

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES
(CSIS)**

THE PRESIDENT'S TRIP TO THE U.S.-EU SUMMIT

**WELCOME AND MODERATOR:
H. ANDREW SCHWARTZ,
VICE PRESIDENT, EXTERNAL RELATIONS,**

**SPEAKERS:
SIMON SERFATY,
BRZEZINSKI CHAIR IN GLOBAL SECURITY,
CSIS**

**STEPHEN FLANAGAN,
DIRECTOR, INTERNATIONAL SECURITY PROGRAM,
CSIS**

**DAVID PUMPHREY,
DEPUTY DIRECTOR,
CSIS ENERGY AND NATIONAL SECURITY PROGRAM**

**REGINALD DALE,
EUROPE PROGRAM SENIOR FELLOW,
CSIS**

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H. ANDREW SCHWARTZ: Welcome to the Center for Strategic and International Studies press briefing on President Bush's upcoming trip to the U.S.-EU summit. Thank you all for coming. We hope our four experts can provide you with a deeper understanding of the goals, challenges, and possible implications of the president's trip. First, we have Dr. Simon Serfaty on my left. Dr. Serfaty, many of you all know, is the CSIS Zbigniew Brzezinski Chair on Global Security. He's also the author of the new book or recent book, "Architects of Delusion: Europe, America, and the Iraq War."

Our next expert here today is Dr. Stephen Flanagan. Dr. Flanagan is our senior vice president and director of our international security program. He's held several senior positions in government, including special assistant to the president and NSC senior director for Central and Eastern Europe.

Our third expert here today is David Pumphrey. David is the deputy director of our energy and national security program here at CSIS. Dave is a career DOE official and, most recently, was deputy assistant secretary for international energy cooperation at DOE.

And batting clean-up down here – or anchoring, as I'm told is the term in cricket. Still don't really know what that means, but it's anchoring – (chuckles) – we have Reginald Dale. We have Reggie Dale, who is senior fellow with the CSIS Europe program. Many of you know Reggie. Before he came to CSIS in 2006, he was Washington bureau chief of the Financial Times, longtime columnist for FT, and then for the International Herald Tribune. He's a specialist in European affairs and transatlantic relations. And I want to keep this short because I could go on about all of my colleagues here. This is really, truly a good line-up we have here today. Without further ado, I'm going to turn it over to my colleague, Dr. Serfaty. Thank you, Simon.

SIMON SERFATY: Thank you, Andy, and thank you for putting together this wonderful event. You told us to take four, five minutes and I won't take longer than that, for a change. I'll make three quick observations.

One, quite frankly, this summit is a non-event as far as I see it. It is being held because it was scheduled and so we need to proceed with it even though the agenda in intra-European and U.S.-European relations is enormous. The attention next week will not be focused on the summit; it will be focused on the referendum in Ireland on June 12th. That's a heck of a lot more significant – (chuckles) – to the EU and the future of EU-U.S. relations than the discussion that will take place in Ljubljana.

Second observation – the choice of stops on the part of the president, I thought, was quite interesting on this as his farewell trip to Europe. He choose this time to stop in

the capitals of the big four EU states. Hey, there used to be a time when that would not have been possible. And his willingness to go to Paris, London, Berlin, and Rome during the same trip shows how far we have come over the past few years in terms of the transatlantic partnership. The outgoing president ought to be given credit for the fact that, to some extent, he has gotten both sides of the Atlantic back from the – from where they were just a short while ago.

Which leads me to my third point: expectations. I think that there ought to be expectations in the context of the significant agenda in U.S.-European and in intra-European relations. It has to be placed on the basis of the upcoming French presidency during the second half of this year and French presidency that will be all the more ambitious as it will coincide with the coming of a new U.S. administration.

As you guys go on your trip next week, be prepared to come back and be very busy in November, December of this year because the next French presidency will focus on the kinds of initiatives that can be put forward by the Europeans to engage a new administration on November 5th of 2008, and not on January 20th of 2009, immediately, that is, after the election has taken place.

One last word, if I may. If there was to be anything specifically constructive to be done during that meeting, it will be for both sides to come to an understanding that it is urgent to get to an agreement on Doha because, if there is going to be ratification of Doha by a Democratic Congress in 2009, it will have to be negotiated by the American president in 2008. And it will be there for either now and not before a very long time. My four, five minutes are up!

MR. SCHWARTZ: Dr. Flanagan.

STEPHEN FLANAGAN: Great, thank you. Well, at a U.S.-EU summit, my job is to address the security agenda. And, as a U.S.-EU summit, there tends to be more economic and political, generally, so the security agenda is not that robust. And even, as those of you noticed or attended Steve Hadley's press briefing yesterday, there's a sense of not being any dramatic announcements on any of the agenda items. But there were several that he did note that relate to the security agenda in which I think we could have very well expected.

The first one he mentioned, of course, was Iran and the whole question of continuing to try to harmonize U.S. and EU approaches, EU government approaches. And, of course, the EU doesn't necessarily – isn't yet speaking with one voice on all of these issues. But the EU-3 process has been fairly coherent and the U.S. has been generally pleased with the progress of that effort.

The focus will be on trying to shore up support and perhaps even tighten some of the sanctions under U.N. Security Council Resolution 1803 and to keep up European resolve on the implementation of the economic and financial sanctions, that that I think remains a key goal even as they go forward with the so-called EU-3-plus-3 proposal,

which will be the new effort at sort of further incentives or carrots to be presented by the Iranians. And we don't – those of us on the outside don't have a lot of insight into what the contents of that, but I'm sure that will be part of this discussion that Steve Hadley alluded to yesterday with regard to this EU-3-plus-3 proposal.

But also I think there will be some discussion of the IAEA process and trying to make sure that we see that play out in an effective way. It's certainly working against the Iranians right now, as some of the inconsistencies in their statements and past reporting have been highlighted by that effort. And so, again, as a way, in the aftermath of the way in which the U.S. NIE sort of undermined U.S. efforts to try to keep a tight pressure on Iran to show that there are continuing inconsistencies in what Iran has said about the nature of its program.

And, of course, I think you heard President Bush's comments yesterday and trying to keep very much or trying to bolster a European sense that there is this longer-term potential threat from Iran, particularly if it does go down the nuclear path which, even the NIE, of course, noted, was the sense that it is certainly a long-term capacity Iran will have whether it has the intentions, whether it's actually continuing to actively work on a weapons program, which the most recent intelligence seems to suggest not. On the other hand, they'll have all of the capabilities and the components to develop one fairly rapidly in the longer term.

The other parts of the security agenda that were touched on that sort of cross over a bit, but political and security, was he mentioned – Hadley mentioned Serbia and efforts to continue to encourage Serbia to choose a path of integration rather than nationalist isolationism in the Balkans and probably some further discussion of efforts and combined U.S., EU, and NATO efforts to stabilize Kosovo in the context of continuing uncertainty there about Kosovo's future.

On the Middle East, there was some discussion – again, not so much that any dramatic gestures on the security side – but Rice probably giving a – Secretary Rice – giving a readout on her recent discussions in the region, but also perhaps some discussion of efforts on training and strengthening of the Palestinian Authority's security forces and some of the efforts that are underway there, both by General Dayton and General Jones and his group and hearing from the EU about the Blair mission. So I'm sure they will be a good deal of discussion of that.

And then, lastly, on Afghanistan, I think that the U.S. will be anxious to try to continue to amplify the so-called vision statement that was declared by heads of state and government in Bucharest at the NATO summit, which was designed primarily to be a set of, if you will, a set of talking points and a statement of political commitment on the part of member governments in NATO, which, of course, includes most of the EU members as well, that this was a sense of commitment that Afghanistan was a mission that was achievable, that, well, we were not going to combine U.S. and European efforts; we're not going to turn Afghanistan into Denmark anytime soon, that, nonetheless, there was an ability to achieve a degree of a greater stability throughout the country to extend the

reach of governance beyond Kabul to strengthen some of these provincial reconstruction teams and to also enhance some of the other aspects of stabilization.

So there I think there will probably be further U.S. entreaties and pleas that perhaps that the EU reengage on some of the governance issue that also looking at the police training mission, which was a German responsibility which the EU, I heard, some of you may have heard, senior EU officials talking recently about this, you know, admitting that they did sort of fail in that mission, but whether there will be a willingness now to recommit to the police training mission, which the International Security Assistance Force commanders would deeply welcome as they point to that as one of the key shortfalls in the security area.

So that's, I think, where the focus of the security agenda will be in the discussions in Ljubljana. And, of course, it will be – one other interesting question will be – and Simon reminded me – that I was thinking that this was the second presidential visit to little Ljubljana in Slovenia, having accompanied President Clinton to the first presidential visit, which was quite a scene seeing the White House doubled the population of Ljubljana when it descended on in 1999 on Ljubljana.

I forgot that, of course, that is where President Bush was – found Putin's soul. So whether there will be a joint soul-searching at Ljubljana about where Medvedev's soul is and whether the soul of Putin is still guiding Medvedev, but that will be another – not quite a security issue but a certainly interesting part of the discussion about whether U.S.-EU coordination on Russia policy because Hadley did mention, of course, Georgia, which is another question. But, anyways, I should stop there.

DAVID PUMPHREY: Thanks and thanks to everybody for coming out. Energy and environment has been a topic on the agenda since the 2005 summit. And it got highlighted in this agenda as a way to show that there are common interests between the U.S. and the EU on how to address climate change, in particular, despite the major differences on the policy tool of putting some kind of cap-and-trade mechanism in place.

So the summit, since that time, have highlighted the research agenda, have tried to put a political push behind the development of new technologies, the deployment of new technologies, especially in the carbon sequestration, biofuels, emphasis on energy efficiency to show that we're moving forward. Last year, there was a major work program that was issued, so, this year, I don't think there's an expectation of anything major developing, probably a recognition that this work has been going forward and that we share common interests.

On the climate change issue, I think that there's an expectation that next year's summit may be more substantive in terms of a discussion on the major policy tools and where do we stand in our debate in the next administration. The energy-security side has both a global-level view which is, how do you encourage improved investment in developing in oil-producing countries both in the production capabilities and the

pipelines with both the EU and the U.S. sharing an interest and seeing these markets work efficiently, especially with prices that we're seeing now.

Probably more importantly, at the regional level, is the question of diversification of Europe's natural gas supplies so that Russia's influence can be perhaps neutralized somewhat. And so there will be discussion there of how to open up corridor options from Central Asia, especially the Nabucco pipeline, but, again, I don't think we expect any kind of definitive statements except encouragement of this process to move forward.

The elephant in the room, of course, is \$120 to \$135 oil prices, depending on what time of day it is. I think it will be addressed through this whole idea of encouraging investment in further production, but I don't think that you would see much more of a debate on how to address this because we have very different perspectives on how to deal with especially the demand side of the equation. So it's likely to be discussed, but I don't think that there's likely to be any kind of definitive statement, especially for what to do in the short term. So, with that –

MR. SCHWARTZ: Great. Reggie, the anchor.

REGINALD DALE: Thank you. Yes, well, I'll just sweep up a few points from there. Simon says the summit, the EU-U.S. summit, is a non-event. I think that's certainly true in media terms. In fact, they always have been. They are very hard to get U.S. media coverage of these events. Traveling media normally will write about almost anything else than a U.S.-EU summit. It's not a very adequate – it needs institutional reform, I think. There used to be two a year. Now it's gone down to one because there really wasn't enough to do at them or to announce.

But I do think it's worth remembering that this represents the progress on the economic side of building the transatlantic relationship. There's a new body called the Transatlantic Economic Council set up last year, which has now met twice. And there's a huge amount of sort of nuts-and-bolts economic cooperation going on below the surface, very boring sort of stuff about regulation and standardization and rules for investment. But the Atlantic is already the most globalized area in the world in terms of trade and investment and, now, there's really quite a serious drive to further that economic integration. And that will, clearly, be one of the topics there, particularly because the EU commission is the one that's in charge of all of that.

In looking at the four countries that the president is going to, it's worth noting that all of the main leaders he will meet in Europe he will also see again next month at the G8 summit in Hokkaido, except the Pope, that is, I imagine. (Laughter.) And so this will be a chance for him to lay the ground for the G8 summit in Hokkaido.

Broadly speaking, what the Europeans want from Bush is some further movement on climate change. What the Americans want from the Europeans is some movement on Afghanistan, which is probably the most controversial issue at the actual moment in the sense of stepping up their military contribution there. And on Afghanistan, there is no

point in the Europeans thinking they can get off the hook by waiting for the new administration because both Obama and McCain have said they want more troops sent to Afghanistan and have hinted strongly that they want higher European defense spending because I think what will happen is that once President Bush is out of the White House, there will be huge expectations in Europe that a new, rosy dawn of peace and love is appearing over the Atlantic and they're liable to be somewhat disappointed because America is still going to look after its own interests and then the fundamental interests may not have changed that much.

And when the new administration says to the Europeans, well, you want better transatlantic relations, great. Now, what are you going to contribute to it? It's going to be a bit difficult for the Europeans to come up with something, particularly because one of the first things is going to be more military spending on more troops in Afghanistan.

And that somewhat reverses the trend. Since the nadir of the Iraq war, basically, the Europeans have been saying to the Americans if you want better transatlantic relations, you've got to either move towards our policies or adopt them. And there's not been much shift of the Europeans towards the Americans. And in fact, in his second term, President Bush has moved towards the Europeans in a number of areas, largely unnoticed I have to say. But if you add them up, it's quite a significant shift towards the European point of view.

For example, on Iran, the United States originally disapproved of the EU-3 diplomatic initiative. And then, it decided to endorse it. Bush has moved somewhat on the Palestinian-Israeli issue, which was a big European demand. He's moved a bit on climate change, which is a huge EU demand. And in general, right from the beginning of the second term, he has taken the EU more seriously as a negotiating partner, rather than zipping around the capitals one by one. And the Europeans felt, I think wrongly, that he was trying to divide them and play them off one against the other. So all that is somewhat significantly changed.

And finally, the United States is not becoming as hysterical as it always used to about the suggestion that the European Union might have a separate military command alongside NATO. And this is part of the process in which France is sort of tiptoeing back into the integrated military structure of NATO, which may be finalized at the next NATO summit in France and Germany next year, in the spring of '09.

As far as the leaders, I think it's interesting to note that three of the four leaders he will be meeting are now center-right leaders in Germany, France, and Italy. Gordon Brown, well, the left wing of the Labour Party would definitely say he was center-right. But the fact is, he's so unpopular. The last opinion poll showed that only 17 – 1-7 – percent thought he was doing a good job as prime minister, and 78 percent thought he was doing a bad job. It'd be nice for President Bush to meet somebody who is even worse off than he is.

But the fact is, the next prime minister in Britain may well be center-right or conservative. So there is an exception in Spain, but you have this sort of more right-wing development. And most of these people, I would just say, finally, actually quite like George Bush at a personal level. They have differences of policy; they don't like to be too friendly in public because a lot of their electorates are still viscerally anti-George Bush. Although, his personal relations with them are a little different in each case – Chancellor Merkel does not take kindly to surprise backrubs as I think you may remember from the summit in St. Petersburg.

And there's a little disappointment, I think, in Washington about Sarkozy who came here last year and it was all sweetness and light, and a great love-in with Congress and the administration. But a slight feeling in Washington now, as McCain said about Obama the other night, that he makes a good first impression. And whereas he's saying rhetorically all the right things; he's a little untested in practice, and in some areas has actually moved away from the United States. Thank you.

MR. SCHWARTZ: With that, we're going to open it up to questions. Dr. Serfaty has an appointment that he has to leave in a few minutes. But the rest of us will be here following his departure to answer questions. And for those of you who are sitting around the table, if you could use the microphone and if everybody could identify who they are and what organization they're with, that would be very helpful. And we'll open it up to questions. Jennifer.

Q: Yeah, Jennifer Levin (sp) with the Association Press. I just wanted to ask any of you who would choose to answer this to go in a little bit more detail about this four capitals portion. Mr. Dale just talked quite a bit about it. But I'm wondering what you would attribute the president's choice of these four countries? I mean, usually he sticks to the Eastern European countries or he's liked much better. And maybe there are individual reasons for going to each place or maybe as a package it's what you think he might be looking for. I'm just interested in your take on that.

MR. SERFATY: That's a good question, actually, because I believe that this is exceptionally important to the extent that it will help define the terms of engagement between America and Europe during the next administration. First of all, the bilateral relationship between Washington and Paris is the best it has ever been, period. I know that there are those who claim that Sarkozy's first year in office was just a disaster. Sarkozy behaved like a teenager, to be sure. But he was spanked.

In the context of his performance, however, as you consider the way in which he has reorganized, the terms of French foreign policy within Europe and relative to NATO, it is truly remarkable. And he is going to be in office until 2012, probably until 2017, and that's a given. By and large, in my judgment, the bilateral relationship between Washington and Paris today is better than the bilateral relationship between Washington and London and the relationship bilateral between Paris and Berlin.

And with regard to the former, that's the opinion of a number of high-level senior officials in the U.S. administration. That creates tremendous opportunities, it seems to me. And those opportunities really are set in the context of that foursome. And the president understood that, as well as Steve Hadley, to include also to press Italy to permit the Vatican, incidentally, in the visit with the pope, in the meeting – because of that in turn, this enormous agenda, some of which will be touched upon in the communiqué after the U.S.-EU summit, some of which will be touched upon in the G8 meeting next month, have a potential for moving forward.

If I can take one more minute, since I will be leaving early, it should also be said that the convergence of policies and attitudes over the past two or three years have not merely gone from Washington to Europe. They have only gone from Europe to Washington. Top-down in terms of those heads of state in government, Americans and Europeans today have the better sense of what the issues are, what the urgency of the moment is, and how important it is to work together – Americans and Europeans, NATO and the EU – in order to manage that agenda. It is not just being a one-way, but a two-way convergence that has taken place, notwithstanding the continued hostility bottom-up to Bush.

MR. FLANAGAN: I think, just quickly, it also reflects the focus at least in the security area, the Iran question, the EU-3. Those are the three countries that are in the lead on that with regard to Kosovo, with regard to Afghanistan. Those are the three countries that if anything else is going to happen in terms of the EU contributions in those areas, those are the countries that are going to deliver. And the fact that while CFSP is chugging along – the common foreign and security policy is chugging along – some of the key decisions are not taken in the EU council; they're taken at national capitals.

So working that – and in particular, I think, with Sarkozy, I mean, Sarkozy did come forward at the NATO summit with a battalion of additional forces. Could have used a lot more but still that was an effort to show that there was an incremental move back towards support of both – and continued support really of the effort in Afghanistan. But also, a gradual testing of the waters leading to what people hope will be next year at the NATO summit of full participation in the NATO integrated military structure again.

Q: Yeah, I am – (inaudible) – Süddeutsche Zeitung from Germany. I'd like to follow up a little bit on what you already kind of indicated, the kind of rise of the – let's say the – European expectations or illusions about the post-George W. Bush era. He and Washington, I find – I observed a rather interesting discussion, academic discussion mostly, which you could frame in terms like the future relevance of the West, how to deal with Asia, how to deal, let's say, with authoritarian regimes, the discussion about League of Democracies, and this kind of stuff.

How would you – I mean, if you dare to project a little bit of the current or future developments into, let's say, a medium-term future? My sense is that at least on the European side, a lot of this discussion is still not taking place. To what extent, how do

you – what is your scenario for, let's say, the state of EU-U.S. relationship by the end of the first term of the next president?

MR. SERFATY: That is a daunting question. I think at the center of the agenda in my mind is the development of the Solana Two Paper, and the European security strategy paper. And hopefully, that ought to be done during the latter part of this year, as soon as the U.K. ratifies the Lisbon Treaty under the assumption that the June 12th referendum in Ireland will produce a positive.

It is well-known that it is a central ambition of the French presidency. But it is an interesting situation here whereby all the main actors – the EU, the U.S. and NATO – have to begin thinking in terms of new strategies. And as it so happens, the Europeans will do it first this time with the NATO strategic concept likely to be launched in terms of the discussion towards such a concept at the NATO summit in April of next year.

And I think that is the point of departure because it will show a willingness on the part of the 34 members of the EU and NATO – 21 European states that belong to both institutions, and 13 states including the United States and Canada that belongs to either but not to the other – to at least work on the going as to how the world looks at this point in time.

We all agree now, for example, that power is a very comprehensive tool, that there is, to be sure, a military dimension to it. But there are all kinds of non-military tools associated with it. It is agreed that no single state, however – (inaudible) – can do everything alone, that no institution, however well organized, can do everything alone. So it is America and Europe, NATO and the EU, and other parts of the world.

Now, if that is the departure, then I can put in my issues and we know what the issues are – Iran, Afghanistan, Iraq, Pakistan – whatever you want to put in. And I'm speaking only of security issues – let's say, first things first. Second things first. Third things first. More things first. Everything first. And then, I give myself a happy turnout in four years if I can do this. But you begin with doing that the moment the new administration comes in.

MR. DALE: If I could add something to that, I think one of the developments in European-U.S. relations over the last few years has been that the problems are no longer so much between Brussels and Washington as there used to be – chicken wars, trade wars, all those things. What there is between Washington and Brussels is this enormous body of economic integration, which I've been talking about. And there is an enormous amount of cooperation on security, on intelligence, on counterterrorism, which went on all through the big political disputes over Iraq.

And what we're really seeing is that in addition to that, or perhaps is being – replacing that is an awareness of both sides of the Atlantic that the Atlantic relationship is about what the Atlantic partners can do together in the rest of the world to confront global

problems, rather than it's not just about the differences they have between them across the Atlantic. And that's a shift that has taken place and I think will continue.

And it's acknowledged in Washington now that the EU is a partner in this. The EU has been asking for years to be an equal partner. Now, that equal seems to drop out when you get the Washington formulation of it. But it's definitely as the EU plays a bigger role in politics and international foreign policy and security, it's beginning to move into some of the areas where the United States has traditionally operated. And that leads to some tension. But it also leads to the two looking at the world as what can we do together to tackle global issues. And I would think that would – I would hope that would continue.

MR. PUMPHREY: Just to develop that a little further, in the energy and climate area, I think you will see over the next four years a real recognition that the developments in the developing world – China, India, and other places – will be the factors that will be driving future energy security for the U.S. and EU as well as the response to climate change. So I think you will see much less of the debate between the U.S. and the EU of which policy to follow, and much more of the debate of how do you come together and bring the developing world into solving this problem, because the U.S. and the EU are not in a place to solve the energy security problems on their own, as it was conceived in the '70s. And the institutions we have from the '70s reflect a sort of developed country approach to those problems and now we have to move to bring in the rest of the world.

Q: John McKinnon from the Wall Street Journal. Could you talk about the dynamics of the relationships between President Bush and each of the leaders of the big four that he is going to be meeting with? What do they agree on? What do they disagree on? What are the current issues between them? And in particular, what's his relationship with Gordon Brown like? And is it a little bit two-sided? In other words, is he supporting him to an extent as an ally, but would he also like to see him replaced in the near future?

MR. DALE: Gordon Brown, when he first took office, distanced himself somewhat from President Bush, for obvious reasons. The fall of Tony Blair was very widely attributed by, not only by people in Britain but by politicians all around Europe, his closeness to President Bush. Now, that was not the whole story by any means. British politicians normally fall for domestic British reasons.

Gordon Brown believes – he's pro-American personally; he's always looked to the United States to provide economic ideas. He likes the can-do spirit of America. And he believes fundamentally in a strong British-U.S. alliance. However, politically, I think the last person he wants a photo op with right now is George Bush. And that is not seen among the British public as a plus, by any means.

I think Angela Merkel – some disappointment in Washington that she hasn't been tougher on Russia. Germany is often the most – country most inclined to compromise with Russia, to be friendly to Russia. They – and she is also in a somewhat difficult

position because she has a coalition government which has been – there has been a lot of internal fighting there. So she's – her freedom of maneuver is somewhat constrained, but obviously she is much better from the U.S. point of view, partner, than her predecessor, Schröder, and George Bush gets on well with her when he's not creeping up behind her and give her a back rub. (Scattered laughter.) She doesn't like personal contact. She hates it when Sarkozy rushes up and embraces her, also, and she has made that clear.

With Sarkozy, Simon said a lot about Sarkozy. I think that Sarkozy has said a lot of good things about being in favor of America and wanting to bring France back into NATO and that sort of thing. But if you go down all of his policies in detail, it has not necessarily shifted a great deal since Chirac in some respects. He has been ready to call for more vigorous sanctions on Iran, but on the other hand, he opposes Turkish membership of the EU where Chirac was in favor of it, and that is an American priority. He I think favors lifting the EU arms embargo on China, which the United States hotly opposes. So there are a whole range of issues there where France and America, despite all of the new warmth are not always on the same side.

As for Berlusconi, the most well-known thing that Bush has ever said about him is that he is a good friend, and he has been both to – he has been invited, and has been, both to – well, their ranch at Crawford and to Camp David, which is something that Bush doesn't offer to everyone. And Bush does regard him as a good friend, even though there are some people in the administration who think of what Berlusconi has – well, he's 71; he won't last the whole of his term in office. He was voted in basically because people didn't – the previous left-center government failed and there are a lot of people who find Berlusconi personally not that appealing.

MR. SERFATY: The personal dynamics are quite good I think. And the fact of the matter, to my mind at least, the personal dynamics between those heads of state in government, the quality of planning got the best in the period of 1979 and 1984. And they will be even improved after the current president leaves, especially if the Democratic candidate wins essentially. And I'm using '79, '83, when you had Thatcher, Reagan, Mitterrand, and Kohl as well as Gonzalez, for that matter, at the head of the respective governments.

And why are the personal dynamics working so well? Not because they agree over everything; obviously they do not, but because they respect each other's positions. They respect the fact that George W. is president of the United States, for example, which Chirac and Schröder at some point in time seem to overlook. And to the extent that they do, they did not wait for the next election to come and visit Merkel as soon as she was elected and Sarkozy as soon as he was elected to come and indeed reassert their commitment to working with the U.S. president. They're trying to work on the basis distinct from that saying, me Tarzan; you Jane. Here we come strong. You understand?

And I think that is much more important than the issue-per-issue assessment of where they stand and what kind of leverage they might have at home. They can do business with one another. Beyond that, Merkel is the way she is because of the

Germans, the way they have become. That was true of Schröder and that is true of Merkel. She is not going to start a war, and that just as well as she will not.

The test for Merkel is not now at this summit and it is not now in 2008, and it is not over the relationship with this or the next president. The test for Merkel will come at the time of the next elections in Germany, and there will be lots of elections in Germany in 2009, and it will have to be determined after September of 2009, whether Merkel's new coalition is willing to push the envelop further on the issue involving the use of force of and so forth. So these new conclusion to be reached now. What we should do from the U.S. standpoint is not ask Merkel to do things she cannot do until the election is behind her.

With regard to Sarkozy, the main thing about Sarkozy is that he understands that he cannot bear this strong Europe outside of the context of the close relationship with United States. He has to get more Europe but he cannot get it with less America. He has got to make sure that there is plenty of it because otherwise, the Brits will not follow and respect him if he's at the helm, and Merkel will be unable to follow as well because she needs this kind of reassuring blessing from Washington. So in an odd fashion and for whatever reasons, Sarkozy himself has become a bit of a Trojan horse. But then all of you are a stable of Trojan horses in any case because it is now open to U.S. influence and the PU, the German Marshall Fund Public Opinion Polls confirm this from the top down in terms of European parliamentarians and high-level EU officials.

Q: Wendell Goler with Fox. On the whole, is the next U.S. president inheriting a U.S.-European relationship that has recovered from the Iraq war? And is there still resentment that the U.S. has pushed off some of the responsibilities in Afghanistan on NATO that some Europeans feel really belong to this country?

MR. FLANAGAN: No, I think – Wendell, I think in general, I think the premise of your question is absolutely right, that there has been this restoration, as I think several of my colleagues alluded to. First of all – remember, Bush's very first trip in his second – (inaudible) – was to go to Europe, to go to Brussels and meet with the EU, and sort of – even that just as a gesture was a recognition of, okay, we accept that maybe we hadn't yet – we hadn't utilized the alliance, particularly the Atlantic alliance as effectively as we might have in the first term we saw with that led to, and coalitions of the willing have a tendency to fall apart when the going gets tough. So let's go back and restore these relationships and recognize, and the themes of many of the official documents, the last Quadrennial Defense Review emphasizing the importance of allies.

Certainly the kinds of things that Bob Gates has been saying, the pragmatism of much of the second term's foreign policy has been much more appealing to the key European governments. So I think absolutely, in general the terms of the relationship are on a much better footing, and there is a feeling – certainly the tenor of discussion is positive. The sense that there is a closer harmonization of policies, you know, on some of the key issues, particularly with regard to Iran, now with Afghanistan – you know, working in the quartet in the Middle East. But there are still differences that are out

there, and I think many of the European governments do recognize that some of these differences will persist either under an Obama or a McCain administration.

But the key question is are the mechanisms back in place in a feeling that the U.S. is committed to. I mean, there were people at the end of the first term of the Bush administration in Europe who were questioning whether sort of the United States was even going to walk away from NATO in some sense and just continue to pursue this kind of coalition of the willing cherry picking and using key allies as they saw that they had something to contribute to the fight, so to speak. And so I think there has been a real reassurance that, no, there is an enduring commitment to the transatlantic institutions. There is a recognition at the EU that we have to have. And this goes back really to Bush 41, all through Clinton.

We want the European Union – U.S. leaders have wanted the EU to be a more effective and a fuller partner. The question was, you know, what are the capabilities, what are the willingness to share risk and burdens as well. And this has come to the fore, Wendell, as you alluded to yourself with respect to Afghanistan. Now, even Rumsfeld all along was thinking Afghanistan was a mission that the European Union and talking about this notion of an integrated comprehensive approach, political military integrated efforts of peacekeeping and peace operations and counterinsurgency coupled with the building of infrastructure and development of the rule of law, strengthening governance.

That was the kind of thing the EU could and was doing in the Balkans. Let's give the EU a stronger role. And we've had a number of EU – or European governments that have headed up the international security assistance force. Many of the provincial reconstruction teams are European. The EU has had certain roles in Afghanistan but frankly – and as I said, even many of the key leaders admit that they haven't quite met the expectations, and not on the notion that the U.S. has just simply been engaged in a burden-shedding exercise of okay, let's leave this to the EU because now they do see there is this recommitment, that the U.S. has added the additional Marine units; our assistance continues to remain robust in Afghanistan.

But frankly, you know, the level of effort of all of the international community in Afghanistan, you know, just pales in comparison to what's going on and the kinds of resources that are being pumped into Iraq. So I think one of the key questions will be is if the U.S. goes through this recalibration that's certainly likely to happen under an Obama administration, and perhaps even to some extent under McCain, of shifting of resources as ramping down the presence in Iraq, how much actually then gets allocated. I mean, it'll be difficult in this summit meeting, celebrating the Marshall Plan and people quickly – I'm sure some people will be pointing out well, where's the Marshall Plan that was being talked about in 2002, 2003, for Afghanistan.

You know, it's not – you know, the pledging has not lived up to the expectations earlier. Not that people were using exactly that rhetoric, but it was certainly this sense of a resolve. We're not going to forget Afghanistan. We're not going to allow it to slip back into this backwater where terrorist organizations can take root again and provide,

you know, training camps and safe-havens. So I do think there will be this whole effort of managing expectations, and what will Europeans be willing to do, I think either a McCain or an Obama administration are going to come with a long list of to-dos and it will be interesting to see where Europe does step up to the plate.

And as I say, I think in Afghanistan with regard to police training, some aspects of strengthening governance, and really taking a stronger commitment as the EU and under the common foreign security policy, to show that it wants to be this fuller partner with NATO in developing this comprehensive approach to stabilizing Afghanistan, and recognizing that without that mission, all of the clearing and holding that the military is doing can't be – you know, can't amount to much of anything unless someone comes in and – comes in, does the third part of that counterinsurgency strategy of building, and that's where the EU's strengths are greatest.

MR. DALE: If I could just follow up briefly on that because you asked about feelings on Iraq and Europe, and that was the reason for the great surge in anti-Americanism in '03. That is somewhat diminished, partly because the news from Iraq is not so terrible as it was, partly because a lot of European countries have withdrawn their forces or reduced them in Iraq, and that the governments themselves, France and Germany, sort of agreed not to – agreed to disagree with the United States on Iraq.

Which brings us to Afghanistan, where there is a lot of popular feeling in Europe that they should bring their troops home from there and yet, in Washington and in many European capitals, Afghanistan is seen as the test case for NATO. Has it got a role outside Europe? Can it succeed in any sort of operations and if it can't in Afghanistan, then what is the future of Europe, of NATO? And maybe we do we have to go back to the sort of coalitions of the willing that Steve was just talking about.

And I think that, whereas governments have moved a lot, there's still in European public opinion, particularly – well, I won't go through each country, but there's still this very strong anti-Bush feeling, which is a hangover from Iraq and also because Europeans tend to think of him as personalizing all the things they don't like about America. And to the extent that European opinion of America is improving now, which it is in some polls, that's partly because there's this extraordinary fascination in Europe for the current election campaign, and the sight of an African-American and a woman both coming close to becoming the president of the United States. There's never been any – been women leaders in Europe, but there's never been anything equivalent to Barack Obama.

And there's a total – you know, you talk of Obamamania in the United States; there's EurObamamania (ph) in Europe. If you look at the press, the opinion polls, they're totally transfixed by Obama. The papers run opinion polls, and 70 percent say they favor Obama and 7 percent McCain. And in a way, the United States as a whole is benefiting from this because even, you know, a left-wing newspaper like the Guardian in Britain, which has dumped all over the United States for years, says perhaps we've got something to learn from America, and this is an amazing shift.

But if you read what Obama and McCain have actually said about Europe, McCain is the one who has said all the right things that the Europeans want to hear, about a strong European Union and a strong alliance and working together on climate change. He had an op-ed in the FT which might have been written by a European, but that's sort of fallen out of sight. And Obama has not – because he's focusing on the primary, of course, has not laid out that kind of European policy that McCain has.

MR. SCHWARTZ: We're going to go to Ed and then we'll go to Steve.

Q: I'm wondering – the last time President Bush went overseas, he created a ruckus back in this country with his comment about appeasement, whether he meant to or not. I wondered, given the campaign going on in this country, to what extent does it constrain what President Bush might say or do on this trip.

MR. DALE: Well, if I – I'd like to say something about appeasement because I think there's a sort of confusion here. Appeasement normally refers back to Munich and Chamberlain talking to Hitler, but the problem with Munich was not that Chamberlain talked to Hitler; it was that he said the wrong thing, which was you can have the Sudetenland and I'm sure you'll stop there like a good fellow, you know.

So there is a misconception, I think, in the political debate here about what appeasement is. It's not talking it; it's what you say. If, as Churchill recommended, Chamberlain had gone to Munich and said look, if you step over that line into the Sudetenland, you'll have war with France, England and the Soviet Union, that might have well stopped him. But if you and say, well, yes, okay, maybe you can have the Sudetenland and – you know, so there's that point.

But I don't – I mean, you know, that's really up to the president to judge. I don't think – it's a political calculation, and maybe he'll try and make some more digs, you know, with domestic politics. I don't know the answer.

MR. FLANAGAN: Just based on his – quickly, just based on his comments – the president's comments yesterday, I do think he is going to try to stiffen European resolve on Iran. And, you know, he probably won't use that term appeasement, but he did, I think very forcefully, was saying – I can't exactly remember; you can check it – that he mentioned well, we still see it as a real threat and we understand that it's a threat. And so we want to, you know, make sure that – in a sense, that the Europeans still appreciate that.

And I do think that many of the European leaders that he's going to be meeting with do have grave concerns over the longer term but they don't want – they want to play out and particularly now with regard to the incentives package to sort of play that out and see if, okay, they've tried the negative side and the pressure and the sanctions. Let's see now if some additional incentives can maybe work the trick and particularly at a time when the Iranians are a little bit under pressure because of the IAEA disclosure.

So I think that that will be – and then on Russia too, and we've kind of neglected it. Although Steve Hadley didn't highlight it, I do think – except with regard to his comments on Georgia, I do still think there's a deep confliction, of course, in this administration's policy too. They wanted to have this more effective working relationship with Russia but as they watched Russian democracy erode, and the end of the free media, and of course the sense that there was not a free and fair election in Russia but rather an anointing of a successor. So where does Russia policy go?

And I do think, I accept and I agree with what Simone said. I think that Merkel is – I don't think – I think she can't do very much but I do think, remember, she's an East German. She's an Ossi; she has no illusions about the Russians. I think it's not like some of the previous governments in Germany. And I think once she has a freer hand, will she be willing, will the German government be willing to be a little more hard-headed about dealing with Russia?

And I think, you know, it remains to be seen whether there can be some further strengthening of unity in an approach. And the test will come on Georgia, on Ukraine, on however else some of these discussion on some of the other arms control issues with the Russians go, but I do think that there's the prospect of a better coordination of U.S. and EU – or European, more broadly European, policy on Russia and a wait-and-see attitude with regard to Medvedev, how are they going to play out, and the spirit of Sochi. Will that dominate the next Russian administration or will we see, you know, maybe a return to some of the more confrontational rhetoric of the late Putin period?

Q: I'm Steve Meyers from the New York Times. Dr. Flanagan, you answered most of my question about Iran, but I wonder if you could expand a little bit on whether you think that the European leaders in fact don't share the same concerns about Iran's nuclear program? I mean, you mentioned quite bluntly that you think they'll have the capacity very soon to build a nuclear weapon. And if that's true, why are we now talking about incentives to get them to the table? And if I could ask all of you, if you think this lack of an agenda really reflects the fact that people are looking past this administration now?

DR. FLANAGAN: Sure, no, thanks, Steven. Well, and by very soon I don't mean in the next three years but certainly in – and depending upon – there are various estimates about the centrifuge capacity and how many problems they are having in that, but certainly within the period of no later than, I think, various assumptions that you could weave into it, but certainly within the next five years, there could be enough fissile material.

The question of whether they have – and the testing is not as important if they go the enrichment route, which is the way they're going. So I think that as the estimate tried to point out, they have all of the tools in place, it was just that there was some specific information that came in late in the development of the last estimate that suggested that the specific aspects of the militarization of the nuclear fuel cycle effort that they are clearly developing was put on hold for a while. Now, and so I do think that there's still a

strong conviction among the key European interlocutors and the three that somehow Iran can be convinced that there are so many negatives to going down the path to weaponization that if we just let this try to play out a bit more and just see that one more rather than.

Their great fear was of course, and it's diminished as troubles in Iraq have persisted for the U.S., that we would go try to take a sort of – and particularly the notion that a Bush-Cheney sort of axis would be pushing for a last-minute sort of effort to disrupt the Iranian program and that there was growing Israeli pressure to do something, and if we didn't do something, the Israelis might. I think that has subsided a bit and is a recognition of, certainly I think my sense is a lot of leadership circles in this administration recognize there are so many downsides to that and so much uncertainty about what you could achieve from a limited military strike against some of the key Iranian nuclear infrastructure. So that seems to have subsided in the U.S.-EU channels.

And then there will be this recognition of course that then the new administration will come in and it will be some years. So I mean, again, what some in this administration fear, what certainly the Israelis worry, is okay, well now we'll have another year in which the Iranians will be muddling along. Where will they be, another year closer than we'll be in 2009 into '10, and then the estimate saying that certainly no later than 2012, 2015 that the Iranians could have sufficient material for a weapon. So I think it's just this sense of how much time can you, in a sense, can be lost before the Iranians do something very significant. So I don't know if I'm really getting directly to the answer, but there's no doubt about it.

They do see Iran as a – I think most of these European leaders do see it as a long-term problem. They do worry that Iran will use this nuclear capability, and even if it doesn't. I mean, I participated in an exercise a few years ago with some of my former colleagues at the National Defense University. We brought together a number of Iran experts and nuclear experts together to talk about how Iran might go about doing this. There's a strong sense that Iran might do something that was a little bit, as some of the Iranians called it, under the veil that they wouldn't probably test. They would keep a certain ambiguity, but the way the early days of the Israeli program were almost the sense of just enough to keep people unbalanced and unsure about, well, if we try to push Iran. I mean, what Iran wants is they want recognition, first of all, as a great power, that they should have the right to have a full nuclear-fuel cycle.

B, they want to have a weapon that deters any number of potential threats over the long, a resurgent Iran, a U.S. intimidation, whatever, perhaps even concerns about Pakistan over the long term, that they want to be able to be in a position where no one can intimidate them as a great power. But will they use this as a way to further advance their sort of hegemony in the Persian Gulf? Will they be more adventurous in their support to terrorism? Those are some of the concerns that are out there. And I think it remains to be seen, but there's definitely a sense that Iran may see some virtue in not being a declared and quite overt nuclear power over time, but maybe being a little bit ambiguous,

but keeping people just enough off guard that it gets the benefits of having a weapon without clearly declaring it as a nuclear power, a weapons power.

MR. DALE: A little bit on the European side there, don't forget that President Chirac a couple of years ago said on the record, which he then withdrew to be not attributable, that it doesn't really matter if Iran has a couple of nuclear weapons, a bit of a Freudian slip. I think there are a number of factors in European opinion and European politics, which make Europeans not so agitated about Iran as the United States is. One is that nearly all the Europeans would be fundamentally against any kind of military action. Another is that the EU way of doing things is through diplomacy, sitting down at a table offering carrots and sticks.

The third is that the mood in Europe today generally is much less pro-Israel than the mood in the United States, in fact to an alarming extent in some quarters. The next is that Europeans tend not to see the threat of radical Islam and terrorism, which of course Iran sponsors, as being such a major threat as Americans do. And of course, one of the concerns about an Iranian nuclear weapon is that it would find its way into Hezbollah or some terrorist group. And Europeans tend to see terrorism, to making a false analogy with the own experience with the IRA and the Red Army Faction and so on, as being a matter of police kind security solution rather than a huge military all-resources-committed solution.

And then of course there is the concern in Europe over energy security, which is very acute at the moment and the rising oil prices and the fear that if you do much, too much, to upset Iran you could have a huge backlash on oil prices and the Iranians could attack refineries, I mean, oil installations and block the Strait of Hormuz and all that sort of thing, as well as retaliate in European cities. And finally, of course, I was just listening to Obama yesterday at AIPAC and he actually, you probably heard it, said, I will not rule out military action against Iran. I will do everything in my power to stop Iran getting a nuclear weapon. So the Europeans may not be that relieved about what he says following Bush.

MR. PUMPHREY: Just to follow up on Reggie's point on the energy side that complicates the situation is the gas issue. And you have then the nexus of concern about Russian gas dependency, Iranian gas being the second largest resource in the region, and probably necessary to make some of these alternative transportation routes work, so I think that will also be a factor that the Europeans have to look at as they balance out these other issues in addition to the threat to oil supplies.

In your question about waiting for the next administration, I think definitely on the climate change area that is what is happening. There is engagement in multiple fora that didn't exist before the G8 summit last year when President Bush indicated a desire to reengage in some of those discussions, but I don't think anyone expects meaningful results out of that, so the Europeans are watching very closely how our debate goes on a climate change framework and a climate policy and then what the next administration will do and then the opportunity to engage successfully. So I think this is really, as I

mentioned, a summit to comment on the successes of a limited engagement on climate change with an eye towards looking forward to a much more robust policy engagement.

Q: Dimitri Siderov, Kommersant, a Russian business and political daily. Now, I think you mentioned the possibility of a joint – the idea of joint policy of the EU and the U.S. towards Russia. And I would like to know what the basis for this policy might be, especially taken into consideration, first of all as you mentioned, that Russia is successfully and effectively using its gas resources as a tool to pressure Europeans and divide them.

And the other thing is Russia continues, as many assume, to cooperate with Iran in many spheres, including as some might assume again, nuclear cooperation which goes beyond the NPT. And it continues as well to sell weapons to Syria, which end up in the hands of Hezbollah and Hamas, so again what might be the basis for the joint policy towards Russia between the U.S. and Europe?

DR. FLANAGAN: That's a great question, and maybe David could touch a little bit on the energy question, but yeah. There's no doubt about it that Russia has developed some important levers to encourage Europeans to be – that add to the European impulse. I mean, none of the European leaders, and indeed the U.S. administration, doesn't want, as Secretary Gates and Rice have underscored time and time again in the last year and a half, that they don't want a confrontational relationship with Russia. But the question is can we maintain U.S. and European resolve and coherence in dealing with Russia on those areas where we do disagree? And the list is pretty long when you look at it.

And obviously, both the Bucharest summit of NATO and the Sochi summit – the U.S.-Russian summit in Sochi set sort of a bit of a mixed message. Sochi was very much on the notion of, okay, we're going to work through some of these differences that we have on missile defense. We're going to continue to try dialogue on that, look at cooperative outcomes, a new commitment on the part of the U.S. administration to a strategic dialogue with the Russians which had lapsed a sustained, systematic, strategic dialogue that has existed in the Bush and Clinton administrations had subsided, so there were those elements. And that was music to the Europeans' ears. They wanted to see that.

On the other hand, there was this mixed message on and there was a refusal to grant Georgia and Ukraine a membership action plan, which was seen in Moscow as tantamount to an admission to NATO. Yet, the other signal coming out of Bucharest was of course that there was a resolve, and this was decided at the last minute by the very – by Merkel and some of the other leaders of NATO themselves, to say that, no, no, we really would welcome and expect that Ukraine and Georgia will be admitted to NATO. So it was a contrary signal.

So in any event, I think Steve Hadley yesterday in his press briefing outlined that in the near term, one of the issues that they're looking at out of this meeting in coordination and supporting President Saakashvili in his peace effort in Abkhazia, trying

to continue to encourage the Russians to stop supporting the Abkhaz separatists. So Georgia will be an initial sort of test of harmonization of U.S.-EU policy. Ukraine will be another important element. There was a real high watermark of U.S.-European cooperation with regard to the 2004 Ukrainian presidential elections.

I think the hope now is to say, okay, how are we going to move forward? Are we going to continue to interact with Ukraine both in terms of the dialogue with NATO on its being allowed to have the freedom to choose whether it will or not allow join the alliance over time in NATO, but also to see the EU continue to strengthen its ties with Ukraine and to integrate Ukraine into the European economy more fully, and this discussion there about a much deeper sort of strengthening of their partnership and cooperation agreement. And so that's another test of U.S.-EU.

And then energy, and maybe David is certainly much better qualified to talk about that, I do think the issue of energy and energy security and looking at ways in which to help Europeans. And of course, the Central Europeans, the Eastern – formerly known as East Europeans, but the Central-East Europeans are very much worried about the way some of these pipelines particularly are being laid down and the way in which it might be a way for Russia to further enhance its influence over their political futures and yet still supply gas and other energy resources to their key customers in Western Europe. So that will be another area of further test of the U.S.-EU harmonization on energy security, but maybe David would be better to talk about that.

MR. PUMPHREY: Just to add briefly that I think it's – the idea of developing a common policy on energy towards Russia is going to be pretty limited until Europe figures out what its common policy is in terms of relationship with Russia and other energy suppliers. So I think the areas of agreement and clearly working together are this idea of developing the resources in Central Asia and finding a transport route that will bring it in.

Again, these have to be commercial operations; they're not government funded operations. So what the governments can do together is relatively limited. Ukraine is another important area in terms of energy and helping Ukraine sort out its own internal energy problems, which have led to some of the disruptions in the past.

MR. SCHWARTZ: Great.

MR. DALE: Very briefly, two points, the European Union is trying to develop its own much broader economic and political cooperation partnership with Russia. It's had a lot of hiccups because individual member states have vetoed the opening of talks, but there is a big effort in Western Europe to bring Russia closer in all sort of economic and political levels. And I think Russia accepts that its future is very directly linked to the European market. And second intriguing point is whether, if John McCain were to become president, he would actually follow through on his threat to throw Russia out of the G8.

MR. SCHWARTZ: With that – (laughter) – thank you all very much for coming to CSIS for this briefing. We'll have a transcript out to you, mailed out to you later today. It will also be posted at csis.org. And please, while you're on the road traveling with the president, feel free to call me and we can put you in touch with some of these terrific people who briefed today. Thanks again for coming.

(END)