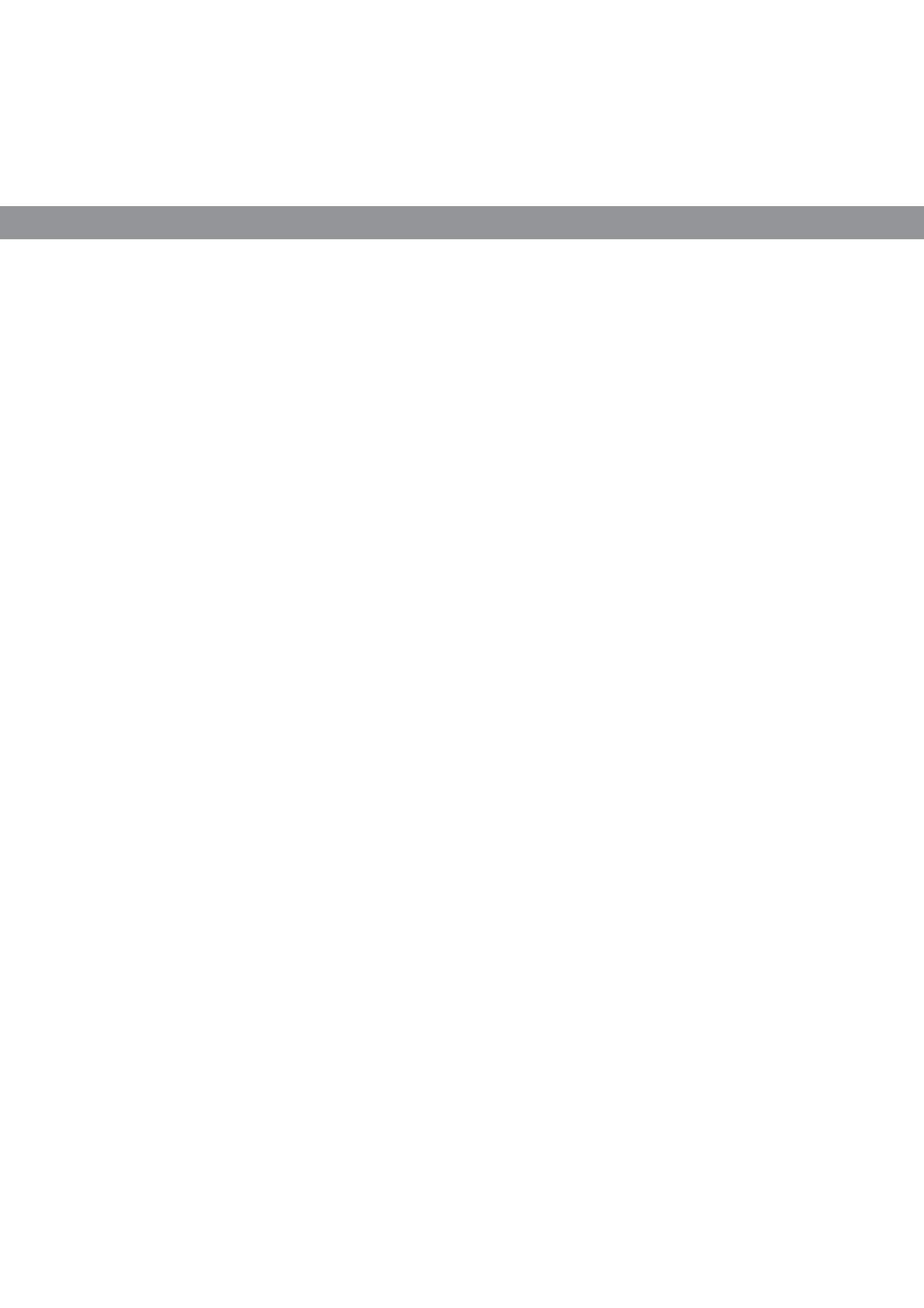
24. United States Department of State and the Broadcasting Board of Governors Office of Inspector General, 'Report of Inspection: The Bureau of African Affairs', Report Number ISP-I-09-63, August 2009.

Development (DFID) and the German Agency for Technical Cooperation (GTZ). These are welcome developments. A commitment to review policy on Somalia is also important given US mistakes there in recent years and will be welcomed by many EU partners. There are no easy or short-term correctives, but a more inclusive, pragmatic approach to engagement would be helpful. In eastern Congo, the aspiration to re-invigorate the ‘tripartite plus’ process would also help, if done with sensitivity. The commitment on the Niger delta is to become ‘more engaged’ and the UK and Netherlands are looking to co-ordinate their efforts. The assertion that AFRICOM ‘should realise its potential’ is a positive recognition of the problems the command has faced in defining its mission and structure in the face of fierce hostility across Africa.

President Obama is unlikely to want to be seen to be influenced by his African background and may well further de-emphasise Africa as a policy priority as a result. Pressing domestic issues, such as the economy and the desire to reform healthcare, in addition to major foreign policy challenges such as the Middle East, especially Iran and North Korea, will also focus his administration’s efforts during this first term. Africa will not be a key agenda item for EU-US transatlantic action although Sudan and Somalia stand out already as priority issues for both. There is however a clear overlap in many areas of emerging EU policy towards Africa and US policy. If, as seems likely, the Lisbon Treaty enters into force, there will be a need for even better co-ordination between emerging EU institutions and the US on Africa policy in addition to the regular bilateral dialogues taking place between EU partners and the US. Especially on governance, accountability and transparency efforts – the EU and US are clearly allied but will need to manage their competing commercial, energy security and counterterrorism interests. For both Europe and the US, to cite the words of Hillary Clinton, ‘the future of Africa matters to our own progress and prosperity’.<sup>25</sup>

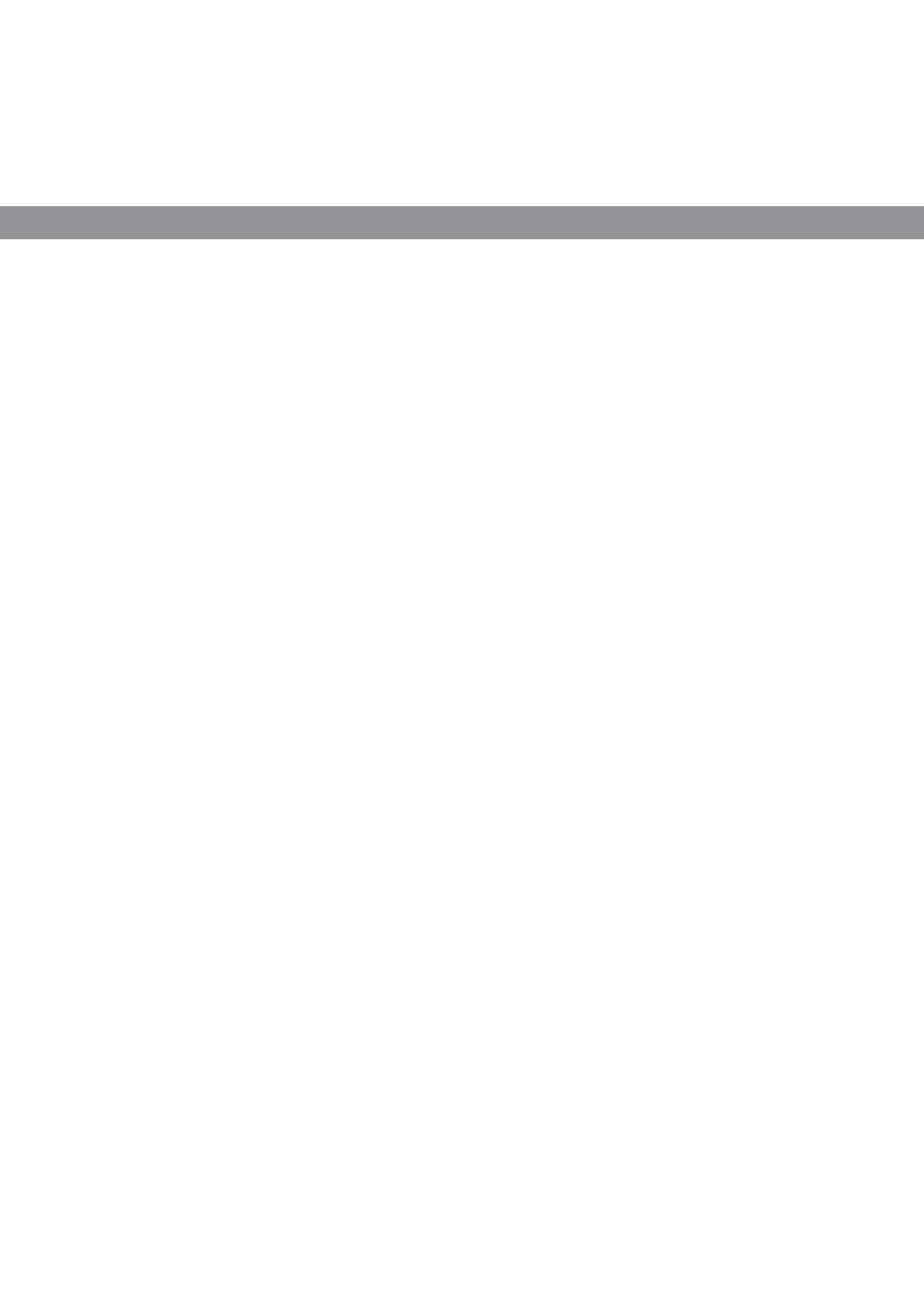
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25. Hillary Clinton, op. cit. in note 9.



# Part three

What next?



# **14. Capitalising on Obamamania: how to reform EU-US relations?**

**Marcin Zaborowski**

## **Introduction**

A year after the US presidential elections President Obama's honeymoon with the American voters is already on the wane. His approval ratings, while still high, have declined by over 20 percent since his inauguration in January 2009, from 78 to 56 percent. As the administration moved to address the economic crisis, reform the healthcare system and deal with the wars in Iraq and Afghanistan, it is only natural that the electorate has become more polarised. With the Congressional elections looming in November 2010 it is possible that Obama's room for manoeuvre may be reduced, which suggests that 2010 will be a crucial year for delivering results. If he fails to deliver, the positive momentum he has thus far managed to generate may be short-lived.

However, while the Obama moment lasts, the EU and the US should make the best of it. On the positive side, it is clear that, whatever the President's domestic problems may be, he can be comforted by his unwavering popularity in Europe where he remains the most popular US President since JFK. After the sharp disagreements during the Bush years the Europeans have welcomed the change-over to a more progressive administration in the US. The main priorities of the EU and the US are now reconcilable and, with public opinion in Europe much more favourable to the new US administration, European governments are in a position to work closely with the US in an altered political climate. These are essential preconditions for better cooperation between the allies but they are not enough to capitalise on the existing momentum and move forward in the relationship.

Two weeks after Obama's inauguration, in February 2009 Vice-President Biden spoke at the Security Conference in Munich, which was a clear sign that this

administration attaches major importance to relations with Europe. But Biden's speech in Munich contained a warning that as the US and Europe get on better now, with the Obama administration keen to listen to its allies, the US would also expect more help from the Europeans.<sup>1</sup> The same is true also the other way around. For example, many Europeans were expecting major shifts in the US's stances on climate change or on the peace process in the Middle East.

The US and the EU mostly agree now on what needs to be done. But in reality our cooperation is imperfect and while we have similar interests we often pursue uncoordinated agendas. Even in the traditional areas of our foreign policy focus – such as Russia – there has been little consultation and insufficient coordination of policies. The same is true with regard to Turkey. One of the main reasons for this is the institutional weakness of our relationship. Our military cooperation is hindered by unresolved issues in EU-NATO relations. In reality this relationship is now dysfunctional and will not improve until institutional intricacies are resolved and Turkey's concerns are accommodated. The relationship between the EU and the US is not dysfunctional but it badly needs proper structures, not more annual summits.

This chapter looks first at the current state of transatlantic relations and then goes on to examine the tools of EU-US cooperation. Some concrete suggestions are made for fixing EU-NATO relations and for setting up a new institutional architecture for US-EU relations.

### **The 'Obama bounce' and the transatlantic renaissance**

At the end of his first year in office President Obama is still hugely popular in Europe. His approval ratings in Europe are more than four times higher than those of President Bush were in 2008. In fact, in 2009 confidence in Obama's handling of international relations has been far higher in Western Europe (on average by 20 points) than in the United States. Obama's personal popularity also has implications for Europeans' perceptions of the desirability of US leadership which according to opinion polls jumped from 33 percent in 2008 to 49 percent in 2009.<sup>2</sup> In October 2009 Obama was awarded the Nobel Peace Prize in anticipation of his contribution to the world peace. In short, the Obama phenomenon has reversed a dramatic decline in America's image and prestige in Europe during the Bush period and the Europeans are now again in love with America and open to its leadership.

1. See: [http://voices.washingtonpost.com/44/2009/02/07/biden\\_addresses\\_munich\\_confere.html](http://voices.washingtonpost.com/44/2009/02/07/biden_addresses_munich_confere.html).

2. The German Marshall Fund of the United States, *Transatlantic Trends 2009*, Washington D.C., 2009.

However, this generally positive trend is accompanied by two major caveats. The current transatlantic renaissance seems to be reliant on Obama's personal popularity in Europe. While the polls indicate an unprecedented improvement in the overall atmosphere between the EU and the US, they also show that Europe and America continue to differ on some fundamental issues. In particular differences remain in our perceptions of climate change, on how to deal with Iran and on the general principle of the use of force. The US is still less concerned about the environment but more willing to go to war than the Europeans.

The second caveat is the uneven perception of Obama and the US in different parts of Europe. While West Europeans seem to be almost ecstatic about Obama, the same is not true for Central and Eastern Europe. This discrepancy can be ascribed to two fundamental reasons. Firstly, countries in Central and Eastern Europe were courted by the White House during the Bush period and consequently they were not as critical of the former President as Western European countries.<sup>3</sup> Secondly, the new Member States of the EU are wary of Obama's Russia policy and anxious about the perceived neglect of Central and Eastern Europe by the new administration. The administration's decision to cancel its plans to build missile defence sites in Poland and the Czech Republic has further heightened this sentiment, not least because of the way this decision was communicated, with no prior warning given to Warsaw and Prague.

These caveats aside, there is no arguing that at least on the societal level transatlantic relations are in a much better shape than they were in 2008. The picture is, however, less clear at the policy level. In particular, as argued earlier by Bruce Jones in this volume, there has been some disappointment in the US about a weak response from Europe in dealing with some pressing issues, such as closing Guantanamo, addressing the economic crisis and sending more troops to Afghanistan. The European response to Guantanamo is seen in America as hypocritical. It is argued that while during the Bush era various European governments engaged in lecturing the US on human rights and demanding the closure of the prison, they have done little to help the new President to carry out what they asked for. On Afghanistan, the sentiments are similar – for years the Europeans criticised President Bush's decision to invade Iraq and kept calling for a stronger focus on Afghanistan. Now when Obama is doing what the Europeans were calling for there is little additional support forthcoming from Europe. On the economic crisis, the complaint in the US is that the

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3. For example, according to GMF Transatlantic Trends, in 2008 44 percent of Poles and Romanians approved of Bush's handling of international relations. This compares with 12 percent of Germans and 11 percent of the French.

European nations, which spent much less on the recovery packages than the US, have not shared the financial burden to the extent that they should.

However, despite these complaints and differences between the US and Europe, it is clear that on a vast range of areas a convergence of views and policies is taking place across the Atlantic. This is certainly the case with regard to Iran, the Middle East peace process and, despite the reservations from Central and Eastern Europe, Russia.

To capitalise fully on the existing momentum Europe and the US will have to reform transatlantic institutions. NATO is currently engaging in reviewing its strategic concept and there are discussions about reforming the framework of EU-US relations, including a possibility of establishing a Transatlantic Political Council, which would be chaired by the US State Secretary and the EU High Representative for Common Foreign and Security Policy.<sup>4</sup> There is no doubt that the current arrangement, with the US meeting with up to 27 heads of states once a year at the EU-US summit, is not working and needs to be reformed. These reforms have to be carried out sooner rather than later as ‘the Obama moment’ will not last forever.

### Reforming the tools of strategic partnership

Challenges on the transatlantic agenda, as described in this book, are huge and successfully confronting them is essential to the well-being of both the EU and the US. None of the issues discussed in this book could be neglected without harming the vital interests of the allies. But as for now the framework for cooperation between the US and EU is inadequate and does not allow the transatlantic partners to get the best value out of their combined resources. In the past the intellectual debate on transatlantic relations was divided between those who believed that NATO should be the key format for our strategic debate and those who argued that it should be the EU-US format. We can no longer afford the luxury of this theological debate and most Europeans and Americans no longer care what format we use to get our business done as long as it gets done.

The issues discussed in this book show clearly that we need both an effective NATO-EU relationship and a sound framework for strategic and political cooperation between the EU and the US. For the time being we have neither. Here are some suggestions on what could be done to change this situation.

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4. Committee on Foreign Affairs, European Parliament, ‘Report on the state of transatlantic relations in the aftermath of the US election’, 2008/2199(INI), (Rapporteur: Francisco José Millán Mon), Brussels, 23 March 2009.

### *NATO-EU Relations*

EU-NATO relations used to be dogged by the Franco-US schism and the Turkish-Cypriot issue. With France rejoining NATO integrated command structures and the general weariness both in Europe and the US with the intricacies of the European Security and Defence Policy (ESDP) versus NATO debate, there is a fair chance that the first source of this disagreement is disappearing now although it is not by any means over.

France, Belgium and a host of other likeminded nations have been advocating the development of Operational Headquarters (OHQ) for ESDP missions, which is indeed essential for planning autonomous operations for the EU. American opposition to this idea, initially virulent, has been waning recently as it became apparent that the potential for complementarity is greater than for competition between ESDP and NATO. For example, some of the biggest ESDP operations, such as those in Congo and Chad, took place in the theatres where NATO either could not or did not want to be involved. Also a vast majority of ESDP operations are civilian and hence very different from NATO's. The US may be quietly dropping its opposition to the OHQ idea; however, this is not to say that we are already reaching a consensus on the issue. A number of EU Member States, in particular the UK, are still unconvinced that a more autonomous ESDP would not threaten NATO, which they prioritise. Still, it seems that the balance of perceptions on this issue is slowly but surely shifting in favour of the pro-ESDP camp.

However, the Turkish-Cypriot question remains as difficult as ever and it effectively blocks EU-NATO cooperation, making the Berlin Plus arrangement unworkable. As the operations in Afghanistan (and to a lesser extent in Kosovo) show, the persistent Turkish-Cypriot dispute has a very tangible and negative impact on what the EU may offer in terms of strengthening security in the areas where NATO is already involved. As things stand at the moment it is unlikely that the EU would be able to provide more help in Afghanistan, although it is willing to do so, at least on the civilian side. EU support to improving the security situation in Afghanistan will not be forthcoming as long as NATO refuses to offer protection for the ESDP mission, which it does due to Turkey's objections.

This is bad for transatlantic relations, bad for Turkey and of course it is bad for Afghanistan. Most frustratingly, the official reason for this stalemate – Turkey's insistence that NATO (hence Turkey itself) must be involved in planning EU operations – seems misplaced in this case. The EU's current operation in Afghanistan, its

police training mission EUPOL, is purely civilian and as such it would hardly be of interest to NATO. In fact, even if the EU wanted to involve NATO (hence Turkey) in planning its civilian operations, Cyprus – which is an EU member – would have a right (which it would undoubtedly use) to block any missions in which NATO would have a planning role.

Turkey's grievances may seem petty in this instance but behind them there are larger issues involved: the unresolved Cyprus issue, the EU Member States' ambivalent attitude towards Turkey's bid to join the EU and the sense of exclusion from the EU's security and defence initiatives. Some of these grievances are justified, some are less so. However, what is clear is that Turkey will continue to block EU-NATO cooperation as long as it feels that its issues are not addressed. At this point many experts conclude that the entire matter is hopeless because Turkey's bid to join the EU will remain controversial (with the current French and German governments openly opposing it) and there will not be a quick solution to the Cyprus issue. But it is a mistake to assume that nothing can be done.

The Turkish question is certainly extremely difficult but it is not hopeless and an answer may lie in a transatlantic deal, whereby the US and UK lean on Turkey and the EU shows more inclusiveness towards Ankara. The EU and the US must also dedicate more attention to helping resolve the Cyprus issue. In the past the US exerted a significant influence on Turkey in accepting the development of ESDP and the use of NATO assets by the EU. It is true of course that ever since, and especially since the war in Iraq, the US's influence on Turkey has waned. However, President's Obama's overtures towards Ankara – as evident during his visit on 6 April – may be just reversing this trend. The Europeans should support this rather than be upset about the US President's expression of America's support for Turkey's bid to join the EU. America must rebuild Turkey's trust and this is also in Europe's interest.

Separately, the EU must show more inclusiveness towards Turkey. While for its own political reasons the EU is unlikely to enlarge to Turkey any time soon, there is no reason why Ankara should not be more included in some of the EU's policies, and especially in ESDP, beforehand. Before ESDP emerged, Turkey was an associate member of the Western European Union (WEU) and indeed, due to the fact that it was very active in this role, it was a *de facto* member of the WEU. This status was taken away from Turkey with the emergence of ESDP and rather understandably Turkey resents this.

Nowadays Turkey is still the largest third-country contributor to ESDP operations, especially in the Balkans, but it enjoys no particular rights. Moreover, Turkey's bid to be granted an association with the European Defence Agency was rejected (because of Cyprus's objection) while another non-EU NATO ally – Norway – was accepted. Turkey wanted to participate in the ESDP civilian operations in Georgia and Iraq and on both accounts it was turned down with no convincing explanation. Rather than excluding Turkey from its ESDP-related activities the EU should look for ways of granting it a status comparable with that which it enjoyed under the WEU. This should be done as part of a deal that ensures the end of Turkey's hostility to EU-NATO cooperation.

The EU and NATO must replace the existing Berlin Plus arrangement – which allowed for EU access to NATO's assets in exchange for special rights of non-EU NATO states to be involved in planning military operations – with a new more functional agreement. Berlin Plus was used only once – in Bosnia – and has been blocked ever since by the Turkish-Cypriot dispute. It is clear now that we need a new deal. The US may again come to play an accommodating role in this process.

### *EU-US relations*

Of the various issues that top the transatlantic agenda, as discussed in this book, most – such as Iran, Iraq, the Middle East peace process, Russia, Africa, economic relations and climate change – are dealt with in a bilateral EU-US context and do not involve NATO. Even in Afghanistan, the primary area of NATO operation, as mentioned above, the EU is heavily involved on the reconstruction and development side. This just shows how important bilateral EU-US relations have become. However, despite this, this relationship remains very *ad hoc* and has very few permanent and workable structures.

The main structure that currently exists is the annual EU-US summit, which is a diplomatic occasion involving the 27 heads of all EU Member States and the US President. Rather than being an opportunity for a strategic EU-US dialogue the summits turn out to be an opportunity for every single EU Member State – no matter how small – to express his/her country's position to the President of the US. As a result this is a photo-op but little real business gets done. For example, President Obama's first meeting with the EU, on 5 April in Prague, lasted only 90 minutes, 30 of which were taken up by Obama's speech alone. This format hardly allowed for the strategic discussion that Obama's first meeting with EU leaders required.

In consequence a strategic dialogue is really conducted in a bilateral format between the US and individual EU Member States. This format is not only unequal (giving the US the upper hand) but it also privileges the biggest Member States of the EU – especially Germany, France and the UK, thus causing resentment in the rest of the EU. It is therefore clear that the format of this relationship must evolve to accommodate a genuine EU-US discussion. In this context some proposals have been put forward to reform the current formula. The most interesting of these is a report that emerged from the Committee on Foreign Relations at the European Parliament and was subsequently adopted by the Parliament in the form of the resolution.<sup>5</sup> The major ideas set out in this proposal can be outlined as follows:

- The ‘new transatlantic agenda’ dating back to 1995 should be replaced by a new transatlantic partnership agreement, which should be based on a new institutional architecture.
- A Transatlantic Political Council that would be concerned with foreign and security matters should be created. It would be chaired by the High Representative/Vice President of the Commission on the EU side and by the Secretary of State on the US side. The Council would meet at least every three months.
- The Transatlantic Economic Council (TEC) should be used to achieve a unified transatlantic market by 2015.
- An European Parliament-US Congress parliamentary committee should be set up. A joint parliamentary committee should replace the current Transatlantic Legislators’ Dialogue. It should meet twice a year. The co-chairs of the committee should be able to make proposals to both economic and political councils and they should be invited to the councils’ opening sessions.
- EU-US summits should take place twice a year.

The European Parliament of course has its own agenda, which it is also promoting in this proposal, but there is no reason not to take this set of ideas as a starting point for further discussion. The EU and the US certainly need a new agreement, if not a treaty, that would establish the basic principles for their cooperation and a set of institutions facilitating a regular transatlantic dialogue.

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5. Committee on Foreign Affairs, op. cit. in note 4.

The idea of setting up a Transatlantic Political Council is certainly worth further consideration. The critics may argue that the existing set of arrangements (the summits and bilateral consultations with individual states in the EU) may be sufficient to deal with the most important issue on the agenda – Afghanistan. But, even if we accept this (debatable) premise, the fact of the matter is that the same is certainly not true for other issues, such as climate change or energy security, which require the engagement of all EU Member States and of course of the Brussels institutions. A regular and structured dialogue headed by the EU foreign policy chief and US Secretary of State, aided by technical teams, should be able to clear up a plethora of issues that never get thoroughly addressed at the current summits. The same should be true for the Economic Council.

The idea of creating a joint parliamentary committee is an example of the European Parliament promoting its own agenda. A reinforced dialogue between the legislators is certainly needed but this is unlikely to take the form of the proposal put forward by the European Parliament, not least because of the lack of interest on the part of the US Congress. The idea might receive more traction if the European part of the committee included alongside the relevant MEPs national parliamentarians – for example the chairs of foreign relations committees – from the EU troika as well as the parliamentarians from the EU3 – the UK, France and Germany. In addition the chairs and ranking members of the US Senate's Committee on Foreign Relations should be invited to some parts of the EU-US summits.

As regards the idea of holding two EU-US summits rather than just one per year, this would only make sense if other arrangements were being put in place and the structure of the summits was revamped so as to enable proceedings to function more effectively.

## Conclusion

The challenges facing the US and the EU require concerted action. They require unity between the allies and within the EU itself. They also require that the EU and the US establish a proper strategic dialogue. In order to get there, two things need to be done.

Firstly, the US must work with the EU as a whole and not with individual Member States that happen to agree with it more on one particular issue than on others.

During the Bush presidency the US used the divisions among the Europeans to support the war in Iraq. In the short term this strategy delivered some support from

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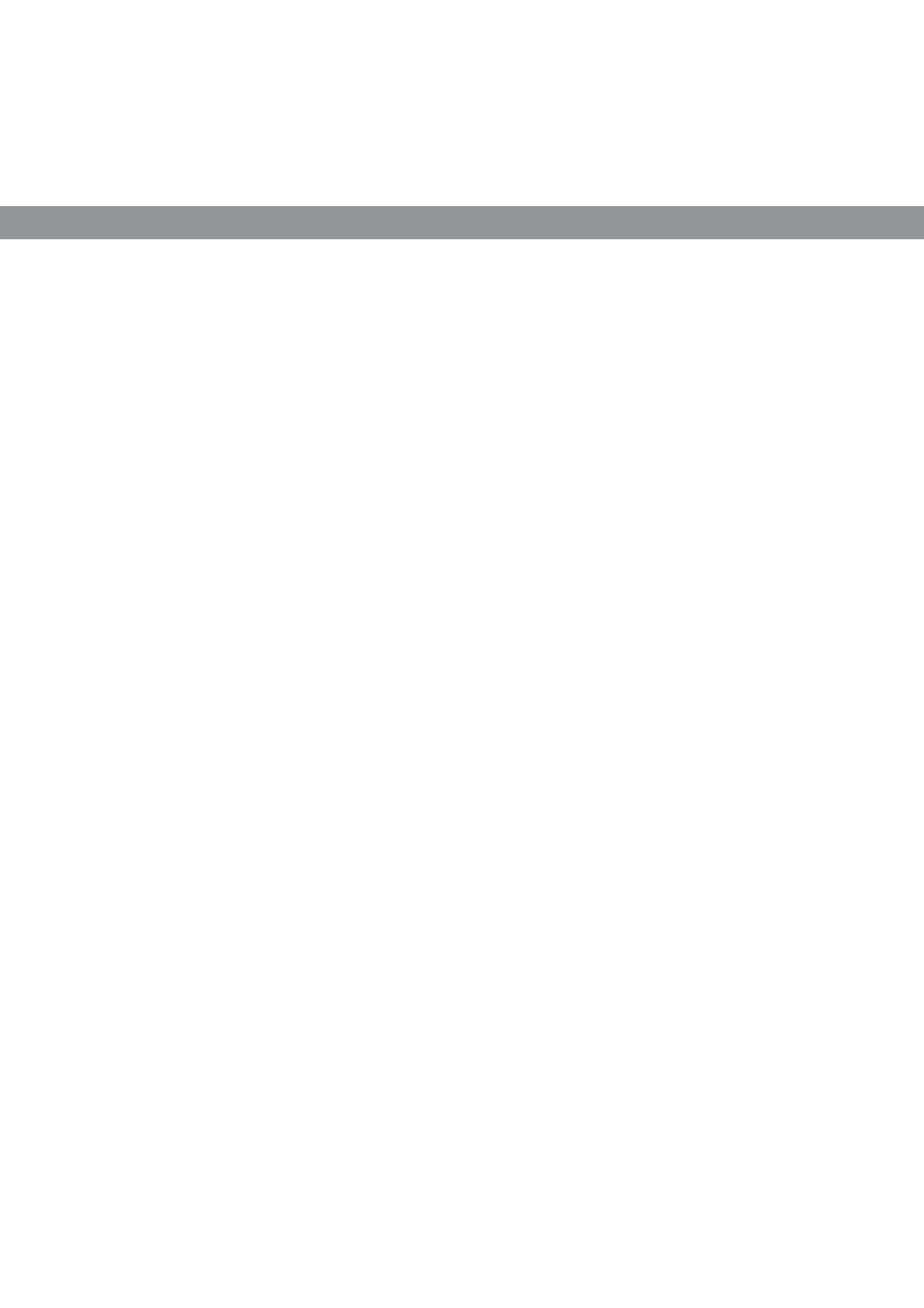
individual EU Member States but it weakened the EU as a foreign policy actor. In many respects the EU still has not fully recovered from this crisis. By weakening the EU, the Bush administration antagonised many Europeans and in the end it weakened itself.

It is important that the current administration returns to the traditional posture of American support for European integration, also in the foreign policy arena. The creation of the Transatlantic Political Council, as recommended, could be seen in this context. There is no doubt that if established, and centred on meetings between the US Secretary of State and the EU High Representative for CFSP, the Council would provide a real boost to the position of the EU foreign policy chief. Here is an opportunity for the US to prove that it is genuine when it says that it supports a stronger Europe.

Secondly, the Europeans and the Americans must renew their support for NATO and solve the damaging dispute between NATO and the EU. In order to perform effectively as a security actor the EU needs operational HQ. The US seems to have dropped its past objections on the issue but it would help if it used its leverage inside the EU to support this policy. The EU and the NATO need to replace the Berlin Plus arrangement with a more functional agreement that takes into account the EU's ambition as an autonomous security and defence actor. In order to achieve that, the EU must be more accommodating of Turkey's desire for inclusion. Both the EU and the US should work more intensively on finding a solution to the Cyprus issue.

There is no doubt that a good and much improved atmosphere now prevails in transatlantic relations and this is important, but what we need most of all now are policy co-ordination and new transatlantic initiatives. The time to move on these issues is now, as after November 2010 the Obama momentum may have waned. This is an opportunity that neither the US nor the EU can afford to squander.

# Annexes



# Annex 1

## About the authors

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## Annex 2

### Abbreviations

AFRICOM	United States African Command
AGOA	African Growth and Opportunity Act
AU	African Union
CentComm	Central Command
CEO	Chief Executive Officer
CPA	Comprehensive Peace Agreement
CSTO	Collective Security Treaty Organisation
CTBT	Comprehensive Test Ban Treaty
CWC	Chemical Weapons Convention
DHS	Department of Homeland Security
DMZ	Demilitarised Zone
DoD	Department of Defense
DPRK	Democratic People's Republic of Korea
ESDP	European Security and Defence Policy
ETS	Emission Trading System
FMCT	Fissile Material Cut-off Treaty
GDP	Gross Domestic Product
IAEA	International Atomic Energy Agency
ICBM	Intercontinental ballistic missile
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
INF	Intermediate-Range Nuclear Forces Treaty
IPO	Initial Public Offering
IRGC	Islamic Revolutionary Guard Corps
ISAF	International Security Assistance Force
KFOR	NATO Kosovo Force
KRG	Kurdistan Regional Government
MEF	Major Economies Forum
MEP	Member of the European Parliament
NATO	North Atlantic Treaty Organisation
NDN	Northern Distribution Network
NGO	Non-Governmental Organisation

NPT	Non-Proliferation Treaty
NSC	National Security Council
OECD	Organisation for Economic Co-operation and Development
OEF	Operation Enduring Freedom
OHQ	Operational Headquarters
OPEC	Organisation of Petroleum Exporting Countries
PEPFAR	President's Emergency Plan for AIDS Relief
PRC	People's Republic of China
PRT	Provincial Reconstruction Team
ROK	Republic of Korea
SFOR	NATO Stabilisation Force
SOFA	Status of Forces Agreement
SORT	Strategic Offensive Reductions Treaty
START	Strategic Arms Reduction Treaty
UK	United Kingdom
UN	United Nations
UNAMI	UN Assistance Mission in Iraq
UNEP	United Nations Environment Programme
UNSC	United Nations Security Council
USAID	United States Agency for International Development
USD	United States Dollars
WEU	The Western European Union
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation

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