

**Initiative for a Renewed Transatlantic Partnership
Proceedings of the 4th U.S.-France Bilateral Dialogue
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The fourth U.S.-France Bilateral Dialogue, organized by CSIS with the generous support of the European Aeronautic Defence and Space Company, N.V. (EADS), was held on April 16-18, 2009. While U.S.-France relations, between both the respective governments and civil societies, have been strained in recent years, this dialogue took place at a time when bilateral relations are on a very positive course. This situation is exemplified by Paris' new position within NATO and Washington's support for European defense.

As one participant mentioned during the opening dinner at the French Ambassador's residence, France's return to NATO's integrated command and Defense Planning Committee are promising, and probably under-rated, steps in the eyes of U.S. policymakers. Washington should take full advantage of France's universalist vocation, expertise and experience as valuable assets at a time when global challenges need to be tackled and the United States has to intervene in many regions of the world where France can provide a unique insight based on its historical experiences.

The dialogue explored a wide range of global and regional issues that impact European and American interests. Participants considered how U.S. and European policies could best be harmonized to achieve optimal advancement of mutual interests and how differences in assessments or policy approaches can be effectively managed to avoid future strains in relations. These proceedings reflect the efforts of the rapporteur to capture the highlights of the discussion in each session. It has not been reviewed or approved by all the participants.

Managing Expectations: The Views from Washington and Paris

The recent visit to Europe by President Obama confirms how central bilateral relations and multilateral ties with European countries are to the pursuit of U.S. strategic goals. President Obama described his role in the various summit and bilateral meetings as one where he would listen, learn, and be ready to lead. President Obama is not seeking to be the patron of Europe. Rather, he is looking for a united and effective Europe that can be a full partner.

On the French side, nobody has lost sight of the fact that the Obama administration will pursue U.S. national interests, particularly with the onset of the global financial crisis. However, Europeans are confident that the Obama administration is committed to close

consultations and will continue and strengthen the pragmatic and deliberative approach to U.S. policymaking, which returned at the end of the second Bush term.

France's expectations relate both to style (listening and soliciting the views of allies rather than simply informing them of a decision and treating them as partners rather than auxiliaries) and substance (committing to multilateralism and to international law and acknowledging that solutions cannot be achieved exclusively by military means). European defense is a major French concern and it is obviously up to Europeans, especially the UK and the East European governments, to deliver. However, recent U.S. statements have eased doubts about Washington's acceptance of this development, and further U.S. assistance could help Europeans carry out needed reforms. Several French speakers noted that France's assumption of command of Allied Command Transformation and the Lisbon Command will give it an important role in shaping and benefiting from alliance transformation.

For some, there is confidence that these goals are not excessive, given the structural incentives to converge in a multipolar world and the need for a united Europe to address common challenges. For others, on the contrary, the mere fact that so much emphasis was placed on managing expectations indicates that, even though the latter was successfully dealt with, the main risk could be to manage reciprocal skepticism. The Obama administration hopes that France's full participation in alliance military structures, as well as a new Secretary General, a new SACEUR, and a new strategic concept will give NATO new dynamism. The alliance also needs to move forward with renewed engagement with Russia, which is a difficult, but a necessary partner. Two U.S. concerns are: how to sustain domestic support for NATO missions and how to ensure that France's reintegration will yield two pillars in the Alliance. A senior U.S. official noted that President Obama made no specific requests of European governments for additional troops to support the recently concluded U.S. review of strategy toward Afghanistan and Pakistan. However, as the President has stated publicly, he views the commitments that allies made to provide military, police, and civilian capabilities for Af-Pak at the Strasbourg-Kehl Summit as a "down payment" and that further European support is required to ensure success of the mission.

There was an extended discussion of relations with Turkey. Several French participants expressed strong concern with President Obama's public endorsement in his Ankara speech of Turkey's full membership in the EU. Several French participants contended that such declarations brought the issue to the forefront in the recent European election campaign when a "no drama" approach would have been more helpful. They argued that such declarations are fuelling non-realistic Turkish expectations, when Ankara's accession could not happen in the next 20 years due to public opposition in France as well as Germany, Austria, and other key member states. The U.S. is concerned that such a timeframe would pose the risk of losing Turkey as a key ally.

Shaping a New Transatlantic Relationship

It is a rare moment when it is possible to build a different, more effective relationship between Europe and the U.S. Since World War II, it has been based upon the defense of Europe by the U.S., which has served as an excuse for both European irresponsibility and

American paternalism. But, beyond the current transatlantic enthusiasm, a new relationship could emerge under three conditions:

- The U.S. can confirm its intention to deal with Europeans as true partners, sharing strategies as well as burdens;
- Europeans must be willing to step up to the plate and reason at a strategic level;
- This new partnership must prove itself able to find common responses to the unstable and chaotic world that is to come.

This defining moment will have to overcome important challenges, starting with the current economic crisis. These challenges require the adaptation of crisis management mechanisms and implementation of long-term reforms, especially in the realm of international institutions and global norms. They may even call for major policy choices such as the need to strike a proper balance between realism and transformational idealism.

Several speakers noted that such a relationship will require substantive and sustained transatlantic dialogue on a broad range of issues. Europe also has to engage more effectively in the management of key global challenges. Even though Europe may not be equipped to re-launch the Israel-Palestine peace process, it should be able to play a greater role once a new impetus is provided. It was agreed that U.S. and European policies toward Russia and China need to be carefully coordinated.

Finally, the EU and the U.S. have to come to grips with the limits of Western influence in the international system. The emerging multipolar world is making the continuing desire of the West to shape the emerging world order by itself a more elusive proposition. We need to pay more attention to new actors, e.g. China and India, and anticipate their strategies.

NATO at 60: Bigger, Bolder, Better?

While U.S. and French views as allies may sometimes diverge, it is clear that both countries follow a common path and are committed to defend many common interests and shared values. NATO has proved its usefulness in this regard many times over. With France back in the integrated military structures, the two governments can now focus fully on the major question of what kind of Alliance they envision in the years ahead. From the recent summit, it seems the United States and France agree NATO should be: bigger (Albania and Croatia increased membership to 28 countries, with the door remaining open to others, including Georgia and Ukraine—even if their membership in the next several years is a remote possibility); bolder in terms addressing issues relating to both Article 5 and irregular challenges (see the declaration on Alliance Security); and better by streamlining military operations and management of headquarters in Brussels (reform of committee work and realignment of military headquarters is essential if NATO is to be more agile). The next Strategic Concept will have to push us forward in these directions and must also capture the interest of our respective legislative bodies and publics.

As far as Afghanistan and Pakistan are concerned, France and the United States share the assessment that common, vital interests are at stake and the two governments should act jointly to convince other Europeans to commit more resources to the mission and admit there is no quick fix. One French participant suggested that what is needed is more incentive to share the burden, because the current situation seems to deter such behavior. More broadly, the risk of a two-tier NATO was also discussed. The Afghan mission shows there is a need for greater resources in both stabilization and counter-insurgency operations and exposes the uneven willingness and capabilities of member states to commit personnel to the latter, including on the civilian side.

It was agreed that Allies have to provide substance to the NATO-Russia Council in order to engage Moscow effectively and that political exchanges, not just military-military cooperation, should take place in this framework. NATO has to make clear that it will not compromise its values, principles, or interests. For instance, it should encourage Russia to meet its commitments with respect to Georgia. It also has to build upon past successes in engaging Russia, mainly through practical cooperation (peacekeeping, counterterrorism, counter-piracy) on Afghanistan and missile defense.

The potential areas of cooperation between NATO and the EU are broad, especially with regard to the renewed challenges to all forms of transatlantic security (including cyber, energy and other forms of security). NATO and the EU should also focus on classic collective security issues to include the harmonization of approaches to enhanced military capabilities and economies of scale in support areas. With a longer term view, a great transatlantic market of security and defense could be envisioned. Any breakthrough in NATO-EU cooperation, however, rests with improved ties between both Turkey and the EU.

As is often said, France never left NATO. However, even with France already a major ally and taking part in most of the committees and, obviously, fully seated at the North Atlantic Council and the Military Committee, France's recent step has to be considered as significant. Paris wants to play a constructive role within the Alliance, and hopes responsibilities such as its leadership role in the Allied Command Transformation will make it able to further underline its sincerity.

Afghanistan-Pakistan: Developing a Regional Approach to Stability

The U.S. Afghanistan policy review struck a balance between different visions and priorities and combined several elements to produce an integrated strategy. There are two important new elements: Pakistan is squarely on the agenda and there is an openness to negotiations with some elements of the Taliban. The strategy calls for scaling back goals, increasing resources (troops, funds, time), replicating tactics that worked in Iraq such as exploiting divisions among adversaries, and a focus on counter-insurgency tactics. The strategy has yet to be fully implemented and the precise shape of it will not be clear until it has been employed. It was noted that many of the principles of the new U.S. strategy, particularly the call for better integration of civilian and military capabilities, were agreed to by NATO at its April 2008 Bucharest Summit.

Cooperation among Allies will be of the utmost importance. One participant suggested NATO and the EU should focus on supporting and enhancing the Provincial Reconstruction Teams, while U.S. forces should lead the counter-insurgency strategy. Both sides concurred that Europeans have an important role to play in military and civilian activities and must enhance both elements of their engagement. As far as Paris is concerned, after taking on a higher profile militarily (more troops, moved toward the East), it has also strengthened its commitment on the diplomatic front (Bucharest NATO Summit, Paris conference) and is now considering a more substantial contribution on the civilian front. They also mentioned the difficulty of contributing to a mission not supported by the public, whose perceptions are fuelled by clichés (“no foreign military operation ever succeeded in Afghanistan”).

According to one participant, the success in Afghanistan will not come from efforts focused on governance. The Soviet Union failed by focusing on Kabul’s authority and so would the West, even if we are now supporting democratic modernizers rather than communist leaders. The right path ahead was rather to opt for a reconciliation-based strategy. Another proposed idea was that we should not focus on the endgame, but rather reverse the current downward trends in the security situation. Several participants mentioned the need for political openness and the challenge of negotiating with the warlords and elements of the Taliban without undermining the Afghan government.

The focus of the debate quickly shifted to Pakistan. Is the new Af-Pak strategy a way to refocus Western engagement from Kabul to Islamabad, including a long-term commitment to support reform of Pakistani politics and society? Or is it just a means to enhance the situation in Afghanistan, which many participants deemed more plausible, but less effective? Pakistan is a loaded issue for the Alliance: France withdrew its special forces in 2007 to avoid possible involvement in Pakistan. It would be better if Islamabad and Washington were not left in a stand-off.

Russia’s Future in European Security

Russia is definitely more assertive, more openly revisionist, more influenced by a zero-sum game vision, and more likely to act out of frustration than it was before. Yet, it is also weakened by the economic crisis, which could put in jeopardy the current social and political contract (prosperity and national pride as quid-pro-quo against support for the Kremlin and neglect of politics). It is also aware of its strategic limitations as well as of coming challenges (demographic and economic trends), but still could prefer nationalistic adventurism. The question is whether we can achieve a greater awareness of interdependence and how it may drive Moscow toward a more responsible behavior.

Many in the United States consider Europe as a less important strategic region now than during the Cold War. It knows that Russia has only a limited capacity to be helpful on major issues on the Obama administration’s agenda (except on disarmament). This is an explanation for Russia’s behavior, because only Washington can give Moscow the international status it seeks. This explains the disruptive spoiling tactics that continue to be employed by the Kremlin.

On this issue, the EU and the U.S. share the same fundamental interests, i.e. making Russia a reliable and trustworthy partner. Only the hierarchy of what is at stake may differ, since the EU is directly concerned by risks associated with an unstable and weakened common neighborhood. The U.S. insists that Europe should not let itself be divided by Moscow. The Obama administration should also be cautious to not allow Russia to divide the U.S. and Europe, either through a strictly bilateral approach or by allowing the EU to be used as a mere stepping stone. We have to work collectively, from both sides of the Atlantic, to reach normalization and to avoid manipulation. The fact that engagement is supported by both the U.S. and the majority of the EU is a positive sign of how much we can achieve in regard to our relationship with Russia in the coming years.

President Medvedev's proposals on European security should be taken seriously and debated in various fora. Security in Europe and the security of Europe are not issues that should matter only to Europeans. Europe needs to do its part, in particular by developing its neighborhood policy. Additionally, NATO should maintain the current measured approach to its enlargement while also taking concrete steps to address the security concerns of "new" members in Central and Eastern Europe.

Even though many endorsed a dual-track strategy of engagement and resolve in relations with Russia, some participants did portray a darker vision of the situation. There was broad agreement that "reset" was probably not the most useful characterization of the U.S. policy because it implied wiping the slate clean. Moscow has not reset its own strategy and might interpret some shifts in U.S. policy as accommodation (missile defense, NATO enlargement, human rights) rather than opening the door to a new kind of relationship. An engagement strategy can go only as far as Russia is willing to engage and adjust some of its own policies. The over-personalization of the bilateral relationship, as displayed by the previous administration's approach to Russia, should be avoided. A more assertive push-back strategy could also be preferred, and at minimum, a plan B to the current engagement strategy is needed. The United States and Europe should pursue engagement with Russia with eyes wide open.

Geopolitical Consequences of the Global Financial Crisis

There was broad agreement among participants that the crisis itself is serious, of a systemic nature, and deeply undermining confidence in the global economy. What is sometimes characterized as potential signs of recovery should more exactly be qualified as a slowing down of the crisis, and is most likely due to stocks management. A French participant noted that while the practices of some U.S. financial institutions and regulatory lapses by the U.S. government have played a major role in the crisis, the United States does not merit exclusive blame.

U.S. and Chinese stimulus plans could suffice to return the world to a period of growth, with many economies benefiting from renewed demand, but also competitive advantage from the revaluation of the dollar and the yuan. Yet, other scenarios should be considered. The IMF's bet (pulling toxic assets out of the economy so as to unplug the credit canalization) may be challenged by the lack of confidence. Just as the U.S. Treasury's bet is risky if the toxic assets' low prices are due to massive insolvability rather than insufficient liquidities. New bad loans resulting from businesses' bankruptcies

could trigger a double deep scenario with a new recession sometime in 2013. Current permissive monetary policies are fundamentally non-cooperative. They may end up in a monetary battle and, at the end of the day, fuel the return of an uncontrolled inflation. Even if it proves effective, the U.S. strategy will have to shift one day from twin deficits to more savings and fighting global imbalances. The question is how will the administration be able to transition from one to another?

As far as economic governance is concerned, significant progress has been made. The creation of the G-20 is itself a major step forward. The strengthening of the IMF and the creation of the Financial Stability Board with a new focus on macro-prudential regulation are laying the foundation for much needed reforms. Yet, further progress is required. The structure of power within these institutions (or their accountability) needs to be addressed, in order to reach a new target of financial price stability or to set up a proper system of international monetary governance. As far as the EU is concerned, a more effective political governance of the euro-zone could prove useful. At the IMF, a unified representation would probably translate into more political weight, even if there is a loss of voting rights.

More broadly, the crisis is reshuffling the world political landscape. Its impact is being compounded because more and more issues are being linked (e.g. energy-climate-security or trade-poverty-immigration). The crisis is likely to trigger new threats from weakened states, the rise of radicalization, and plausible violent outbreaks. As a result, institutions, in particular the G-20, have seen tensions arising from the temptation of non-realistic and “national solutions” and are manifested in an international power struggle. Russia is weakened by the crisis, with its political and social contract coming into question and Africa has been hit very hard. China could emerge from the crisis in a relatively enhanced position if it succeeds in changing its growth regime from being capital-intensive and resource-consuming with uneven distribution of income, to a system with more efficient consumption of capital, improved productivity, a more equitable income structure, and a broader social safety net. Participants questioned whether the “Chinamerica” model of global growth can be sustained for the long term since China appears inclined to move from its dependency on the U.S. export market and having the yuan pegged to the dollar.

In this shaken global landscape, is Europe bound to be sidelined? Europe has a lot to lose in the perspective of a new bipolar order between Beijing and Washington and even more in the case of global chaos. Tensions from within (North vs. South, East vs. West) have to be addressed. Its ability to act as a true global player will be vital to its future. However, one American participant underscored Europe’s assets and said he probably had more confidence in Europe than Europe has in itself.

Gaza’s Aftershocks: The Future of Arab-Israeli Relations

One participant warned that we should avoid complacency on the broader Middle-East region when there are still many reasons for concern. It remains a complicated region which requires strategic thought, yet the West must address one issue at a time. In addition to Iraq, Iran, Afghanistan and Pakistan, the Israel-Palestine peace process is obviously a key issue that needs urgent attention from European and American leaders.

There was a broad consensus that the Israel-Palestine peace process is a pressing concern due to its intensity and its potential near global impact from the East of Egypt to the West of China. Maintaining the status-quo on the peace process does not necessarily translate into a static situation on the ground. On the contrary, this diplomatic course would be a recipe for growing and intensified violence, the potential for creating more obstacles to any eventual solution, and rising prospects for unilateral adventurism on other regional crises.

Many agreed with a keynote presenter that there are four parameters of any viable resolution beyond the obvious need for a two-state solution:

- A return to 1967 borders, with minor, reciprocal and agreed-upon modifications;
- Compensation in lieu of the right of return for Palestinian refugees;
- Jerusalem as home to two capitals, with the old city under some kind of international control or special status; and
- The existence of a non-militarized Palestinian state with an international peacekeeping force (including U.S. forces) deployed on the Jordan River in order to address Israel's legitimate security concerns.

The discussion revealed a general agreement that a spontaneous move by Israel and the Palestinians toward such a solution is unlikely, and therefore, the impetus needs to come from a third party. The United States has a vital role to play in this regard, especially for those who believe that the key to an agreement depends on the Israeli side. The Palestinian leadership is damaged, divided, and ineffective as a result of a deliberate Israeli strategy that PM Olmert himself acknowledged at the end of his term. Only after a new impetus is provided, which the U.S. alone can create, Europeans and others may have a role to play in aiding the reconstruction of the Palestinian authorities. The Obama administration will have to continue to show that it is serious about tackling the issue early on and sustain such an effort throughout its tenure.

The Broader Middle East: Iran's Threat to Regional Stability

According to one participant, Iran suffers from a conflict between its imperial past and its impoverished present and future. The sense of grandeur Teheran inherited from its imperial past equates its importance within the international system to that of the West or the Arab world. It is also encouraged by its recent successes (especially in Afghanistan and Iraq) and its tactical successes in managing proxies, threats, resources or negotiations. The paradox is that Iranian leaders are also mindful of their weakness, both internal (such as poverty and declining energy prices) and external (strategic isolation and vulnerability). In this context, Iran's nuclear program is an important affirmation of its status, which makes backpedaling all the more improbable. The West needs to raise the cost of Teheran's non-cooperative behavior and find other ways for it to achieve its goals.

There was a general consensus that neither an Iranian bomb nor bombing Iran is a desirable outcome. The United States and Europe need to find a third solution in order to avoid a regional catastrophe. The U.S. has a particular role to play, especially when Arab states from the Gulf or other powers like China are not eager to show leadership on the

issue. The Gulf Arab states fear U.S. disengagement from the region. They would prefer an Iran with nuclear weapons and a strong U.S. presence in the region to deter Iranian hegemony over efforts to eliminate the Iranian nuclear program particularly by force. From what is known at this point about U.S. strategy toward Iran, it seems to be moving from confrontation to dialogue, but it is unlikely that dialogue can advance very far before the June 12 Iranian presidential elections. President Obama is a more challenging interlocutor for the Iranian leadership than was President Bush, and they appear to be a bit unsure about how to engage Washington now. It is also not yet clear who will have the lead on policy development within the Obama administration. If the administration does pursue a multilateral approach to push Teheran to adopt a more cautious policy, including by continuing to keep the Iranian leadership off balance and less cohesive, the United States will stand a better chance of achieving its strategic objectives.

Another participant reminded everyone that Iran and the United States are involved in three simultaneous crises that are intertwined and define dynamics in the broader region, either directly or via proxies: Israel-Palestine, the Persian Gulf, and Afghanistan-Pakistan. This situation suggests the need for a triangulated approach. It could be adapted based on the outcome of the upcoming presidential elections, which could strike a different balance among the three major trends in Iranian domestic policies: nationalism, Islamism, and the rise of a middle class open to the rest of the world. Overall, a strategy of engagement was broadly supported by the participants. In order to move forward, it is important to avoid responding to deliberate provocations. It is also key to emphasize issues of mutual interest, including Iraq and Afghanistan. Careful coordination of policy is of paramount importance.

Discussions of the broader Middle-East touched on several related issues. It was noted that Israel may have fought its wars against Hezbollah and Hamas in order to prevent Iranian retaliation through its proxies; however, even if that is the case, the short-term military and security gains will be outweighed by the political losses vis-à-vis both Palestine and the international community. A better strategy would have been to force Hamas to deliver on its promises to Palestinians and to strengthen Abbas. However, Israel is clearly obsessed with Iran, which it sees as an unpredictable threat to its very existence.

Egypt's role was also discussed and several observers argued that its traditional image as a major regional power needs to be reassessed. Cairo, they contended, is currently more of a subcontractor for a regional Arab policy that is devised and funded by Riyadh. Egypt is not necessarily effective in this role, and could see its strategic relationship with the U.S. shaken. The economic crisis is also going to play a major role for the future of the country, as it may undermine the main area upon which President Mubarak built his political legitimacy. With potential unrest, notably amongst the security forces, the next political succession looks uncertain.

Are these issues a potential source of transatlantic disagreement? One participant mentioned the fact that while Israel is a domestic issue on both sides of the Atlantic, the Arab world is still only viewed as a foreign policy problem for Washington. This is not the case for Europe and could suggest that the United States will not push Israel very hard to achieve a settlement of its differences with the Palestinians. Participants also agreed on

the importance, particularly for France, of dealing effectively with the demographic growth, migratory flows, and security issues posed by the Maghreb. Overall, the broad convergence among the group on how to deal with Iran and the Greater Middle East was noted and saluted by participants.

Energy Security and Climate Change

The U.S. is now engaged in closing the gap on climate change, in the difficult context of volatile oil and gas prices. The stimulus plan and discussions about cap and trade suggest the new administration is sincere. Some gestures may be made before Copenhagen to comfort partners and stakeholders. Yet, it will be difficult for the U.S. to fit into the international calendar, because of its incomplete political transition, its congressional process, and the enhanced domestic constraints caused by the financial crisis. Moreover, Washington has to secure China's position before returning to the Senate with international commitments to be ratified. If China's commitment to the target is less than certain, Beijing could probably be engaged through its actual environmental concerns, which are very close to the ones the West encountered in the 1960s.

It was also noted that the current crisis does not change the nature of the problem since the goals remain the same. Yet, the crisis plays a role, in particular with highly volatile oil and gas prices, and more broadly through the conditions needed for investments (especially as far as nuclear energy is concerned) to be funded. If investments do not keep up the pace, the risk is not only that climate issues may not be addressed, but also that we could face another California-like crisis. Some unreliable electric networks could still be a problem for an important part of the world population, including in developed countries. Another important issue for business competition reasons is standards and technology regarding the R&D aspects of the issue.

Energy security is a critical issue. Diversification of oil and gas sources is a traditional national security concern still highly relevant today. Other issues, however, are complicating the picture. As far as nuclear energy is concerned, there is a clear need to take safety and security issues into account in a collective manner. Moreover, climate change could provoke other risks and threats to national and international security.