

PROGRESS OR PERIL?

MEASURING RECONSTRUCTION IN IRAQ

On September 8, the CSIS Post-Conflict Reconstruction (PCR) Project released a report entitled *Progress or Peril: Measuring Iraq's Reconstruction*. This report was the first public presentation of PCR's recently developed model for measuring reconstruction in post-conflict settings.

Sheba Crocker and Rick Barton, co-directors of PCR, summarized the findings and recommendations of their year-long study, and allowed time to take questions from attendees. During the presentation, Crocker and Barton outlined the report's findings, which were based on six months of extensive research of media, public sources, and polling data, as well as in-person interviews with Iraqis conducted by CSIS during June 2004.

The report sheds light on several fundamental questions regarding the status of Iraq's reconstruction: (1) if progress is being made in the effort as a whole; (2) how Iraqis are affected by the status of reconstruction in the five individual sectors, polled in the study; and (3) the status of Iraqi capacity in the five sectors of post conflict efforts—security, governance, economic opportunity, services, and social well-being (health care and education).

Seven Iraqi researchers conducted over 700 face-to-face interviews in 15 cities in Iraq, including Baghdad, Kirkuk, Najaf and Falluja. Interviewers reached men, women, and teenagers from varied backgrounds. The Iraqi researchers concluded their discussion with assessments and policy suggestions. The results of these interviews were included in a report called *Capturing Iraqi Voices*, which was released at a press conference in July at CSIS.

"In post-conflict situations, there is often a post war fog," said Crocker. "We see this in the reporting about Iraq—there are divergent stories of successes and failures, but no coherent picture. Usually, the international community lacks a baseline measurement of where we started, where we are, and where we're going. Sound policy decisions are contingent upon understanding this baseline and setting realistic goals, and this report aims to fill that gap."



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GOVERNING MEXICO CITY

Alejandro Encinas Rodríguez, secretary of Government for Mexico City, spoke on Mexican politics, the goals and achievements of the Mexico City government, the overall challenges of governance at a breakfast meeting hosted by the CSIS Mexico Project on September 22. Encinas, second in command to Mexico City mayor Andrés Manuel López Obrador ("AMLO") of the left-of-center Democratic Revolutionary Party (PRD), is responsible for a wide range of government duties for the city of 20 million inhabitants.

Peter DeShazo, the newly appointed CSIS Americas Program director, and Armand Peschard-Sverdrup, CSIS Mexico Project director, opened and moderated the event.

Encinas highlighted the successes of López Obrador's term, the importance of foreign investment in the city, and the economic and social policies

the government has implemented. He said that under López Obrador's leadership, the Mexico City economy and the livelihood of its citizens have improved. The AMLO administration has placed an emphasis on combating poverty, launching an aggressive economic development policy, and applying innovative models to finance the city's infrastructure and public works projects. Specifically, Encinas referenced a pension program that has increased retirement pensions, a food subsidy program, and overall improvements in infrastructure, such as the construction of new schools, hospitals, and roadways. Furthermore, he said, the AMLO administration has replicated some of the successful crime reduc-

tion measures that were implemented in cities such as New York City, Bogotá, and Palermo, which has resulted in a decrease in homicides and vehicle thefts.

The question and answer session, following Encinas's remarks, centered on political themes, particularly on the proceedings to strip López Obrador of immunity from prosecution for contempt of court, thus blocking his candidacy for the 2006 presidential election. Encinas called the allegations against López Obrador "absurd and

without legal basis." He deemed them a political maneuver to prevent the mayor, who currently leads public opinion polls for the 2006 presidential election, from running for president. Encinas added there would be more visits by Mexico City government officials to the United States, Latin America, and Europe in the coming months.

According to Peschard-Sverdrup, the objective of Encinas's visit was threefold: first, to convey the message that López Obrador is distinct from other left-of-center leaders in the hemisphere; second, to emphasize that he values the role of the private sector in spurring economic growth and job creation; and third, to express his party's recognition that electoral coalitions heading into the 2006 presidential election may very well cross political party lines.

"These are key strategic messages for the U.S. policy community to note, especially given the serious prospect of a López Obrador presidential candidacy," Peschard-Sverdrup said.



From Left to Right: Peter DeShazo, director of the CSIS Americas Program; Alejandro Encinas Rodríguez, secretary of Government for Mexico City; and Armand Peschard-Sverdrup, CSIS Mexico Project director.

GEORGIA'S SECURITY CHALLENGES

President Mikheil Saakashvili of Georgia made his only public appearance during a recent trip to Washington at a CSIS *Statesmen's Forum* on August 5. Saakashvili discussed his country's ongoing political and economic reforms, conflict resolution efforts in South Ossetia and Abkhazia, and Georgia's relations with the United States and the international community.

Saakashvili began his remarks by addressing the steps his administration has taken to eliminate corruption in the government, including downsizing the bureaucracy and increasing salaries. He reported that Georgia has cut the size of its police force in half and has also reduced the number of tax collectors and customs officers, while substantially increasing their salaries. In addition, several former government officials have been arrested on corruption charges, although Saakashvili emphasized that the key to success in this area is to change the system, not simply arrest individuals.

"I can say now that we have a clean government that will reform the system down to the bottom," said Saakashvili. "We are working on eradication of poverty and we are part of the Millennium Challenge Project. We need this money for reform, for strengthening the reforming structures, for downsizing the bureaucracy."

Saakashvili's comments quickly turned toward conflict resolution. He believes that in the post-September 11 world, pockets of separatists cannot be ignored and that regional conflicts must be dealt with quickly but peacefully. He cited the case of Ajara as an example of peaceful conflict resolution. "[In Ajara] the way we overpowered [the old regime] was not by our guns, was not with our American-trained troops, was not through some kind of subversive activities. It was with popular will and the decision to take over with resolve and use a very steady approach. And in the end, the thing was solved without a single shot fired and without people being injured.

"I think we proved in Tbilisi and in Ajara that when

people are united behind the principles of democracy—respect for human rights, freedom of speech, and tolerance—they can be successful without using any violent means. These principles are part of our fabric, part of our identity, and together they form an idea of what a stronger state means."

Saakashvili then addressed the rising tensions in South Ossetia. "Georgia cannot, and Georgia will not, attempt to solve this conflict through the use of force and violent means . . . And we are trying our best to calm down the tensions. But alone we will not, cannot make it. The international community should robustly join us in our efforts to promote peace and a lasting settlement."

Saakashvili concluded his remarks by pushing for broader Georgian involvement in world politics and asserting that Georgia will continue to strengthen its economy, pursue Euroatlantic integration, and create peaceful resolutions to regional conflicts.

"We are making dramatic steps forward," he said. "Geopolitics are changing . . . the whole geography, geopolitics, perceptions do change. Georgia is a real genuine democracy of the CIS

[Commonwealth of Independent States].

"We will remain absolutely steadfast in our commitment to unifying Georgia by peaceful means. To do that . . . we need people who are passionate about supporting countries like Georgia, who have similar experiences, who want to be on the right side, and who really want to see people who are sincere about their willingness to be successful, peace-loving partners of this country."

The CSIS *Statesmen's Forum* is designed to provide government officials and global political leaders the opportunity to present their views about critical policy issues before a group of U.S. executive and legislative branch officials, foreign diplomats, academic and regional experts, leaders from the corporate community, and the media.



President Mikheil Saakashvili of Georgia discusses his country's steps to reduce corruption and peaceful conflict resolution at a CSIS Statesmen's Forum.

REENGINEERING THE TURKISH ECONOMY

Ali Babacan, the Turkish economic minister, reviewed his country's economic recovery, the ongoing negotiations with the International Monetary Fund (IMF) on a new standby agreement, and the campaign to join the European Union (EU) at CSIS on October 1. The audience included senior corporate representatives and administration officials.

In his introductory remarks, John Hamre, CSIS president and CEO, underlined Turkey's global importance and the role it could play as a stabilizing factor in the Middle East and the wider Islamic world. "This is about whether we are going to embrace a country, which is going to find a way to engineer the new world that we all say we want, and I am really grateful that the Minister is here so that he could bring to our attention how big this issue is for all of us and why it is our responsibility to listen carefully," Hamre said.

Babacan reviewed the economic and political reforms the Turkish government has been implementing since the Justice and Development Party victory in the 2002 elections, and spoke about its aim of transforming the

country and allowing it "to share the democratic political criteria of the Western world." Babacan continued by outlining efforts to curb inflation while promoting sustainable economic growth and confirmed that tight fiscal policy would be maintained until the public debt stock was no longer a concern. Babacan said that parallel to the current negotiations with the IMF over a new standby agreement, the government's new economic program would be submitted to the EU prior to its summit in December as part of Turkey's pre-accession coordination with the EU. He emphasized that Turkey was embracing reforms not only as a way of satisfying the

EU Copenhagen political criteria but also because the Turkish people genuinely wanted the incorporation of EU values and standards into their daily lives.

"Whatever we do is for the sake of Turkey's development and for making sure that Turkey becomes a country which is more and more shown as an important example of what could be achieved if there is strong political will and public support," Babacan said.



John Hamre, CSIS President and CEO (left) and Ali Babaca, Turkish Minister of Economy have an informal chat before addressing a CSIS audience on the Turkish Economy.

U.S.-TRINIDAD AND TOBAGO RELATIONS

Prime Minister Patrick Manning of Trinidad and Tobago discussed his country's role in the region, the importance of its energy sector, and its development strategy at a CSIS forum on September 27.

Manning underscored the important energy relationship with the United States, noting that the 1.6 billion cubic feet of liquefied natural gas (LNG) exported daily to the United States covers some three-quarters of U.S. annual demand. Trinidad and Tobago's economy is heavily based on oil and natural gas, as well as tourism.

There has been a \$40 million proposal for drilling 24,000 feet for an estimated reserve of 2.5 to 6 trillion cubic feet of natural gas in Trinidad and Tobago. Manning outlined plans for the government to increase its participation in all stages of LNG production and for broad-

ening the distribution network in the Caribbean. Manning requested the United States to pay closer attention to its "third border" with the Caribbean, from counternarcotics and counterterrorist efforts to debt relief and disaster assistance in the wake of the hurricanes that have ravaged the area. On the bilateral front, Manning called for a "true symbiosis," with Trinidad and Tobago guaranteeing "energy security" and the United States allowing free entry of Trinidad/Tobago goods into the U.S. market.

Manning also noted Trinidad and Tobago's cordial relations with Venezuela and Cuba. Looking ahead Manning predicted that Trinidad and Tobago's economy would grow at a sustained rate and that the country would reach "developed nation status" by 2020.

IMPACT OF COOLING THE CHINESE ECONOMY

As China's leaders work to slow the breakneck pace of its current annual economic growth—now more than 9 percent per year—down to a more sustainable and less inflation-prone pace, the rest of the world watches closely to see what effect such a slowdown might have on their own economic prospects. On September 28, CSIS and *The Economist* convened a seminar of five experts on trade and finance to discuss the risks posed by these economic trends.

Laurence Meyer, former governor of the Federal Reserve Board and a CSIS distinguished scholar, sees signs that the Chinese economy is overheating, citing concerns that include surging real estate prices, power shortages, rapid investment and increasing money and credit growth. Some of the tools China now has available to stabilize growth are “blunt instruments” such as administrative fiat to block new plant construction in vulnerable sectors. However, according to Meyer, more pragmatic steps are underway to moderate growth, including raising reserve requirements on banks and establishing credit controls for overextended sectors. Meyer argued that the government is “studiously avoiding” yuan appreciation because of its potential to slow China's export growth and aggravate the plight of banks carrying many weak or non-performing loans. According to Meyer a “hard landing,” or movement to levels below 7 percent annual growth, would cause a 0.5 percent decline in global growth with individual country effects dependent on their shares of global exports to China.

Paul Neureiter, director of the U.S. Trade Representative Office of China Affairs, said the U.S. economic relationship with China would continue to grow even as China's economy slows down. China has thus far managed growing foreign trade and investment with substantial success: U.S. and other foreign firms have more access to the Chinese economy than ever before; and 3,000 out of 3,500 required changes to laws and regulations have been made to comply with World Trade Organization (WTO) membership. The United States should expand its influence, Neureiter suggested, beyond the central government by explaining the benefits of reforms to provincial and local governments.

Ong Eng Chuan, counselor at the Singapore embassy, addressed the growing China-ASEAN economic relationship. In 2005, he explained, ASEAN trade with

China will exceed \$100 billion—the region is China's fifth largest export market and fourth-largest import source. This relationship facilitates economic development and stabilizes the region. It also means ASEAN will help cushion the coming slowdown in China.

Albert Keidel, former Treasury Department office director for North Asia and now senior associate at the Carnegie Endowment, called “exaggerations” of China's economic influence on the U.S. and world markets the “blame China story.” He thinks this is a “misplaced” distraction, and that global growth is the responsibility of established industrial nations, namely the United States, the European Union and Japan. Keidel counseled the United States to engage with China's powerful State Council—none of whose members attended the Fall World Bank-IMF annual meetings—to encourage necessary economic reform and financial leadership.

Finally, Richard McCormack, former undersecretary of state for business and economic affairs and CSIS senior adviser, added some closing observations. He argued that China's economic situation hinges on its political stability and vice versa, and that millions of displaced former agricultural workers need jobs. He maintained that regional and provincial compliance to regulations is essential and that the advancement of credit unions and the banking system remains stalled and corruption pervasive. Thus, even with a “soft landing” now and a continued long-term upward trend, the flight path of China's economy will not be without its bumps.



From L to R: Laurence Meyer, CSIS distinguished scholar; Paul Neureiter, director of the USTR Office of China Affairs; Ong Eng Chuan, counselor at the Singapore Embassy; Albert Keidel, former Treasury Department Office director for North Asia; and Richard McCormack, CSIS senior adviser address the CSIS audience.

LEARNING FROM INDIA'S EXPERIENCE WITH HIV/AIDS

India has entered a critical period in its fight against the HIV/AIDS pandemic. In June 2004, India's National AIDS Control Organization (NACO) announced its estimate that India had 5.1 million people infected with HIV as of the end of 2003, up from 4.58 million a year earlier. This represents a 10.3 percent increase in estimated infections, compared with the 13.3 percent increase estimated the preceding year. India is home to the second largest number of HIV-infected people in one country.

CSIS hosted a conference on September 9 entitled "Strategy for the Second Wave: Learning from India's Experience with HIV/AIDS," which was organized by the CSIS South Asia Program and the CSIS Global Task Force on HIV/AIDS. The principle purpose of the conference was to analyze the lessons learned from India's fight against the HIV/AIDS pandemic and to start thinking about how that experience can help the United States and the international community develop an effective strategy toward other "second wave" countries. Participants included political figures and representatives from the health care industry in India, representatives of international and nongovernmental organizations that have been active in the fight against HIV/AIDS, including the Bill and Melinda Gates Foundation, as well as other U.S.-based experts.

Four panels of speakers dealt with prevention, anti-retroviral treatment, research, and the strategic challenge of combating the epidemic. Panelists, as well as the individual speakers, all emphasized that an effective re-

sponse to the epidemic must be massive and comprehensive. Essential ingredients to a solution include widespread behavior change, massive resource mobilization, and a focused drive by both government and private actors to provide prevention and treatment services. India's leaders, like those in other "second wave" countries, face the tremendous challenge of doing all this at a time when the HIV/AIDS problem has not yet become a clear crisis in their societies. In other words, to avert a catastrophe, they need to act before the force of the catastrophe makes its presence felt in their politics, society and government.

The panelists also examined India's experience as a way of gauging "second wave" countries. Experts compared and contrasted India's experience with China's; both countries have large populations and a rising epidemic that needs to be stopped before it reaches crisis proportions. China's epidemic is predominantly rural, and the role of intravenous drugs and tainted blood transfusions figures more prominently in transmission of HIV there than in India. The most significant difference between the two countries is the absence of NGOs in China. As a result, in China, thinking about how to stem the epidemic is strongly centered on the government.

The CSIS Global Task Force on HIV/AIDS is funded by the Bill and Melinda Gates Foundation. The task force seeks to build bipartisan consensus on critical U.S. policy initiatives while promoting U.S. leadership in strengthening prevention, care, and treatment of HIV/AIDS around the world.

REDUCING OIL DEPENDENCE

Oil prices have reached record levels this year, causing worries about tightening supplies and unrest in oil-rich nations. This steady increase has many people in the United States wondering how to manage oil demand.

Policymakers are struggling to find ways to reduce U.S. demand without forcing conservation, an idea that, to some, conjures up ideas of carpooling and paying \$5 per gallon of gasoline. Amory Lovins, CEO and founder of the Rocky Mountain Institute (RMI), presented an alternative approach with his study, *Winning the Oil Endgame: Innovation for Profits, Jobs, and Security*, to a September 23 briefing hosted by the CSIS Energy Program. The crowd of energy experts from industry, the administration, Capitol Hill, and other think tanks discussed the feasibility of the study, whether policymakers would be interested,

and the potential difficulties for implementing the recommendations. The briefing was moderated by Robert Ebel, CSIS Energy Program chair.

Winning the Oil Endgame is a RMI study co-funded by the Defense Department. The study lays out an ambitious plan designed to aid the United States by promoting oil independence while strengthening national security and helping the economy. *Winning the Oil Endgame* proposes using innovation and currently available technologies to displace U.S. oil use, thereby reducing or eliminating the need for imported oil and domestic oil production.

A cornerstone of this study is that the technology already exists to reduce U.S. oil demand. By using carbon-fiber material like that used to create fighter jets, the study

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MONTENEGRO: FACING THE FUTURE

On September 17, the CSIS East Europe Project hosted Montenegro's minister of foreign affairs, Miodrag Vlahovic, as a part of the CSIS *U.S.-Montenegrin Policy Forum* series. The discussion focused on the EU-brokered union between Montenegro and Serbia.

This artificial union between Montenegro and Serbia has served as the backdrop for Montenegro's attempts at EU and NATO integration since the signing of the Belgrade Agreement in 2002. Recently, the nature of this association was redefined at a meeting of EU foreign ministers held in Maastricht in early September. In this context, Vlahovic discussed Montenegro's priorities and outlook for the future.



From L to R: Miodrag Vlahovic, minister of foreign affairs, Montenegro; Zora Maric, head of Montenegro's trade mission to the United States; and Janusz Bugajski, director of the CSIS East Europe Project.

Vlahovic pointed out that the union of Serbia and Montenegro can be described as a non-functioning set of institutions. Efforts to politically and economically harmonize the two states have been unsuccessful, he said. Vlahovic suggested that Serbia and Montenegro dissolve their union based on the model of the "Velvet Divorce" between Slovakia and the Czech Republic. According to Vlahovic, this new relationship would then provide a more

effective scenario for NATO and EU integration. Vlahovic reminded participants that the EU itself is beginning to recognize the legitimate differences between the two states and has recently adopted a "double track" approach for Serbia and Montenegro toward a Stabilization and Association Agreement (SAA).

Vlahovic's remarks also underscored important internal developments and reform endeavors undertaken by Montenegro. New legislation is aimed at fighting organized crime, including trafficking, while the economy is showing modest but sustained growth. Various reform measures have been focused on attracting foreign investment, especially in the tourist industry.

Finally, Vlahovic urged U.S. policymakers to continue to

play an active role in the final stage of the dissolution of post-Yugoslavia. The stabilization of the Western Balkans is an unfinished project, he stressed, and whoever wins the U.S. presidential election in November will need to address it. According to Vlahovic, a stable and independent Montenegro is in the best interest of Europe and the United States, as the country progresses towards becoming a responsible and accountable partner.

argues that car manufacturers could create "ultra-light" cars. These cars would be so light that they would become ultra-efficient, but strong enough to meet safety requirements. This will move fuel efficiency as high as 85 miles-per-gallon (mpg) for midsize cars and 66 mpg for midsize SUVs.

An additional piece of the study is the idea of introducing new biofuels to replace gasoline. Lovins predicts that if undertaken on a large scale this approach could provide 750,000 new jobs in the agriculture sector, providing much needed income to many farm states. Lovins believes providing "the tools to get our nation off oil forever is the key to revitalizing industry and farming."

The study provides a way to pull new technology into the commercial transportation sector without requiring substantial government intervention in the way of new

tax regulations. *Winning the Oil Endgame* does suggest "fee-bates": rebates for owners of the new cars paid for by fees from the owners of the older inefficient models.

If all the recommendations in the study were implemented, Lovins estimates that the United States could be using less oil in 2025 than it did in 1970, and by 2050 using no oil at all. The study predicts reducing oil demand will save the U.S. government enormous amounts of money, upwards of \$70 billion a year.

Lovins' work has been recognized by the Alternative Nobel, Onassis, Nissan, Shingo, and Mitchell Prizes, a MacArthur Fellowship, and the Happold Medal. He has also won nine honorary doctorates, and the Heinz, Lindbergh, World Technology, and Hero for the Planet awards. His organization, the Rocky Mountain Institute, is a recognized leader in energy efficiency.

U.S. - ROMANIA: NEW ALLIES, NEW CHALLENGES

Increased spending on public diplomacy initiatives and greater U.S. investment in the Central and East European states (CEE) were two of many recommendations offered at a conference held at CSIS on October 19. The conference, which examined ways to strengthen U.S.-CEE relations, was co-hosted by the CSIS East Europe Project and Romanian Radio Broadcasting Corporation (ROR).

"It is imperative for Washington and the CEE capitals to make efforts to guarantee the durability and dependability of their alliance," said Janusz Bugajski, director of the CSIS East Europe Project. The conference addressed ways to transform those efforts into a strategic defense relationship by creating allies who are integral partners in international missions.

The sessions were chaired by Bugajski; Dragos Seuleanu, ROR; and Robert Hunter, RAND. Damon Wilson, director for Central, Eastern, and Northern European Affairs at the National Security Council, delivered the keynote lunchtime address.

Accession of United States' new allies into NATO and EU has propelled U.S.-CEE relations into a new phase. Panelists discussed that U.S. support for the democratic process in the region is imperative in order to prevent any

backsliding and to counter the security challenges emanating from the unstable regions at Europe's frontiers. Romania was examined as a test case for exploring the level of public commitment in CEE to the trans-Atlantic relationship.

Romania was identified as one of America's staunchest allies. It has become a key partner not only in Central and Southeast Europe, but also in the Black Sea region, the Caucasus, and the Middle East. One of Bucharest's objectives is to maintain high-level cooperation and dialogue with Washington. This cooperation will be mutually beneficial, especially in view of Romania's strategic location. Romania would like to catalyze a NATO operational footprint along Europe's periphery and use its experience to address the problematic areas of the Balkans, as well as Ukraine, Moldova and Georgia.

Panelists reviewed future potential areas of both cooperation and disagreement between CEE and the United States. They concluded that the main policy challenge for the CEE capitals will be to strike a workable balance between Washington and Brussels. EU enlargement will change the nature of the political process in Europe and the CEE's Atlanticist spirit could bridge the rift in transatlantic relations. This will be vital for addressing the new global security challenges.

IRAQ: ARE WE AT A TURNING POINT?

The week of September 13 marked the 1,000th U.S. casualty in Iraq. While UN secretary general Kofi Annan warned that violence might jeopardize plans for the January elections in Iraq, the U.S. State Department was busy revising U.S. assistance plans. With the flurry of recent reports about the changing nature of Iraq's insurgency and U.S. politicians debating the future of the U.S. commitment, CSIS and the Brookings Institution cosponsored a panel discussion on September 14 entitled, "Are We at a Turning Point in Iraq?" Among the crowd of approximately 150 were foreign dignitaries, government officials, academics, and representatives of international and non-governmental organizations, and private companies.

The expert panel featured Michael O'Hanlon, senior fellow in foreign policy studies at the Brookings Institution; Frederick Barton, senior adviser with the CSIS International Security Program and co-director of the CSIS Post-Conflict Reconstruction Project; and Bathsheba Crocker, fellow with the CSIS International Security Pro-

gram and co-director of the CSIS Post-Conflict Reconstruction Project. Barton and Crocker, authors of the recent CSIS report, *Progress or Peril? Measuring Iraq's Reconstruction*, and O'Hanlon, author of the Brookings Institution's *Iraq Index*, drew on their findings, making practical recommendations for U.S. and Iraqi policymakers struggling to solidify progress in Iraq. The panelists discussed the likelihood of Iraq reaching a turning point in the reconstruction effort, given the deteriorating security environment. Also addressed were the U.S. goals in Iraq and the likelihood of success, the possibility of elections, and the U.S. and Iraqi strategies for addressing the growing insurgent movement. A question-and-answer session followed the panelists' remarks.

"Failure in Iraq is not a foregone conclusion," said Barton. "We believe that there is still a window of opportunity, and we should capitalize on it. Success will not happen overnight; it will take long-term engagement. Such a commitment will require the increased involvement of the international community."

ARGENTINA AND BRAZIL: ECONOMIC AND POLITICAL OUTLOOK

José Octavio Bordón, Argentine ambassador to the United States, and Evandro Didonet, minister-counselor of economic affairs at the Brazilian embassy, joined former Argentine and Brazilian officials and Latin American analysts to discuss the economic and political challenges facing the Brazil-Argentina relationship at a daylong CSIS conference on October 6.

In the first panel, Bordón highlighted the importance of regional economic integration through MERCOSUR, (the common market of South America), the need for the development of sustainable natural resources, and the establishment of fair and balanced free trade arrangements. Both Bordón and Didonet underscored the importance of trade relations between their countries and the United States and the importance of realizing the Free Trade Area of the Americas (FTAA). Riordan Roett, professor at the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University, described how the consolidation of democracy in the southern cone led to greater regional integration, but was also coupled with greater vulnerability to external factors. He also stated that an increasingly unilateral approach in U.S. foreign policy has alienated both Brazil and Argentina.

A second panel discussed Brazil's foreign economic policy and the relationship of that policy to the Brazilian government's economic planning. Jose Augusto Guilhon, director of the Research Center for International Relations at the University of São Paulo, described the evolution of Brazil's President Luiz Inacio Lula de Silva's economic policies as they emerged from debate within the Labor Party and among his own advisors, noting the relationship between economic policy and domestic politics. Mario Marconini, executive director for the Brazilian Center for International Relations in Rio de Janeiro, tracked Lula's evolution toward support for orthodox macroeconomic policies, postulating that Brazil would derive more benefits from the consolidation of the FTAA than from a MERCOSUR trade agreement with the European Union. James Ferrer, director of the Center for Latin American Issues at George Washington University,

underscored the positive relations between the Lula government and the International Monetary Fund (IMF), tracing the evolution of Lula's economic thinking from his early campaigns for the presidency. Ferrer stressed the need for Brazil to attract more direct foreign investment and to promote the tourism sector.

Luiz Felipe Lampreia, former Brazilian foreign minister was the lunch keynote speaker. Lampreia addressed the impact that MERCOSUR has had on the Brazilian and Argentine economies and on bilateral relations between the two countries. He suggested that, if MERCOSUR is to more fully serve the needs of member states, it must move beyond its current focus on the trade of goods to include services and possibly a single currency.

A third panel discussed Argentina's foreign economic policy. Adalberto Rodriguez Giavarini, former Argentine foreign minister, outlined the challenges facing the country. He noted the close relationship between sustainable economic growth, governability, and hemispheric stability and the need for the Argentine economy to improve fiscal balance, enhance trade, and increase private and public investment. Antonio Estrany y Gendre, president of



Peter DeShazo, director of the CSIS Americas Program and Riordan Roett, professor at Johns Hopkins University address a CSIS Audience.

InterAmerican Council of Trade and Production and senior vice president of the Bidas Corporation in Argentina, provided a historical view of U.S.-Argentine relations and noted that public perception of the United States has deteriorated in recent years, as has the public's view of the FTAA. These perceptions, he claimed, complicate the efforts of the Argentine government to steer a course between satisfying domestic political concerns and its relationship with the United States. William Rogers, senior partner at Arnold and Porter, focused his comments on the need for Argentina to remain committed to economic integration in the hemisphere. According to Rogers, Argentina's key challenges include debt renegotiation, relations with the IMF, policies in the state sector, and developing the energy sector. He emphasized the need for sustainable, export-led growth in Argentina, success in the World Trade Organization round, and greater U.S. involvement in its relations with Argentina.

PEACE IN THE CONGO

Jean-Pierre Bemba, vice president for the economy and finance of the Democratic Republic of Congo (DRC), discussed his country's fragile peace process at a CSIS forum on October 7. The event, hosted by the CSIS Africa Program, drew a large audience from diverse groups including international and Congolese nongovernmental organizations, the African diplomatic corps, the U.S. administration, the media, and private sector.

Foremost in the discussion were the DRC's impending elections scheduled for June 2005. Bemba emphasized that political parties and citizens did not want the elections to be delayed. He made it clear that it was in his interest to stick to the schedule.

Bemba was cautiously optimistic about the country's volatile eastern region. In his opinion, necessary steps to improve security involved disarming militias, redeploying the recently expanded UN peacekeeping force to the Kivus, and strengthening the mission's mandate. He also highlighted

the importance of military training in creating an effective, unified national army.

In regards to his portfolio as vice president at the economy and finance, Bemba pointed to the economy's 7 percent real growth rate and an inflation rate of 6 percent, a significant improvement from inflation rates of several hundred percent at the height of the civil war. Bemba maintained that his objective is to increase and sustain that growth and to encourage bilateral and multilateral debt forgiveness as a means to bolster the country's economic revival.

"This event came at a critical moment," said J. Stephen Morrison, director of the CSIS Africa Program. "The situation in the Congo is building towards a time when the U.S. government can no longer ignore the region. The UN peacekeeping force there recently became the world's largest, and as the country moves towards national elections, regional instability threatens to destabilize the transition process and bring the country back into conflict."

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The Future of U.S.-Korea-Japan Relations: Balancing Values and Interests
Edited by Tae-hyo Kim and Brad Glosserman

The North Korean nuclear stalemate poses a stark challenge to tripartite security relations among the United States, South Korea, and Japan. How the North Korean issue is managed will redefine the security relationship among the three countries. In particular, how and to what extent the United States, South Korea, and Japan collaborate in the six-party talks (along with China and Russia) will demonstrate whether the trilateral process can play a constructive role in managing the security environment in Northeast Asia. In this volume, specialists from the three countries examine: how the security environment and state interests drive security relations among the United States, South Korea, and Japan; the impact of mutual economic collaboration on security cooperation; how ideological and cultural ties can bind a security community; the impact of domestic politics and public opinion on foreign policies (and vice versa); and how trilateral cooperation has been instrumental in dealing with the Korean Peninsula nuclear crisis.

CSIS Significant Issues Series September 2004



Energy Developments in the Middle East

Anthony H. Cordesman

The Middle Eastern and North African region (MENA) dominates world energy exports today and will likely do so for decades to come, even if world consumers make steady progress in conservation, renewable energy sources, and increases from gas, coal, and nuclear power. The MENA region, however, has been the scene of both internal crises and external conflicts. On several occasions, these crises have affected either the flow of MENA energy exports or the development of energy production and export capacity. The politics, economics, and social dynamics that shape threats to regional stability are complex. This important guide outlines the forces affecting each subregion of MENA, including supply, demand, and financing, and forecasts the likely impact that different scenarios would have on energy resources under varying world conditions.

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DESHAZO NAMED AMERICA'S PROGRAM DIRECTOR

Peter DeShazo has been named director of the CSIS Americas Program. Previously, he served as deputy assistant secretary of state for Western Hemisphere Affairs. During his 27-year career in the U.S. Foreign Service, DeShazo served as deputy U.S. permanent representative to the Organization of American States, where he was elected chair of its Committee on Administration and Budget. He also directed the Office of Public Diplomacy and Public Affairs of the Bureau of Western Hemisphere Affairs at the State Department and served at U.S. embassies and consulates in La Paz, Medellin, Santiago, Panama City, Caracas and Tel Aviv.

DeShazo received his bachelor's degree from Dartmouth College, his doctorate in Latin American history from the University of Wisconsin-Madison and did post-graduate study at the Universidad Catolica de Chile.

He is the author of *Urban Workers and Labor Unions in Chile, 1902-1927*, (Wisconsin, 1983) and articles on the industrial relations and social history of Latin America.

2004 MILITARY FELLOWS

Each year CSIS welcomes a new class of military fellows, sponsored by the CSIS International Security Program. There is one fellow from every branch of the U.S. military plus one from the Taiwan military service. The 2004 fellows joined CSIS in the late summer/early fall, and we are pleased to welcome the following:

Captain Mac Bollman (USN) recently joined CSIS for a one-year assignment as navy fellow. During his time at the Center, he will assist the CSIS Beyond Goldwater-Nichols Phase II project, support the Military Strategy Forum, and contribute to additional CSIS studies. Bollman was most recently assigned to the chief of naval operations (CNO) staff as executive assistant to Vice Admiral Patricia Tracey and as the CNO's director for executive decision management. During his time on the CNO staff, he coordinated the sequence and content of decision forums for major CNO initiatives, including the building of the navy's 2006 Program Submission (POM-06).

Colonel Tzyh-Jian (Addison) Chang is a member of the Republic of China (ROC) Army, and currently serves as a military fellow in the CSIS International Security Program. Chang was a research fellow focusing on military transformation at the ROC National Strategic Study Center of the Taiwan National Defense University before this present tour. Prior to his fellowship, he served as an operations staff officer in the ROC Army HQ, where he was responsible for operational plans and affairs. At CSIS his research focuses on force transformation, Taiwan cross-strait relations, and national security.

Colonel John Ewers is the Commandant of the Marine Corps Fellow at CSIS. A Washington, D.C., native, he was commissioned in 1984 and was certified as a marine judge advocate in 1986. As a junior officer, Ewers served as a prosecutor, defense counsel, special as-

sistant U.S. attorney, deputy SJA, military justice officer, and as a recruit training series commander. From 1996 to 1999, he was a military judge on the Navy-Marine Corps Trial Judiciary, presiding over more than 500 special and general courts-martial. From 2000 to 2002, Ewers was the officer in charge, Legal Service Support Section, 1st FSSG—the busiest military justice section in the armed forces—and was responsible for developing the legal service support plan for I Marine Expeditionary Force in Operation Iraqi Freedom.

Captain Stephen Metruck (USCG) joined CSIS from San Diego, California, where he was commanding officer of the Coast Guard Marine Safety Office, captain of the port, and federal maritime security coordinator from April 2001 to July 2004. Metruck brings expertise on maritime homeland security, cross-border issues, and port safety from one of the nation's most strategic ports. While in San Diego, he also carried out responsibilities as federal on-scene coordinator for oil spills and hazardous substances and as officer in charge of marine inspection. Prior to his assignment in San Diego, Metruck served in the political section of the U.S. mission to the United Nations (1999-2001), where he worked on issues related to oceans and law of the sea, disarmament, and peacekeeping operations.

Lieutenant Colonel Mike Plehn is the Air Force military fellow at CSIS. He has an extensive background in special operations, strategy and policy, and electronic warfare. Prior to arriving at CSIS, Plehn was commander

of the 19th Special Operations Squadron at Hurlburt Field, Florida. In previous assignments he has served as aide-de-camp to the commander of Air Force Special Operations Command, speechwriter to the vice chief of staff of the Air Force, and in the Strategy and Policy Division on the Air Staff. He is a senior navigator with more than 1,800 flight hours, including more than 330 combat hours in the AC-130 gunship. He has flown more than 80 missions over Bosnia, Somalia, Haiti, and Afghanistan and has commanded a 250-person detachment flying AC-130 and MC-130 aircraft in combat missions over Afghanistan.

Lieutenant Colonel Bill Stoppel is the 2005 Army National Guard fellow in the International Security Program. He is a military intelligence and human resources officer with over 17 years of military experience serving in traditional National Guard units and as a full-time citizen soldier at the national level. He comes to CSIS from his previous assignment as the deputy division chief for the Personnel Policy and Mobiliza-

tion Division at the National Guard Bureau. He was commissioned in 1987 through the Reserve Officer Training Corps and holds a masters degree in political science from Mississippi State University. His awards include the Armed Forces Reserve Medal with "M" device for being mobilized with the Mississippi Army National Guard's 155th Armored Brigade during Operation Desert Storm and the Meritorious Service Ribbon with three oak leaf clusters.

Lieutenant Colonel Johnny Strain is the Army Senior Service College fellow at CSIS. He attended Officer Candidate School in 1983 and was commissioned an infantry officer. As an infantry officer, Strain has commanded at the rifle platoon and company level in the 25th Infantry Division (Light), Schofield Barracks, Hawaii, deploying throughout Asia. Later, branch transferring to Special Forces, he commanded at the Special Forces Operational Detachment Alpha (A-Team), Special Forces Company (2), and Battalion (2) levels within Special Forces Groups and Joint Commands.



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