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**CONFERENCE ON
“NEW INTERNATIONAL CHALLENGES: REASSESSING
THE TRANSATLANTIC PARTNERSHIP”**

ROME, JULY 19/20 2002

Final report
by Simona Poidomani

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The conference was organized by the Istituto Affari Internazionali and sponsored by the German Marshall Fund of the United States, the EU Institute of Strategic Studies and the US Embassy in Rome. Its general purpose was to discuss the new international challenges and to reassess the transatlantic partnership in light of them.

1. Continuity and Change in Transatlantic Relations

Following the opening remarks by Ettore Greco, Deputy Director of the Istituto Affari Internazionali, who recalled that the conference was the third annual transatlantic event organised by the institute, **Cesare Merlini**, President of the Council for the Relations between United States and Italy in Rome, elaborated on the question of whether or not United States foreign policy corresponds to a hypothetical imperial role and pointed to the possible impact of such a new trend on US relations with the rest of the world and particularly Europe.

He considered that a shift has in fact taken place as regards the concept of empire since its derivatives are no longer rejected in the US as they were in the past. This is in part due to the change in presidency, from Democrat to Republican, and partly to the presence of neo-conservatives in the administration, who appear to be convinced of the US “imperial” superiority. The fight against terrorism has provided a handy explanation for an increase in the defence budget which may be seen as “extravagant” since external threats do not justify it (although some consider it a precondition for carrying out an imperial foreign policy). Drawing a comparison between the transformation of ancient Rome from the Republic to the Empire and the current situation in the US, Merlini pointed out the increased reference to the concept of “*securitas*” and the conquest of new “provinces” often dictated more by domestic politics than by foreign policy motivations. Nevertheless, the speaker argued that the roots of freedom and democracy remain solid in the US and that hypothesising an internal authoritarian drift connected with the newly emerging imperial drives is far-fetched.

Merlini pointed out that there seems to be a demand for empire in the world and for the US to be at its helm. The latter is based on the past perception that America abides by the laws it defends or introduces where needed. Should this change, and should the United States consider itself above the law, people might think twice before calling it in. But there is another more complex factor preventing the US from fulfilling an imperial role. International power no longer involves only the major powers, but also other groups of nations and new types of non-state actors and has to deal with the transnational nature of markets, migration and communications, fields where the US doesn't dominate in the same way as they involve society at large. Therefore the demand for empire is not met by an adequate supply.

Moreover the military capacity of the US alone cannot impose the right solutions for conflict and crisis all the time and everywhere. Other instruments are needed to manage them later. It is likely that the US insistence on its military superiority will make any increase in European capability marginal if not insignificant. This is regrettable since in addition to waging war you must also be able to make peace, as proven in the Balkans and soon to be seen in Afghanistan. Peace is achieved by power but is maintained by rules and institutions, a rule the Americans followed in 1945 and 1989, but now seem inclined to forget – something that will not be without consequences. These days, divergent trends between US and Europe originate more from the departure of US foreign policy from its main guidelines of the past than from any major changes in European policies and attitudes.

Merlini concluded by underlining that Europe, whose willingness to count in international affairs does not appear to be particularly strong, should concentrate more on building new capabilities, as long as the basic uncertainty about its political identity continues.

Discussion

The discussion basically centred on the concept of imperialism and whether or not the US can in fact be defined as an imperial power. Just one participant seemed to accept the idea that the US is an imperial force, stressing nevertheless that it is a benign one. All other discussants raised objections to the application of the imperial model to the US, albeit for different reasons and from different perspectives. One argued that there is a monolithic perception in Europe of what is actually happening in Washington which, when seen from close up, seems full of incoherency especially in foreign policy. Nation-building is a very good example of this. First the Bush administration was totally against that kind of intervention, then it said it would undertake it in Afghanistan, and now it seems to have decided not to engage in postwar reconstruction efforts there. It was also pointed out that, despite what Europeans say, there is still a reluctance in America to act unilaterally.

It was then stressed that in assessing transatlantic relations from this side of the Atlantic, it is necessary to take into consideration what has been called “new administrationitis”, the feeling prevailing in Europe that any change in the US administration brings with it radical political transformations. For example, in the beginning of his first term, Clinton appeared determined to downplay the importance of foreign policy which at that time, in 1992, meant Bosnia. The American administration was then widely criticised for that disengagement. But this perception eventually proved unfounded.

One speaker argued that, if it is true that the current trend in America foreign policy was already present before September 11, then it was also present before the present administration, as there is no clear difference between Clinton’s and Bush’s foreign policies, the latter appearing new merely because of the different tone used to present them, but certainly not because of their substance. Another discussant stressed the influence which Jesse Helms, the Republican Chairman of the Senate Foreign Affairs Committee during both Clinton’s second term and the first months of the Bush administration, had on White House foreign policy.

Using the imperial model to describe America’s foreign policy and the country’s

growing power may indeed lead to an overestimation of US power, and, by contrast, an underestimation of EU strength. At the same time Europeans are ambivalent, not having yet decided what they want from American power. On the other hand, one participant argued that the problem now troubling transatlantic relations is not US strength but Europe's weakness. But it was admitted that this may be a problem of perspective since the EU, seen from some East European countries for instance, looks like an empire.

Europe's reluctance to become more involved in world affairs was pointed out as a risk. But a number of people took exception to Merlini's statement that the EU still has to develop international policies. One stressed that in the last two and a half years the EU has frequently drawn the line with respect to the US, not letting itself be bulldozed, and has also been able to temper the US administration's attitude towards such issues as the General Electric-Honeywell merger, the Kyoto Protocol, the International Criminal Court (ICC) and the Bosnia peacekeeping missions. The EU can work successfully (at least in non-urgent situations) even in the face of US resistance. Someone else pointed out that the reason the EU doesn't have a foreign policy may be because in most European countries most people don't want to have a European foreign policy. Altogether statistics indicate that 70 per cent of Europeans would like Europe to play a bigger role in world affairs, this seems to point to a vague desire rather than convinced support.

According to one speaker, there seem to be confusion about two concepts of empire: an extroverted one, mostly concerned with the problem of how to conquer and expand, and an introverted one, uncomfortable with globalisation and mostly worried about homeland security. Which of the two would the US be? Another discussant argued that imperialism and unilateralism are not the same thing. Imperialism and hegemony are two separate concepts as well, whereas they all seem to be confused in discussing the US. It may be true that the US is unilateral and a hegemonic power, but it is not an empire.

A discussant pointed to the two models of power: the Hobbesian one, with the hegemon imposing laws but not being subject to them, and Lockesian model whereby the lawmaker remains within the bounds of the norms introduced. The Europeans are asking the US to follow the second model. This question may still be open in the US, as the issue of whether or not international law is binding is actually being debated in the Bush administration.

It was then stressed that the US does not have a nation-building policy whereas a truly imperial policy requires one. Regarding postwar operations and the prevailing pattern of division of labour between the US and the EU, it was then stressed that Europeans should not be ashamed of concentrating on nation-building – a task which has been referred to as “dishwashing” or “housecleaning” in past months. According to one participant, the idea that the EU is more effective than the US in democratisation is a myth, especially regarding the establishment of political parties where the EU seems to proceed with a very inadequate model. He expressed surprise that no debate is taking place on when the US engages heavily in state-building operations and when not and why everybody assumes that the US does not do it. Someone responded that the situation is very different now in Washington from the multilateralism shown by the Clinton administration: there is a clear reluctance to engage in new post-conflict

peacekeeping operations.

Transatlantic divergences highlight that much more debate is needed on a new strategic world order, a discussion which should take place also within NATO. A post-national security system could then be formulated, with the creation of new transatlantic instruments such as common police bodies.

One cannot underestimate the difference in threat perception between the two sides of the Atlantic considered by several discussants as the fundamental source of divergence. For another participant the difference in reaction to the terrorist attacks, is mainly due to the fact that the US, with all its discourses on securitisation and national interests, is a modern state at its prime, whereas European states are “postmodern” and this is why they tend to neglect traditional foreign policy exigencies.

2. Transatlantic Cooperation and Global Governance in Trade and Finance

Alan Cafruny, Professor of International Affairs at the Department of Government of Hamilton College in New York, assessed the nature and extent of the transatlantic economic conflict, examining in particular the cases of steel, agriculture and monetary relations.

The present phase of economic relations between the two sides of the Atlantic is not considered to be more contentious than in the past. Cafruny argued instead that the overall significance of the current transatlantic economic conflicts derives not so much from growing trade or monetary rivalry but from the impact of subsidies and protection in both the United States and Europe. Transatlantic conflicts are in fact imposing substantial costs on the rest of the world, in particular developing countries. The problem of global political economy is not then a question of protectionism versus free trade but rather American and European policies of disguised mercantilism which impose massive costs on these countries.

As the social safety net erodes and government is “downsized”, tariffs increasingly serve as a politically expedient path of least resistance to the destabilising effects of globalisation. Tariffs on steel are in fact a measure introduced in the US to temporarily relieve domestic industries facing high “legacy costs” of retirement benefits which add to their structural problems of overcapacity. The agricultural bill signed by Bush last May, which will provide US farmers with 180 billion dollars in subsidies over the next decade, shows that while the US complains about other countries’ unfair trading practices, it is ready to adopt the same policies it criticises elsewhere.

Cafruny pointed to the role of agriculture in the US economy and trade to explain why US farm policy is increasingly a major foreign policy issue in its own right. More support for agricultural exports is seen in America as a second-best strategy of compensation for trade deficits in manufactured goods. Agricultural production accounts for approximately 15 per cent of US GNP and is the largest export earner whereas federal outlays in this sector are less than 1 per cent of the federal budget. On the other hand, aided by its own export subsidies and a strong dollar, EU agricultural exports surpassed those of the US in 1999 and the EU registered a positive trade balance in agricultural commodities even with the US. The opening up of alternative markets

such as Mexico and Asia may help to explain US tolerance for this trend and why it now, with a weaker dollar, is seeking to retain these markets by enlarging federal programs.

Cafruny concluded that there is little evidence that the current transatlantic disputes threaten to provoke a major rift in the relationships between the two sides of the Atlantic or undermine the general trend towards integration. Nor do monetary questions rising from the weakening of the dollar against the euro seem to raise problems as the latter currency still faces numerous obstacles before it can rival the former in the short and medium term. With the exception of a few regions including Central and Eastern Europe, the euro is not going to displace the global role of the dollar. Moreover, the political and institutional foundations of the euro do not provide a clear guarantee for its long-term stability.

Discussion

During the discussion most participants agreed on the importance of the effects of US and European protectionist policies on developing countries pointed out by Cafruny. Domestic policies are now capable of creating major spillover effects on other countries, namely the weaker ones. Another aspect of the presentation which was particularly appreciated by discussants was the deep interrelations between domestic and international policies as shown by the steel and agricultural measures introduced by the Bush administration. On the other hand, one participant stressed the new dimensions of labour and environmental standards have also become transnational issues and need to be addressed more effectively in an international forum.

Nevertheless, not everyone was so positive in excluding major crises between the two sides of the Atlantic following this new wave of economic disputes. One participant in particular argued that crisis could occur with regard to monetary issues, as Europe does indeed expect the euro to become an alternative to the dollar in global financial markets. Another rebutted that one of the positive effects of this rivalry will be to increase the overall degree of market discipline. It was then recalled that the European securities market will be integrated by 2003 and European financial markets by 2005. The institutional and political foundations for the euro are indeed stable. It was also pointed out that the kind of constraints set down in the Maastricht Treaty are likely to endure since they take into account the fundamental economic realities, including cyclical phenomena. Hence the Stability Pact is not going to change. Exchange rate tensions could then develop as an area of potential conflict as the main reason for this not happening presented by Cafruny, i.e the limited potential of the euro may prove to be incorrect.

A speaker stressed that the impact of divergences such as those concerning steel and agriculture will be different from the past because of globalisation. During the Cold War period, security – as the prime concern of transatlantic relations – kept economic disputes under control to some extent. At that time policymakers considered it fundamental to concentrate all their efforts on solving economic issues. But this is no longer true today. These issues may have an increasingly negative impact on stability especially if issues of global governance are not adequately addressed. Indeed, there are new factors at play, such as competition policies that affect transnational companies,

which are no longer solvable with old instruments. The new divergences in EU-US trade policies that emerged in 2002, after the remarkably productive 2001 in US-EU relations, may not be new but they sent out the wrong message at the wrong time.

The US has traditionally used trade restrictions as a foreign policy weapon. When Nixon for example decided to devalue the dollar, he introduced tariffs at the same time. But it was concluded that there is no constituency in America strong enough to lead to a protectionist course and it was considered unlikely that the administration will turn to unilateralism in the economic field. Considering protectionism, the problem may lie more with the Bush administration than with Americans.

3. The European Union's International Role and Relations with the US

Differences between the US and the EU have emerged in both geostrategic interests and political culture. If the transatlantic alliance survives those differences, it will then be on different terms. The point discussed in this session was whether or not the two blocs, and in particular the Europeans, can be active promoters of fundamental changes of the transatlantic partnership so that it can endure in the long term.

Steven Everts, from the Centre for European Reform in London, pointed out that in the post-Cold War order, transatlantic disagreement regards, in the first instance, the role of the international regime and the legal instruments needed for it, with the EU believing at a deeper level in robust international norms and enforcement mechanisms which Washington instead considers ineffective or at worst as a mere constraint to its freedom of action. Issues such as the International Criminal Court, the Kyoto Protocol, the comprehensive test ban treaty, the landmines treaty and Guantanamo have all demonstrated this point.

Differences are not only due to the shifting nature of American foreign policy but also to the weakness of the EU's performance which should be improved in order to fill the gap being left by the US grand strategy. A stronger EU would give Europeans more influence in Washington and could help solve various global problems that have fallen off the agenda.

Everts suggested some concrete steps the EU should take to strengthen its performance: the Union decision-making process should be made more effective; the rotating Presidency of the EU Council must be drastically reformed and preferably abolished in the area of Common Foreign and Security Policy (CFSP); more implementation decisions could be taken by super qualified majority voting; and more informal leadership coalitions could be formed to prepare decisions in nimbler groups. Everts suggested making the High Representative for CFSP chairman of Council working groups and meetings. (The high Representative should be offered the formal right of initiative, after he succeeded in putting the EU on the map in the Balkans and the Middle East). According to Everts, more financial resources should also be offered to the second pillar.

Greater coherence must then be ensured across the full range of EU external policies linking trade, aid, justice, home affairs and environmental issues. Everts suggested

reforming the General Affairs Council, splitting it in two and letting each part deal separately with foreign policy and institutional questions. In the very long run, say 20 years, there may be a case for a single person, probably based in the Commission, to deal with EU foreign policy. But in the meantime some options already existing under the Treaty should be put to better use, for example by allowing the High Representative to sit in the Commission and by making the next Commissioner for External Relations the deputy of the High Representative.

The EU should then have more courage in promoting the values it pledges, for example by conditioning financial aid on human rights clauses, by setting out a clear set of benchmarks to be fulfilled by recipient countries and a clear set of actions to be taken if this does not happen. Finally Everts stressed that EU foreign policy should learn how to set clearer priorities, resisting the temptation to have policies on all matters and starting to concentrate on its “near abroad”.

Discussion

Much of the discussion was focused on Evert’s suggestions to strengthen the EU, a need everybody agreed upon. Particular attention was given to the possible results of the European Convention. The ways to reform CFSP put forward by Everts were then criticised as being too light a therapy while the debate among members of the European Convention is already much more advanced. The political climate is in favour of some degree of compromise decisions between the intergovernmental and the communitarian approaches. The two questions of the presidency and the relationship between the Commission and the High Representative seem to be the centre of the current Europe debate. For the CFSP budget, it was stressed that the European Parliament should have a degree of control. One participant stressed that there would hardly be more funds for CFSP if the changes in the framework suggested by Everts were adopted because, if it remains intergovernmental, resources will remain with the states.

Even if the Blair-Aznar proposal of a presidency of two and a half years its not considered perfect, for another discussant it may nonetheless be a more effective way of squaring the circle than those suggested by Everts. On the proposal of more informal leadership coalitions, another speaker suggested that this would be unacceptable to smaller countries which would, instead, have more to gain than to lose from a reinforcement of the presidency. Not everybody agreed with the idea that when France, Germany and Great Britain agree on a proposal it usually means that it is a sound one. It was stressed that this point of view does not take into consideration the south of Europe. The question of introducing the majority vote for CSFP was considered crucial by almost all discussants, who recognised the need to eliminate the right of one country to block a decision. They agreed that qualified majority vote is the way to go especially in implementing decisions already taken.

The issue of making financial aid conditional on the principles Europe stands for was discussed extensively. If it was generally considered a good point, although many objections were made to the introduction of benchmarks, and not only because of the difficulties in sticking to them. One participant pointed to the failure of the IMF and World Bank policies of strict conditionality whereas another suggested that introducing some sort of benchmark could make CSFP even less flexible. Europe needs a greater

capacity to identify common strategic interests rather than principles. As benchmarks are an instrument for shaping policies in integration and cooperation with partner countries in more classic policies, the EU risks continuing to be conditioned by the conception of itself as a mechanism for integration rather than as an instrument for active governance in international relations. One participant recalled the extraordinary but little known success of the European Reconstruction Agency in the areas which it covers, precisely because of the political conditions, not benchmarks, imposed.

Regarding areas of interest for European foreign policy, most participants seemed to agree that concentrating on the “near abroad” does not mean paying less attention to the relationship with the US. One discussant stressed that especially after last year’s attacks against America, relations with the US and Europe’s immediate vicinity are not in contradiction but reinforce each other. On the contrary, the US may even be critical towards Europe for not considering its near abroad enough. Another speaker argued that Washington may have difficulties in understanding why the EU focuses on Iraq and does not have a coherent policy on Israel and North Africa, in particular Algeria, a country which faces catastrophe and is nonetheless off the European radar screen, apart from France. It was then pointed out that considering just the near abroad is by no means an easier task, since it includes Russia. The same participant argued that European foreign policy must go beyond the Italian model which concentrates on trade agreements while under the security umbrella of the US which takes the major decisions.

4. A Strategic Partnership with Russia?

What has Russia become? Can it fit with the US and the EU? What direction will the new and uncertain relationship between these three actors take? **Stefano Silvestri**, President of the Istituto Affari Internazionali, identified a few scenarios for the evolving relationship between Russia, the EU and the US, pointing out that the prevalence of one or the other will depend largely on Moscow’s choices. Nevertheless, Silvestri argued that Russian foreign policy appears to be reactive to external events, without a clear direction of its own.

The first scenario presented by Silvestri is the continuation of the actual trend, without basic changes. The US will continue to consider Russia a relevant partner, but keeping the stage of the bilateral cooperation confined to a fairly limited number of issues. The partnership established between the EU and Russia will continue not to work very well, mainly because the Europeans have failed to address such issues as energy, the environment and economic cooperation because of their difficulties in reaching common positions. The second hypothesis is a Great Alliance of the North, including the US, the EU, Russia and Japan. Because of its antiterrorism action, the US should be in favour of this scenario, characterized by a deep drive for more secure globalisation, but the scenario seems unlikely as it would imply deep changes in US foreign policy, including greater keenness on multinational alliances. The third option for Russia would be an alliance with disadvantaged or Third World countries against the West. However Moscow does not seem to have the willingness or the capabilities to broach such an alliance. A fourth scenario could be provoked by an involution and/or worsening of internal economic conditions which would force Moscow to take protectionist and

nationalistic choices without going to the extremes of the previous scenario. And finally, Silvestri described a dual relations hypothesis with Russia maintaining a parallel dialogue and co-operation with both the EU and the US. This would certainly be looked upon favourably in Moscow and would allow Russia to defend its national interests more effectively than would be possible through an exclusive alliance with the US.

Discussion

The discussion focused mainly on three different points: Russian foreign policy, the dividends eventually gained by Moscow in sustaining the US war on terrorism and the asymmetry between EU-Russia and US- or NATO-Russia relations.

The first point centred on the question of whether or not Russian foreign policy is just reactive to external events. According to one discussant this is far from true as Moscow has been displaying a strong continuity since the time of Gorbachev. The major imperatives that have shaped Russian foreign policy are domestic changes and reforms, even though they may have been named in different ways under different leaders. To prove this point, the suggestion was made to think of what did not happen rather than what has happened. Russia did not become the "black hole" of proliferation certain analysts anticipated in the early nineties and it reacted without major shocks to the monetary crisis of 1998 or, a year later, to the Kosovo crisis. The institutional framework has always resumed; all this means that Russian foreign policy is much more than just reactive.

The events of September 11 were not a turning point for Russian foreign policy, but perhaps an accelerator for choices already made in 1999. According to one participant all the problems that arose in that year, from the Chechen invasion of Daghestan, to Kosovo, made Putin realize that his primary task was to revitalize the country, giving priority to internal reform and strengthening the Russian domestic base. One could say that the choice was not pro-West but pro-Russia. The only choice that could bring short- and long-term benefits was to pursue integration with the West, a vital priority for Russia. Since 9/11, the West has only become more receptive to this Russian attitude. As the issues of Chechnya and Kaliningrad prove, Putin knows well how to distinguish threats from risks and how to keep real needs separate from false ambitions. He has recognized that Russian's more compelling interests are regional and not global.

Another participant pointed out instead that Russia may have made a real strategic decision to sustain the US campaign against terrorism. Its choice to join the West would then still lie ahead. In this framework, the action undertaken after September 11 may simply be the result of an effort to shape and even restrain US behaviour, out of fear of a perceived unilateral threat to international stability. As one speaker pointed out, Putin has realized that in a global world neutrality means isolation. From his perspective, the creation of a loose coalition of states could then help the US to move towards more cooperative multilateralism. However doubts about Moscow's ability to pursue this track are based on Putin's small support from the security and political elite. It was pointed out that Russian support for the US military campaign against Afghanistan has not been steady. It was recounted that Putin's first reaction to Washington's demands

was to phone all the leaders of Central Asian countries to urge them not to lend any of their facilities to the US. Given the Central Asian countries' -- in particular Uzbekistan's -- different attitude, he then changed his mind, realizing he had no choice.

What dividends has Russia received from the actions undertaken after September 11, from the *nulla osta* to the concession of facilities in Central Asia to the acceptance of the cancellation of the ABM Treaty? Moscow has obtained Bush's clearance for its entry into the WTO. Although it was stated that another dividend is that a part of Russian oil is now replacing Saudi Arabian crude, not all discussants agreed that this replacement can work. Moreover, Russia is in an awkward position since, unlike Saudi Arabia, it cannot afford to lower its prices for a long period of time. One speaker pointed out that Putin has won the public opinion information war thanks to his foreign policy; the rhetoric goes over very well on tv. But the real reason for internal consensus is the continuation of economic growth which will in part depend on oil prices. In this framework, relations with the EU are not the most important for Moscow. But precisely because they are based on economics, they may prove to be the most continuous.

Going back to Moscow's dividends, there is then the perception that an enlarged NATO will significantly reduce the power of the Alliance and therefore Moscow feels that to some extent it will gain from the second round of NATO enlargement. Finally, the US action in Afghanistan has reduced the instability in the region which was a major threat to Russia. As a discussant argued, even the presence of US military in Georgia is not considered entirely against Moscow's interests, as it may help to resolve the crisis of the Pankisi Gorge.

There appears to be an asymmetry between US-Russia, or NATO-Russia relations and EU-Russia relations, the latter being seen as strongly below requirements. In this respect, the deadlock over the Kaliningrad issue is a worrying sign. In the speech he addressed to the Conference of Ambassadors held in Moscow in July, Putin singled out three priorities for Russian foreign policy. Relations with the EU was the third and it was embedded in the Kaliningrad problem. Russia's first and second priorities are counterterrorism, which means relations with the US, and strengthening global stability as a special responsibility of US-Russia relations. Regarding difficulties in establishing relations between the EU and Russia, one speaker stressed the lack of common normative bases and human rights principles which is ultimately seen in Brussels as blocking a closer association. But it was pointed out that the same difficulties exist from the US perspective, yet the US administration has been critical of the EU for not having grasped the opportunity to strengthen relations with Russia.

If it is true that Russia still has to choose to join the West, its future relations with the EU are considered crucial for marking how fast Moscow is prepared to go in this direction. Even though there remain substantial doubts about the possibility of a future deepening in EU-Russian relations, one participant pointed out that Moscow has already made a clear choice by renouncing its Eurasian policy. The EU is important in trade and as a major provider of assistance and Moscow has realized that the EU's influence on the European continent is likely to grow as a result of enlargement. Moreover, in its pursuit of a multilateral world, Moscow could see Europe as an important partner should its relations with the US deteriorate. As one speaker concluded, relations with the EU might prove to be the only alternative for a Russian foreign policy which may

seem choiceless at the moment. But even relations with the EU may prove difficult to improve: should Russia fail to address non proliferation issues more convincingly in the new NATO Council, pressures on it will increase and, in this case, the risk of greater isolationism should not be ruled out.

6. Shifting Responsibility in the Balkans

Patrick Moore, Senior Coordinator for Balkan Analysis at Radio Free Europe/Radio Liberty in Prague, pointed out that the EU and the US share the same long-term goal in the Balkans which is the integration of all the different countries of the region into Euro-Atlantic structures. In the medium term, the US will reduce its military force there, even though it probably won't abandon the area. Russia is also pulling back from that area which Putin does not consider central to Russian interests. Therefore, for the first time the EU can act as a major player and make up for the failure of its Balkan policies in the early nineties. Thus, the Balkans could represent a start for European Security and Defence Policy (ESDP) and could provide an opportunity for Europe to get over its general sense of frustration with the US for taking all the decisions on security matters. The best place for Europe to act is Macedonia, where the EU could take over the responsibility for Operation Amber Fox.

Moore expressed some optimism concerning the solution of the deadlock between Greece and Turkey on the EU's use of NATO assets and infrastructures needed to allow for this shift in responsibility. Moore stressed that some American participation in peacekeeping will continue to be necessary, particularly to ensure the security of Kosovar Albanians in Kosovo and Bosnian Muslims in Bosnia. Regarding the former, even the Yugoslav foreign minister recently argued that an American exit from Kosovo could lead to destabilisation. But the most important thing is the continued cohesion and coordination of the Atlantic alliance, which in the past few years has played a key role in establishing and maintaining peace in the Balkans.

Discussion

There was general agreement on the fact that the EU has grown up in the Balkans and especially Macedonia, *de facto* starting to implement ESDP. Because of this a certain degree of optimism for a shift in responsibility from the US emerged. Should the question of EU use of NATO assets be solved, there would be no other major obstacle to taking over Operation Amber Fox in Macedonia. Only one participant did not share Moore's optimism on this question; all others felt that there are ways to put pressure on Greece to accept a solution of compromise and not to deal a major blow to ESDP. In their view, an arrangement could indeed be reached by the end of the year. Most participants in the discussion agreed that ESDP is already operational. EU action has changed over the past few years, starting from the second half of 1999, with the appointment of Javier Solana as High Representative for CFSP, and the first crisis management undertaken in Macedonia. Preliminary evaluations of the latter's results seem to indicate that it was a success.

Both Solana and the EU Commissioner for External Relations, Chris Patten, came into office with the idea that the Balkans was the place to see whether the EU could employ

its ESDP capacity. But one discussant raised the possibility that the first European muscle-flexing exercise could also be its last as there are no other regions, from the Caucasus to Moldova, Cyprus and North Africa, where EU interests are so clearly pre-eminent as in the Balkans. Moreover in no other regions (Georgia, Moldova, Cyprus, North Africa or the Middle East) are there the same kind of serious integrative prospects as in the Balkans, a region which in a few years will be surrounded by EU member states.

The EU has put great resources into the reconstruction of struck areas and has promoted and managed to implement the agreement between Serbia and Montenegro dictated by the strategic objective not to create more borders in the region. Even though the latter fails to convince many analysts, it shows the deep change in European attitudes from the nineties, when policies were made by default without any strategy at all. Another example of the new attitude is the expeditious European decision to take over the police mission, albeit a smaller one. The same speaker noted the success of the EU in influencing Albanian parties on the procedures to elect the Head of State.

Concerning the prospects of integration into the EU, Croatia seems to be doing very well so that EU membership is a credible offer to Zagreb. Serbia and Montenegro are also getting on track, with a more dynamic trend in view if Djindjic emerges as a winning leader. The same holds true for Macedonia and Albania. Greater doubts exist with regard to Europe's institutional capacity to incorporate protectorates such as Bosnia and Kosovo. It has been suggested that in a longer-term perspective some sort of partial integration may be introduced for them.

Regarding Macedonia, several speakers suggested that the main problem facing EU command of the military mission is the possibility of a re-escalation of the conflict which would call for a revision of its now quite limited size. As one participant pointed out, chances of the situation breaking down and, hence, for EU troops to get engaged in armed clashes are high. This has to be taken into account because after the take-over of responsibility, the re-entry of US military forces would no longer be automatic. Potential threats to Macedonian stability seem to come from the Albanians and from the overlap of nationalist politicians, militias and the criminal underworld. The new status of elite police units which the Interior Minister has granted some paramilitary groups is considered another risk factor. Otherwise the mission in itself is not considered challenging for Europe.

With a reduced US presence in Bosnia and Kosovo, Europe will have to face the fundamental question of gaining the trust of the local populations. Several participants agreed that a precondition for this is for the EU to reach a common policy on final status for the two entities. A final solution is also considered a precondition for trade and investments. Speakers stressed that in the short term the possibility of the EU taking charge of SFOR and KFOR is unlikely, even though one participant did not see major problems in a transfer of responsibilities in two or three years' time, stressing that KFOR troops are already mostly European.

7. Variable Global Alliances: Coping with Transatlantic Divergences on the "Axis of Evil"

Divergence between the United States and Europe was to some extent epitomised by the "Axis of Evil" speech made by US President George Bush in spring of this year. Criticism in Europe for its content and tone underlines the different approaches and roles taken by the two sides of the Atlantic, particularly towards Iran and Iraq, and more recently towards the possible use of force by the US to topple Saddam Hussein's regime. In this session, **Daniel Brumberg**, Associate Professor of Comparative Government at Georgetown University in Washington, considered the case of Iran and the traditional division of labour between US and EU in their relations with Teheran, with the former playing the "bad cop" and the latter the good one. He was followed by **Jeffrey Laurenti**, Executive Director of Policies Studies at the United Nations Association-USA in New York, who looked more closely at the case of Iraq and current American plans to use force to quash the regime in Baghdad.

Brumberg pointed out that relations between US and Iran are stuck and will be for a long time. He argued that the root of the problem lies in Teheran, in the Iranian hardliners' opposition to America, not in Washington. He also claimed that the bad cop attitude needed to defend US interests may also indirectly offer some results in reinforcing the moderate side of Iranian politicians, suggesting that Europeans could sometimes play the same role. To demonstrate this, he described the effects that the "Axis of Evil" speech had on Teheran's balance of power between reformers and hardliners: it is not at all clear that Bush's words have strengthened the hardliners. Reformers used it for leverage against them in a way the Bush administration had not foreseen.

Authority in Iran is divided between hardliners and reformers not only in domestic matters but also in foreign policy. For Washington this is a very serious problem, for when hardliners pursue policies against US interests, the Iranian government must be considered as a whole, so that actions taken will first of all restrain hardliners and at the same time hopefully produce some results in the behaviour of the country. Nevertheless, there is always the possibility that actions undertaken by the US administration will reinforce hardliners and weaken reformists as well. This is a major difference from the EU approach, the main goal of which is to reinforce reformers.

The Bush administration decided to include Iran in the Axis of Evil after the discovery last January that elements inside the Iranian government were helping Al Qaeda refugees escape from Afghanistan. The Iranian government admitted to this, saying it had been done to undermine the position of those at the Foreign Ministry who were trying to play a more accommodating role towards Washington. The US nonetheless took action to defend its interests.

The main causes of division on foreign policy in Teheran are the US and Israel. Hardliners are in principle opposed to re-establishing any relations with the former: any form of cooperation at any level with the US, even in Afghanistan, is impossible for them. This situation is unlikely to change as long as Ali Khamenei is the Supreme Leader. The same holds true for Israel where Iranian reformers now very clearly support the two states solution and a peace with Israel as opposed to the hardliners. Nonetheless

it must be remembered that there are aspects of Iranian foreign policy that enjoy a high level of consensus in Teheran, namely support for Hezbollah and the need to develop a domestic nuclear capability.

Jeff Laurenti pointed out that the main problem between the US and the EU emerged with the administration's shift to protect American interests against potential security threats, which in Europe was interpreted as a sign of Washington's refusal to harness American policy to an international framework. Moreover the new US doctrine of preemptive attack is rejected in Europe where conflict prevention is still thought of in terms of preventive diplomacy rather than preventive war. In this context, Laurenti argued that the military option against Iraq emerged in the US a year ago as a result of the international community's waning determination to compel Iraq to disarm and because of the prospect that fraying UN sanctions would soon collapse altogether. September 11 just provided the opportunity for the administration to gain support on what was already a goal. The speaker stressed that this attitude brought some results because the idea of abandoning or relaxing the sanctions regime on Baghdad has evaporated. Iraq is one of the most important issues for Americans. Hence if Europe insists on multilateralism it must then ensure that this approach is effective rather than just lamenting US unilateralism.

Regarding future options in dealing with Iraq, Laurenti presented three major schools of thought in Washington. The first, continued containment, considers Iraq a potential threat to peace and security, though severely degraded in its conventional capabilities by the war of 1991 and the sanctions. Biological and chemical weapons programmes are a troubling deterrent but not a means to invade or intimidate its neighbours. There is hence no compelling need to raise the stakes. Sanctions will continue to work as a containment until a regime change occurs in Baghdad. Instead, the second position, well represented by Colin Powell, considers Iraq a growing menace, the regime having been able to raise money through furtive oil sales outside the UN's oil-for-food programme and hence to renew its program to develop biological and chemical weapons. The US must then engage in a decisive attack unless there is a prompt acceptance of inspections and all the other obligations imposed by the Security Council. In case the Baghdad regime is not overthrown, increased resources must be funnelled into anti-Saddam subversion to achieve this goal. The third position considers Iraq an imminent threat to US interests, to Israel and to the Persian Gulf monarchies. People sustaining this view, such as Donald Rumsfeld and Dick Cheney, fear that the resuming of inspections would just give the regime more time to mobilise against the decisive US action. The administration has been able to find common grounds between the second and third positions, with the Department of State continuing to encourage the UN to seek Iraqi compliance without compromises on inspectors' unhindered access but at the same time gearing up for war.

Europeans may take three different approaches in responding to an eventual use of force in Iraq by the US. They can firmly invoke international law and press for a prompt return of inspectors. Were the Europeans determinedly against a unilateral war, they could decide, or at least threaten to bar any US military move into or out of their territories in order to drive Bush to a more international legal status. This would require cohesiveness and unity of purpose. Alternatively, the EU could try to solve the question through international principles and themselves take measures to multilateralise

Washington's initiative. To that end they could propose a resolution to the Security Council to set a deadline for the re-entry of inspectors summoning member states to take "all the means necessary" to remove the regime after the deadline passes. The third option, the most realistic, is to remain strictly low profile on Iraq, giving a tacit endorsement to US policy without explicitly accepting its premises. And when the blow falls EU can rationalize it as an enforcement of Security Council policies. The major task for the Europeans would then be to contribute to post-conflict reconstruction and institution-building.

Discussion

Discussion was centred on the main points of disagreement between the EU and the US regarding Iran and Iraq. Nevertheless, it emerged that Europe could play an important role in both countries.

The situation in Washington still appears to be very fluid regarding Iraq. Thus, Europeans could help the Bush administration escape the rhetorical corner into which it has worked itself. As concerns Iran, the US will be deadlocked for the foreseeable future, as a regime change is not expected. Washington expects Europeans to take the bad cop attitude sometimes in their relations with Teheran, especially regarding the issues of nuclear proliferation, the Hezbollah and the hardliners' position towards Israel. One speaker argued that it is not sufficient for Europeans to raise these issues in talks with Iranian officials, as already happens, but that they also have to act. The Bush administration was criticised for not rewarding Teheran for its cooperation in Afghanistan.

There was disagreement over the effects in Teheran of Bush's "Axis of Evil" speech. Most Europeans did not see that it offered any help to reformers and argued instead that it caused great problems for them. If they managed to temporarily overcome it, it was thanks to their ability rather than to Bush's words which were dangerous and counterproductive. Europeans are convinced that problems in US-Iran relations are not just simply caused by hardliners in Teheran, but by US incoherence towards the country. One speaker pointed out that the real danger of the US' muscular diplomacy is that it undermines the enthusiasm for reforms and globalisation of the Iranian population, especially the young people.

Regarding a military intervention in Iraq, the most realistic possibility is that a limited number of troops will move towards Baghdad from Turkey, Kuwait and maybe Jordan in covert ground operations to destabilise the regime. From the European point of view, even this scenario could be unsuccessful with a lot of civilian victims and little possibility of removing Saddam.

An alternative hypothesis is the European proposal of "unsmart sanctions" which means the mobilisation of muscular border guards to cut Iraq off from Jordan, Kuwait and Saudi Arabia, an action which could make the sanctions regime finally works. Europeans have long put into question the utility of the current sanction regime towards Iraq which according to them has had very little effect on politics and economics other than giving Saddam and his dictatorship more power. Moreover the consensus reached in the Security Council in 1991 has been broken by US promotion of the use of military

force. Furthermore, calculations carried out in Washington seem to consider how to get rid of Saddam but not how to deal with the postwar situation. The apparent lack of perception in Washington of the difficulty of state-building in a country like Iraq, a message which must get through to the administration before the beginning of military action, emerged. One discussant argued that the problems in postwar Afghanistan would be exacerbated in Iraq. Even though Europe may not stop a US intervention, postwar involvement may be much more difficult. The Europeans may not be willing to go to Iraq at all for state-building operations after a war, even though the US seems to take this for granted.

One participant pointed to the effects of the end of the US dual containment policy regarding Iraq and Iran. Policies seem to have shifted towards an action against Iraq first without thinking too much of how this could change the framework of the dual containment policy. It would be then very difficult to find stability anywhere in the entire region, from the Middle East to the Gulf.