



Security Threats and Responses In Central Europe

CSIS New European Democracies Project and CSIS Defense Industrial Initiatives Group

Report prepared by Besjan Bocka, Jasenka Jovic, Adrienn Petrovics, and Rossen Tzanov

About the Project

On April 2-3, 2007 the CSIS New European Democracies Project and the CSIS Defense Industrial Initiatives Group (DIIG) hosted a two-day conference entitled *Security Threats and Responses: Regional Perspectives*, as the first part of the series "Central and East Europe's Security Agenda."

The conference focused on pan-European and Transatlantic security priorities, such as the U.S. proposal for missile defense sites in Poland and the Czech Republic; defense industrial base integration and modernization; internal and external challenges to NATO transformation; collaborative EU and NATO strategies toward frozen conflicts in Eastern Europe; and European energy security. The event featured key security experts, political analysts, and officials from the U.S. and Central-East European (CEE) region.

Current Security Challenges in Central Europe

From the perspective of the Euroatlantic community, Central Europe faces three main security issues that will need to be addressed in the near future. First is the question of an economically empowered and increasingly assertive Russia, which has become a destabilizing factor in the region. The CEE states remain on the radar screen of Moscow's long-range ambitions for political influence. Second, energy is becoming a primary national security concern and not just an issue of commercial interest. Third, the region is not exempt from the threat of international terrorism, organized crime, weak governance, and rogue states.

Energy Security and the Role of Russia

Prior to the 2004 elections in Russia, Moscow was not high on the security agenda in Washington. In the immediate post 9/11 environment, security concerns overshadowed any debate on the role of Russia in its former satellite states and the relationship between President Putin and President Bush was guided by their consent on the issue of international terrorism. Now, as Russia is growing more powerful and assertive, U.S. – Russia relations are experiencing contesting interests. Considering Russia's aspirations to restore its great power status, Europe has become the region where Washington's and Moscow's agendas clash. However, U.S. attention is mostly focused on the Middle East, thus opening the door to more aggressive Russian policies toward and within Europe.



Introductory remarks by project chairs
NEDP Director **Janusz Bugajski** and DIIG
Senior Fellow **David Scruggs**.

The Central European States remain on the radar screen of Moscow's long-term ambitions for political influence.

First, Washington should be concerned with Russia's political efforts to monopolize gas deliveries to Europe. Second, at the corporate level, the U.S. should understand how Russian companies frequently operate internationally as the Kremlin's proxies, using economic leverage to exercise political power, especially in Central Europe and the Baltic states. Third, is the issue of nonproliferation, which seems to have a secondary status in current U.S.–Russia relations. The security of Russia's nuclear facilities must be a top priority for U.S. and Transatlantic security.

Russia has not ratified the Energy Charter treaty, which allows Moscow to avoid compliance and undermine any attempts to devise a common EU energy policy.

The European Union also appears passive with regard to Russia's strategy. The Union continues to struggle with internal divisions on foreign policy and energy issues, thus appearing even weaker and more vulnerable to Moscow. The Kremlin exploits this weakness by dealing with European states on a bilateral basis. Many West European states continue to perceive Russia as a reliable energy partner rather than a geo-strategic competitor. However, Russia has not ratified the Energy Charter Treaty, which allows Moscow to avoid compliance and undermine any attempts to devise a common EU energy policy. This further deepens the divide among EU member states. In order for Brussels to gain some leverage with Moscow, it needs to press Russia to sign the Energy Charter Treaty or impose appropriate penalties.

The EU should also reach out to Central Asia and negotiate gas deliveries independent of Russian intermediaries in order to diversify energy supplies and lessen dependency on Russian infrastructure. In fact, Russia's deposits alone are insufficient to meet the European demand for natural gas and a big portion of Russia's gas exports originate in Central Asia. Moscow buys Central Asian gas in large quantities and uses its developed infrastructure to deliver to Europe for large profits. For instance, 80 percent of the gas that Moscow exports to Ukraine is not Russian but Central Asian. Therefore, it is in Europe's best interest to negotiate gas shipping with the Central Asian countries directly. Breaking Moscow's monopoly on gas deliveries to Europe will limit the EU's energy dependence on Russia, boost competition in the sector, and lower prices for European consumers. It will also force the Kremlin to invest in increasing its production capacity. There has been a growing interest by the Central Asian republics to enhance cooperation with the EU and to find opportunities to sell energy directly on the European market.



CSIS Senior Associate Keith Smith discusses European Energy Security issues on Panel One.

Russian gas intermediaries also represent a powerful penetrating political force and a direct security threat to the countries along Russia's borders. These opaque companies penetrate CEE through multibillion-dollar tenders, thus increasing their influence and tightening Moscow's grip over those countries. Behind such companies there is enormous political support from the Kremlin. For instance, numerous spin-off companies from the gas monopolist Gazprom have been established in Europe, greatly hindering transparency in energy deals. This scheme adds a powerful new dimension to organized crime in CEE that represents a greater security risk for the region than traditional criminality.

With regard to energy security, Central Europe's main concern is to decrease its dependence on Russian supplies through infrastructure projects for pipelines and electrical power, as well as lignite coal

projects. Although the majority of Poland's power demand is met by coal, oil accounts for 23 percent of the country's energy needs, 95 percent of which is imported. Natural gas accounts for another 11 percent of energy sources, 75 percent of which is imported. Given that 65 percent of the coal reserves in Europe are on the territory of Poland, the Czech Republic, Slovakia, and Germany, Central Europe is increasingly looking toward efficient and environmentally friendly coal mining to contribute to its energy needs.

The Central European Perspective

The roles of the EU and NATO are of vital importance to the transformation of Central Europe. In a historically turbulent region that has witnessed clashing empires, nation building, world wars, and communist dictatorships, the process of Euroatlantic integration has brought a new era of democracy, peace, and prosperity. Not only is Central Europe not perceived as a security threat any longer, but also the region can actually offer its capacity to solve external security threats such as those in the Balkans or the Middle East.

As members of both NATO and the EU, the Central European and the Baltic states share the same security priorities as their U.S. and European allies and they are heavily involved in stabilizing Iraq and Afghanistan. But the geographic areas in their immediate periphery such as the Balkans, Georgia, and Ukraine remain a primary security priority for them. Central European capitals are prepared to assume more important roles in NATO, the OSCE, and the EU with regard to those regions.

In addition, CEE is not immune from numerous security threats that do not originate in the region, but could nonetheless pose serious challenges for those states. The risks from international terrorism, organized crime, illegal immigration, as well as populist nationalism represent a growing concern. The Central European states are seeking to improve their capacity to deal with any potential instability resulting from these and other threats.

The proposed deployment of U.S. missile defense sites on the territory of the Czech Republic and Poland has also become central to the security debate in the region. Concerns have been voiced that the sites could lead to confrontation with Russia, or make Central Europe a target for rouge states and terrorist attacks. Washington is assuring its European allies that the anti-missile defense shield offers an advanced security feature that stretches beyond the recipient countries and offers protection that the whole continent can benefit from. An installation comprised of a radar in the Czech Republic and missile interceptors in Poland does not have the geographic and technical capability to pose any threat to Russia. The ultimate goal of the project is to deter a potential nuclear threat emanating from the Middle East.

U.S. Missile Security

Program Status

After the United States announced that it would withdraw from the Anti-Ballistic Missile (ABM) Treaty in 2001, it outlined a plan to begin deployment of operational ballistic missile defense systems. DoD's overall Ballistic Missile Defense plan includes ground-based, sea-based, airborne, and space-based systems. The Ground-Based Midcourse Defense system is the land-based missile interceptor system and it



Petr Kolar, Czech Ambassador to the United States, Audrius Bruzga, Lithuanian Ambassador to the United States, and Krzysztof Stanczyk, Polish Institute of Mining, discuss the CEE perspective on security issues in Europe.

consists of ground-based interceptors, X-band radars, early warning radars, space-based sensors, and battle management command, control and communications.

Between 2004 and 2005, a total of seven ground-based interceptors were deployed in Fort Greely, Alaska, and another two at Vandenberg Air Force Base, California. In September 2006, the system was successfully tested.



*CSIS Senior Fellow **David Scruggs** chairs the panel on U.S. missile security. Deputy Assistant Secretary of Defense **Brian Green**, **Patricia Sanders**, MDA, and **Mira Ricardel**, Boeing, served as panelists.*

Formal negotiations to expand the BMD into the Czech Republic and Poland were launched in January 2007. The U.S. proposed to build a ballistic missile tracking radar in the Czech Republic and to install a small number of long-range interceptors in Poland. The U.S. Missile Defense Agency (MDA) expects to make a decision on these programs by the end of this year. Lt. Gen. Trey Obering, the head of the MDA, has said that Boeing will be the lead integrator of the proposed European site. Subcontracts for specific systems and facilities for this third site will be open to competition.

The overall cost of the Czech and Polish facilities is projected by MDA to be about USD 3-3.5 billion, of which USD 700-900 million in contracts is planned to go to local firms. The interceptor installations in Poland are estimated to cost about USD 2.5 billion, while the rest of the funds would be used for the related radar facility in the Czech Republic. However, additional infrastructure has not been included in the total costs as yet. There will be no direct costs to Prague or Warsaw for the construction of the missile defense sites. The construction of the sites is expected to start in 2008 and the initial capabilities will be available by 2011. Full operational capability is expected by 2013.

The Political Debate Over BMD

The U.S. proposal to build radar and missile interceptor sites in Central Europe has sparked controversy both within Europe and with Russia. Washington has been presented with the challenge of explaining the benefits of the anti-missile sites to its European allies.

The missile defense shield in Central Europe will specifically target long-range missile attacks against NATO members. Early-Warning-Radar sites already exist in the UK and Denmark, and have recently been upgraded, but the interceptors in Poland and the radar site in the Czech Republic will take missile defense a step further by detecting and intercepting medium- and long-range ballistic missiles originating from turbulent regions such as the Middle East, especially Iran.

Iran has been working to develop long-range ballistic missiles to increase its strike capabilities. Iranian President Mahmoud Ahmedinejad has consistently made open threats against Israel and has displayed a belligerent stance toward the U.S. It is expected that Iran will achieve Inter-Continental-Ballistic Missile (ICBM) capabilities by 2015 and therefore defensive measures are necessary. Long-range interceptors have already been deployed in Alaska and California to counter North Korean threats.

U.S. State and Defense Department officials assert that the proposed sites will simultaneously bolster both European and American security. Also, not only would the missile shield protect the U.S. and its allies, but also its troops deployed overseas. Currently there is no capability to protect troops abroad from intermediate and long-range threats originating from "rogue states." The future of the project remains

The proposed missile defense sites in Poland and the Czech Republic are intended to detect and intercept medium- and long-range ballistic missiles originating from turbulent regions such as the Middle East, especially Iran.

dependant on the final phase of negotiations with the Czech and Polish governments.

Meanwhile, Moscow has voiced alarm at the U.S. proposal and has asserted that it views expansion of the U.S. Missile Shield as a hostile act toward Russia. In response, Washington has underscored that it is trying to build a partnership with Russia and not initiate another arms race. The two sites in Central Europe do not have the technical capacity to intercept Russian ballistic missiles. Furthermore, the U.S. side has invited Russian officials to numerous consultations in the hope that dialogue would result in constructive solutions. It is also important to note that Russia has already deployed four S-300 surface-to-air systems in Belarus along the Polish border, reportedly in retaliation for the recent delivery of U.S.-made F-16 fighters to Poland. The S-300 is capable of tracking and destroying ballistic missiles, cruise missiles, and low-flying aircraft.

Central Europe in the Context of European Integration and the Transatlantic Alliance

Both NATO and the EU have played very significant roles in consolidating political and economic reforms in CEE during the past decade. However, today both blocs are suffering from an identity crisis. Since the end of the Cold War, NATO has expanded its geographic reach and operational scope, but this has also resulted in conflicting views over NATO's future role and mission. Similarly, the EU is undergoing intensive discussions with regard to the deepening and widening of the European project. Meanwhile, both sides of the Atlantic are facing security challenges with global implications, stemming from insecure energy supplies, the proliferation of WMDs, the rise of China, ethnic conflicts, and various regional crises. The CEE states are concerned with two main questions: whether the EU and NATO will be able to overcome their internal debates and achieve a level of coordination and complementarity to tackle these challenges, and what role the newest members can play in the process.

The Future of NATO

NATO has changed its original core responsibility from deterring the Soviet threat against its members, to the post 9/11 era of battling the dangers of terrorism and weapons of mass destruction that originate beyond Europe's borders. NATO's transformation poses several important challenges for both old and new members.

Some analysts argue that NATO as a multinational military organization composed of countries with shared interest in maintaining global stability, has unparalleled potential to cope with today's challenges. The success or failure of the Alliance in Afghanistan, which is the bloc's first deployment outside of Europe, will demonstrate whether it is capable of achieving that goal. Today, ISAF, of which NATO formally took charge in August 2003, has operations in almost all thirty-four Afghan provinces, engaging about 32,000 U.S. and allied forces in security assistance and counterinsurgency and 8,000 troops in counter terrorist operations. Despite some significant progress, such as the formation of the Afghan National Army, grave challenges continue to face NATO, including the Taliban-led insurgency on both sides of the Afghan-Pakistani border, booming opium production, limited public



CSIS Europe Program Director **Julianne Smith** chairs the panel on the future of NATO and EU. Panelists include Ambassador **W. Robert Pearson**, The Spectrum Group, **Angelos Pangratis**, Deputy Head of the Delegation of the European Commission, and **Stephen Larrabee**, RAND Corporation.

The success or failure of the NATO mission in Afghanistan, the bloc's first deployment outside of Europe, will demonstrate whether it is capable of coping with today's security challenges.

for the government and central institutions, corruption, crime, the stalling of economic growth, high rates of unemployment, and energy shortages. If NATO is not capable of ensuring stability and security in the country, confidence in the Alliance will be seriously undermined.

If the NATO mission in Afghanistan were to fail, it may encourage Europe to aim to further develop its own separate defense and security structures. This will place NATO under even more scrutiny and erode its solidarity. The EU's European Security and Defense Policy (ESDP) is still embryonic. Its ultimate goal is to facilitate greater integration within the Union in developing civilian and military capabilities for international conflict prevention and crisis management. The EU currently has 4 military and 12 civilian missions around the world. However, internal EU power struggles and the debate concerning sovereignty vs. supranationalism in the field of foreign policy, may hinder the realization of such common efforts. Without the necessary political, strategic and budgetary support, the ESDP lacks an integrated policy.



NEDP Director Janusz Bugajski chairs the session on Central Europe's role in Transatlantic relations with Judy Garber from the U.S. Department of State and Senator Franciszek Adamczyk, Chairman of the Defense Committee of the Polish Senate

The Central European states are concerned about the challenges facing both NATO and ESDP. They continue to see NATO, with its U.S. umbrella, as the sole guarantor of security and actively advocate for U.S. and European commitments to revive and transform the Alliance. They fear that should NATO lose its stature as a military bloc and a system of collective security, they will be left to deal with a weak EU alternative and an eroded Transatlantic relationship.

But the Central Europeans also need to define their own role in a transformed NATO. First and foremost is the question to what extent are these states capable of and willing to contribute to the new, global mission of NATO and increase their military expenditures. Second, they have to decide if they are willing to develop high tech expeditionary forces that can operate effectively with other NATO units outside Europe. Furthermore, they have to convince their own publics that NATO interests also represent their national interests.

Russia also plays a significant role in NATO's evolution. After a period of passivity that characterized Russian foreign policy after the end of the Cold War, President Putin has claimed a more dominant role in CEE and along Russia's frontiers. This will increase demands from the Baltic and Central European states for greater attention and activism by NATO. The debate over the installation of the missile defense system is a valuable example of why NATO should be more engaged in dealing with Russia on continental security issues.

The Future of the EU

The history of the EU has been a remarkable success. It has brought about a model of regional integration with a single European market. One of the most successful features of the Union is its transformative power generated by the EU enlargement process. However, after the two recent round of enlargement, in 2004 and 2007, enthusiasm in the Union for further expansion and for deeper integration has diminished. Relative economic stagnation in Western Europe, fears about the influx of cheap labor from CEE, and resistance to relinquish sovereignty and national identity are among the reasons why French and Dutch voters rejected the EU's Constitutional Treaty in 2005. These factors were also linked with the rise of nationalist and populist forces in several countries.

The future of Europe will be largely determined by the EU's ability to

recover from the failure of the Constitutional Treaty and its capacity to decide on the components of European integration. There is also the question of European identity: where does Europe end, should countries such as Georgia, Ukraine, and Turkey be included in the Union, and what is the EU's capacity to integrate new members. The EU's institutional structure was originally designed for a much smaller and more homogenous organization. The recent enlargement has had a significant impact on the EU's political balance and decision-making, and the modernization of institutions is inevitable for the smooth operation of the Union.

Although in principle the widening and deepening of the EU are processes that are supposed to occur simultaneously, the EU is becoming more introverted. European leaders are increasingly focusing on the Union's "absorption capacity" and the necessity to deal with current internal challenges before considering another round of enlargement. This raises anxieties in several countries in Eastern Europe and the Western Balkans concerning their candidacy for the EU. The prospect of EU accession provided an incentive to undertake difficult reforms, and if Union membership is not on the horizon, this could lead to a regression of reform and democratic backsliding.

The CEE states are particularly concerned with the future of European integration. As EU newcomers, they want to see a wider and stronger Union that can project its influence rather than remain embroiled in its own internal problems. They have also sought to prevent any lasting divisions between themselves and the rest of Eastern Europe. All Central European states have sought more prominent voices in the debate over the future of Europe, since they all support further EU enlargement as a way to promote reforms and ensure stability in countries that remain volatile.

The Future of NATO-EU Relations

The U.S. should take a more realistic approach in its policy towards Europe. The artificial division between "old" and "new" Europe over the Iraq War created tensions in Transatlantic relations and within the EU. CEE states do not want to be forced to choose between Brussels and Washington and they have worked hard to repair the rift in U.S.-EU ties in the aftermath of the Iraqi invasion. They insist that the EU and NATO should not become rivals, but partners in confronting the new global challenges.

In the past there has been a close but indirect linkage between the two processes of EU and NATO enlargement. Although each process has different sets of requirements, the common aim was to expand European stability. At present, in contrast to the EU, NATO is likely to announce enlargement plans at its next summit in 2008 and issue invitations to at least three countries: Albania, Croatia, and Macedonia. Georgia and Ukraine are also on the radar screen, but first they have to more effectively tackle their internal problems.

While the EU and NATO are both seeking to rediscover their own *raison d'être*, they also remain on separate tracks. While the EU confronts a period of consolidation and introspection, NATO is likely to expand before it redefines its core responsibilities. This could present a challenge to the future of Transatlantic relations and to establishing complementarity and coordination across the Atlantic.

The CEE States do not want to be forced to choose between Brussels and Washington and they have worked hard to repair the rift in U.S.-EU ties in the aftermath of the Iraqi invasion.

Better coordination between NATO and the EU is in the best interests of both Europe and the United States. How Washington will be able to work with the new leadership in France and the UK, following the 2007 elections, and with the Merkel government in Germany, will help shape the future of Transatlantic relations. The U.S. presidential election in 2008 will also provide an opportunity for Washington to revive its strategic partnership with Europe. However, it is still not clear to what extent European governments are willing and capable of converging towards a unified international role within the Transatlantic framework.

Defense Industrial Integration and Modernization in Central Europe



*CSIS Senior Fellow **David Scruggs** chairs the panel on Poland's defense industrial sector **Slawomir Kulakowski**, Chairman of the Polish Chamber of Manufacturers for Defense; **Krzysztof Kurzydowski**, Polish Deputy Minister of Science; **Witold Wisniowski**, CEO of the Polish Institute of Aviation; and **John Miller**, Raytheon.*

In recent years, serious efforts have been made to raise the effectiveness and competitiveness of Central Europe's defense industry on the world market. Poland has retained the largest and most diverse defense industrial base among the CEE states. Polish industrial modernization has progressed impressively in recent years, but it still faces a number of challenges.

There are currently over a thousand companies producing arms and military equipment in Poland including R&D activities for the defence branch, and subcontractors. With a few notable exceptions, almost all of these companies remain state owned. The government has decided to build a "national champion" around its BUMAR group. Its goal for 2007 is to create a national holding, which will be able to compete with other companies on the world market. It will also be able to conduct and finance R&D works and facilitate financing deals with banks and other financial institutions.

Once the BUMAR Group is consolidated into three main branches of Armored Vehicles, Electronics, and Ammunition, the government intends to offer a portion of BUMAR ownership on the Polish stock market by 2010. At the same time, supervision over all defense companies will be transferred to and concentrated in the Treasury Ministry, except Military R&D units, which will continue to be supervised by the Ministry of Defense.

The Ministry of Sciences and Higher Education has prepared a long-term Research & Development (R&D) program, but its success depends on the availability of local funding. There has been a steady increase in research funding and the European Cohesion Funds has amounted to EUR 70 billion, with EUR 13 billion for R&D. After years of stagnation, Poland is ready to absorb and develop further technologies. There are opportunities for collaboration, especially with the U.S., because of the special political relationship between the two countries.

The Polish Institute of Aviation has the largest R&D ties with the U.S. Most of the Aviation Industry in Poland works with U.S. companies. Examples include the Sikorsky Company buying PZL Mielec shares, or the Rzeszów Aviation Valley run by Pratt & Whitney, Sikorsky, Goodrich and other U.S. companies. Moreover, the Polish civilian air fleet and the Air Force have ordered significant numbers of U.S. aircraft, such as the new Boeing Dreamliner and Lockheed Martin F-16 fighters.

Producers using U.S. and other foreign technology changed the traditional relations between Polish R&D and the Polish Aviation Industry. Poland's R&D sector reoriented itself toward cooperation with the U.S. and other foreign R&D partners. The Polish R&D sector has at its disposal a few thousand engineers able to design and perform other R&D functions. Many new, well-educated graduates join these specialists every year.

Two centers in the Warsaw Institute of Aviation are successfully cooperating with US partners: the Engineering Design Center, which cooperates with General Electric, and Materials and Structures Research Center, which cooperates with Pratt & Whitney. Raytheon has different contracts with the defence industry of Poland and is further seeking to expand in the region. U.S. firms remain committed to working with new suppliers and partners as they offer innovation, flexibility, agility, and niche capabilities. Raytheon is pursuing programs worldwide with defense and other government agencies and these are reliant on strong supplier-partner networks.

The Central European defense industry offers several opportunities for "niche technology" partnerships and a platform for reaching third country markets. Offsets will continue to be an issue in defense trade however. As beneficial as the offset package was for the recent F-16 sale to Poland, some Central European participants indicated that offset arrangements had not gone far enough. The argument is that countries such as Poland could, and should, demand even more concessions from western defense suppliers. Western defense suppliers in attendance maintained that offsets unnecessarily distort defense equipment transactions and should be minimized as much as possible in the future.

U.S. Interests in Central Europe

The U.S. relationship with CEE has changed its character in recent years. CEE countries have become important partners for Washington, especially with regard to the global struggle against terrorists and U.S. democracy promotion in turbulent regions.

CEE countries have offered sizable support to the U.S. and NATO. Latvia, Lithuania, Estonia, Hungary, Czech Republic, Poland, Slovakia, Slovenia, Bulgaria, and Romania have all contributed troops to the mission in Iraq. In addition, many of these countries are committed to increasing their level of military and civil involvement in Afghanistan. They have answered NATO's recent call to place more resources in southern Afghanistan where the alliance has launched new missions. With regard to both Iraq and Afghanistan, the CEE countries are now acting as donor nations even though not long ago they themselves were recipients of assistance.

The shared values of freedom, democracy, prosperity, and respect for human rights have become a solid pillar of the increasingly close partnership between the U.S. and Central Europe. Because of their past experiences with tyrannical regimes, the CEE countries have been particularly responsive and effective in the areas of democracy building, civil society, and promotion of good governance and human rights in the Balkans, Iraq, Afghanistan, Belarus, Georgia, and Ukraine.

Considering their engagement in global issues and the sacrifices they have made to maintain the partnership with the U.S., Central European



Remarks by Deputy Assistant Secretary of State Mark Pekala on the importance of Central Europe for U.S. interests.

CSIS would like to thank all the experts, corporate representatives, and government officials who delivered presentations at the CSIS conference Security Threats and Responses: Regional Perspectives:

Franciszek Adamczyk, *Chairman of the Defense Committee of the Polish Senate*

Audrius Bruzga, *Lithuanian Ambassador to the United States*

Judith G. Garber, *U.S. Department of State*

Brian Green, *Deputy Assistant Secretary of Defense*

Petr Kolar, *Czech Ambassador to the United States*

Slawomir Kulakowski, *Chairman of the Polish Chamber of Manufacturers for Defense*

Roman Kupchinsky, *RFE/RL*

Krzysztof Kurzydowski, *Polish Deputy Minister of Science*

Stephen Larrabee, *RAND Corporation*

John Miller, *Raytheon*

Robert Nurick, *Monterey Institute of International Studies*

Angelos Pangratis, *Delegation of European Commission*

Amb. W. Robert Pearson, *The Spectrum Group*

Mark Pekala, *Deputy Assistant Secretary of State*

Mira Ricardel, *Boeing*

Patricia Sanders, *MDA*

Keith Smith, *CSIS*

Krzysztof Stanczyk, *Polish Institute of Mining*

Witold Wisniowski, *CEO Poland Institute of Aviation*

CSIS would also like to thank **George Osypowicz** from the Polish Chamber of Manufacturers for Defense for his assistance in organizing and coordinating this conference.

nations must be regarded as valuable allies for Washington. It is in America's best interest to further invest in and nurture the relationship with these countries. The U.S.-CEE partnership should not be taken for granted. CEE states are undergoing an important generational transition from a leadership that was strongly committed to Transatlantic relations. For the emerging leaders the communist period is a distant memory, and if U.S. does not listen carefully to their concerns, the traditionally strong ties are likely to wane.

The extension of the U.S. Visa Waiver Program to include the new EU members in CEE will be an effective way to preserve and develop this valuable partnership. More scientific exchanges and increased educational and training opportunities would strongly consolidate the relationship. The U.S. administration is striving to widen these programs, while cooperating with the CEE capitals to improve their security and border protection.

With regard to economic ties, the EU is the largest trading partner for the U.S. and Central Europe is becoming an increasingly significant part of the trillion dollar Transatlantic trade. Over USD 17 billion in trade and investment between U.S. and Central Europe has been registered during the last year. Economic growth, foreign investment, and joint ventures are a sign of growing confidence in Central Europe by U.S. business.

Finally, one of the most important issues in the U.S.-CEE agenda should be the emergence of Russia as an international power aiming to reestablish its negative political influences in the region. Energy issues are a common priority for the U.S., the CEE states, and the EU as they have serious implications for Transatlantic security. Moscow should not be allowed to blackmail Europe through its oil and gas deliveries or engage in power games with respect to Ukraine and Kosovo. The U.S. needs to take a more proactive role and work with European capitals to ensure the diversification of energy sources, the management of energy demands, and transparency in energy negotiations.

In sum, developments in Central Europe demand greater attention in Washington. As new EU members, CEE states are seeking to eliminate any lingering divisions in Europe and the U.S. can benefit from a strong and unified continent.

This conference was made possible with the generous support from the following sponsors:

Raytheon

BOEING®

GENERAL DYNAMICS
Strength On Your Side®

FLUOR®