BRUSSELS FORUM

TRANSCRIPT
CLOSING SESSION
Sunday March 16, 2008

Address: **The Hon. Karel De Gucht,** Foreign Affairs Minister, Belgium

Keynote: **The Hon. Michael Chertoff**, Secretary, U. S. Department of Homeland Security

---

KENNEDY: We're ready for our final session today. And it's a great privilege that we have Secretary Chertoff with us. We've asked one of our best supporters, Karel de Gucht, the foreign minister of Belgium to do the introduction. All of you that were here last year remember his very, sort of, precise and thoughtful closing remarks. And this year, he's agreed to do the introduction of Secretary Chertoff. So as soon as he gets a glass of water, I will turn the podium over to the foreign minister.

DE GUCHT: Thank you.

KENNEDY: Thank you for being here.

[APPLAUSE]

DE GUCHT: Good morning, ladies, and gentlemen, ministers, excellencies, colleagues, distinguished ladies and gentlemen. First of all, and I think that I can speak for all of you, I would like to thank and congratulate the German Marshall Fund for the organization of this year's edition of the Brussels Forum.

[APPLAUSE]

These have been interesting and fruitful days. Our gathering has been yet another clear indication of the strength and intensity of transatlantic relations and of our friendship across the Atlantic. It has confirmed that developing a good transatlantic cooperation and partnership is the key for success in meeting the challenges that we all face today. I'm proud and happy that this event has taken place here in Brussels, the capital of Europe and the seat of the headquarters of the transatlantic alliance.

Since we have the pleasure to have the Honorable Michael Chertoff, secretary U.S. Department of Homeland Security, as the final speaker of today and of this forum, I thought it useful to say a few words about a topic that is high on the transatlantic agenda and that is at the crossroads between foreign affairs and homeland security—more precisely, data protection and visa waivers.

Data protection has been running for the last 15 years as a continuum through the political and legislative work of the European Union and its member states. This is not a coincidence. Even before the establishment of an area of freedom, security and justice in '99, the European community enacted in '95, the important directive on the protection of personal data. Its purpose was mainly to set up a legal framework regulating the use of personal data in "normal life." It subjects the use and transfer of this data to strict rules and sets up independent authorities to make sure that these rules are respected.

G|M|F The German Marshall Fund of the United States STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM
EGMONT
DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS
LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA
the tipping point foundation

The technological revolution with regard to data collection and processing continues with seemingly boundless possibilities. International banking and trade profits immensely, as do individual citizens in their daily lives and governments to improve governance.

However, these possibilities are also used and abused by organizations and individuals with less honorable intentions. It forces legislators to change their methods to better control and regulate the use of data by adapting them to the realities of the ever-evolving technological possibilities. This is a continuing challenge. With the attacks of September 11, 2001, followed by terrorist attacks in Europe and in other places in the world, the perspective changed in a fundamental way. The fight against international terrorism and the concern of democracies to protect themselves against further attacks, force governments all over the world to take appropriate measures.

At the same time, a discussion grew regarding the limits for those measures and their respect with regard to the protection of the private life of citizens. The citizen is aware that information about his daily life is now broadly traceable and stored, but lacks information about how it is used and by whom. Legislators are by nature suspicious about this use and insist that fundamental rights are safeguarded under all circumstances -- faced with the real or perceived risk that the normal citizen, in good faith, could get entangled in a Kafka-esque misunderstanding, or that his fundamental rights may be curtailed with the excuse that this is a price to pay for an excessive an effective fight against terrorism and organized crime.

It is now generally accepted that this discussion is not the correct one. Our democracies have proven themselves mature enough to cope with this apparent contradiction in the sense that it is possible to combine an effective fight against the threats of terrorism to our democratic societies while safeguarding, even reinforcing, the fundamental rights of our citizens.

The continuing challenge, however, is to proceed in a way that puts into place the right rules and mechanisms to enforce them. Individual states are constantly working on this, as are international organizations. The European Union has taken this topic to the top of its political and legislative agenda. The most recent result is the council framework decision on the protection of personal data processed in the framework of police and judicial cooperation in criminal matters, on which the EU ministers of justice and home affairs reached an agreement in December 2007.

In the globalized world, it is important to always stay one, and preferably more, steps ahead of ill-intentioned organizations and individuals.

C: Michael Chertoff; U.S. Department of Homeland Security; Secretary
P: Eric Oman; European Parliament, Germany;
DE GUCHT
this world, it is important to always stay one, and preferably more, steps ahead of ill-intentioned organizations and individuals.

Efforts need to be coordinated at the international level, but also need to be timely. Democratic consultation processes can be slow. We can be strong. On the condition that the international cooperation works smoothly. But at the same time, the protection of fundamental rights, including privacy and personal data, should remain the foundation of our societies and of our actions. The European Union uses the principle of discretionary powers and proportionality to guide its actions and find the most appropriate way to ensure that all interests are covered. Let me illustrate this by three recent, but important examples.

The first concerns the transfer of personal data, of air passengers travelling to and from the USA. The U.S. legislation requires airline companies to transfer this data, generated electronically, when purchasing a ticket to the competent Homeland Security authorities in the framework of the fight against terrorism. European Union

G|M|F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM
EGMONT
DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS
LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA
the tipping point foundation

fully acknowledging the importance of this step, has negotiated with the USA, an agreement whereby this transfer is subject to a number of limitations, such as the deletion of sensitive data and guarantees ensuring that the accepted high standards of data protection are respected. In a globalized world, the E.U. is concluding similar agreements with other countries and is thinking to establish a PNR system of its own.

The second example concerns the banking sector, more in particular the obligation imposed by the American authorities on the Belgian-based company, Swift, to transfer certain data regarding international bank transfers to the Office of Foreign Assets Control. In order to fully comply with the European and Belgian data protection laws, a special agreement was concluded between the E.U. and the USA, completed by the [aidance] of Swift to the Safe Harbor principles. This construction is simultaneously aimed at strengthening the fight against the financing of international terrorism, securing the stability of international financial markets and, last but not least, protecting the privacy of the persons concerned.

Lastly, there is the free travel of our citizens. Also in relation with our American friends, the E.U. aims at ensuring that all E.U. citizens, regardless of their national identity, can profit from Visa-free travel to the USA, as U.S. citizens already enjoy when they travel to any of the E.U. member states.

Whereas it is clear that the E.U. has a well defined competence in this area to negotiate with the U.S., I'm happy that on the -- on March the 13th, a couple of days ago, a common understanding was reached to follow a twin plaque approach so that both U.S. and E.U. laws can be complied with by giving the necessary flexibility to member states to work on issues that fall within their competence.

Excellencies and colleagues, ladies and gentlemen, the issue of data protection will continue to be one of the main topics of discussion between the E.U. and the U.S. No doubt the concerns are shared, as should the consensus on solutions. There is no way back from the technical -- technological revolution and its consequences and we are all concerned. The art and responsibility now is to make best use of it. That is a challenge that we face on both sides of the Atlantic and with which we should cope together. Thank you very much for your kind attention.

KENNEDY: And now it's my pleasure to introduce the Secretary of Homeland Security of the United States, Michael Chertoff. I don't think a long introduction is required. He has done a great deal to improve U.S.-European relations over the last year. As we were talking beforehand, I said that as you go around Europe, I'm always struck by the extent of cooperation that he has with interior ministries and others in just about every country of Europe.

Secretary Chertoff, it's a real privilege to have you conclude this conference. Thank you.

Michael Chertoff: Well thank you, Craig, for inviting me to conclude the conference and thank you, Minister, for your introductory remarks. I am privileged to be here, I guess, at the third of these Brussels forums, which I think are a very important venue to discuss a whole host of common issues that we have that aren't quite in the domain of defence, but are more than merely individual economic issues. They really have to do with a whole network of relationships that we use in order to promote security and prosperity in our world. And more particularly, in our transatlantic relationship.

Of course the German Marshall Fund reflects the German Marshall Plan, which was the effort by the United States after the war to work to -- with our European partners to rebuild and to provide a counterweight to what was then an enormous ideological challenge to the future of Europe and maybe the world. That was the idea of Communism as the ideological force on the march in the wake of the Second World War.

I've completed a trip of about a week, beginning in Germany, going into Estonia, Latvia, Slovenia, Italy and then here. And I had three moments during the trip that really struck me that I want to share with you as I begin my remarks. First, in Germany, in Berlin, I had the opportunity to visit the Reichstag. And to see in the

G|M|F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM EGMONT DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA the tipping point foundation

photo display some moving pictures about the end of the wall, the Berlin Wall. One picture in particular showed young people essentially moving back and forth where the wall was beginning to be pulled down and then the bewildered looks on the expression of the East German guards who no longer knew what their role was when that wall had been destroyed.

The second opportunity was to be an Estonian. Here, my counterpart talked movingly about the way in which everyday Estonians felt a connection with the United States because they never forgot the fact that we did not concede the Soviet occupation of Estonia. We never gave up hope that Estonia would be free. And he talked about a dream that many Estonians had that white ships from America would come to help free Estonia. And of course now we have a free Estonia, a democratic country that is on the way to becoming a member of our Visa waiver program.

And finally in Rome, I had the opportunity to visit St. Peter's and to go in the vault underneath and to see the crypt of John Paul II, the Pope who probably as much as any living human being played a major impact in tearing down the wall and freeing Eastern Europe.

Now all of these events cause me to think back. And I'm old enough to remember quite vividly in my young adult life a time when it was accepted as a foregone conclusion that during our lifetimes, the Soviet Union would dominate the Baltics, would dominate East Germany, would dominate Eastern Europe, that we needed to manage the relationship with the Soviet Union, but that the idea that these nations would be free was a pipe dream. That it was unrealistic that only reckless dreamers would actually envision the possibility of free countries in the foreseeable future.

Now many of you know we have a debate now in the United States about our security policies and our foreign policies and some people talk about the fact that we need to restore realism. We have to be realistic about what our world is like. And so when I confronted these three moments in this trip this weekend, I thought about what was viewed as realistic 20 years ago and whether that in fact was realistic. It caused me think that maybe realism means different things to different people. To some people realism means resignation. It means we manage the decline, we manage the problem, we try to mitigate the damage, but we never lift our eyes to the horizon of what might be if we were able to transform our world and to bring some of the blessings that we enjoy to other parts of the world. But to some people, realism means that we can transform the world.

It doesn't mean that we're heedless of the practical limitations under which we operate, it doesn't mean that we limit ourselves to one kind of approach or one kind of power, but it also means that we never abandon the idea that the fundamental things, which we cherish and which now those who formerly lived in East Germany can cherish, those who live in Estonia and Latvia can cherish, we never abandoned the idea that these are things that are worth fighting for and continuing to promote. And it may not happen tomorrow or next week or next month, but it is not unthinkable that the day will come, arrives in places that now, from where -- from -- in which now it seems quite remote. Just as we've seen that happen in Eastern Europe.

Now of course I'm the last person to tell you that the challenges have gone away and that the fall of the Berlin Wall resulted in an end of history and the triumph of those ideals, which some people would describe as enlightenment ideals, toleration, respect for the rule of law, belief in the individual. Rather, I think we're facing a new threat and it's a threat, which is sometimes described as terrorism, but I would argue really is more than just terrorism, because it's an ideological threat.

Of course terrorism itself as a tactic has been around for a long time. And we are all mindful of the fact that here in Europe, well before September 11th and well before Al-Qaeda, there were various kinds of terrorist threats that were confronted and dealt with. Whether it was the IRA, the Irish Republican Army or the Red Brigade or the Baader-Meinof Gang, Europe has spent many years coping with terrorism as a tactic. So I understand why it is that Europeans sometimes view terrorism as merely a challenge that's been dealt with in the past and one therefore that can be treated using the same approaches that have worked in the '70s, '80s and

G|M|F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM EGMONT DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA the tipping point foundation

'90s of the last century. But I think while terrorism as a tactic has been around, what we confront with Al-Qaeda and with other organizations, militant and extreme organizations in various parts of the world, is quite different from the terrorism that Europe confronted in the last part of the 20th century and quite different from the terrorism the Americans have conducted previously.

Peter Clark, who heads Counter-Terrorism for Scotland Yard talked about this difference between the old kind of terrorism and the new kind of terrorism. When he compared his experience fighting the Irish Republican Army compared to what he now faces and what we all face dealing with Al-Qaeda and its henchmen. Clark said that IRA terrorism was essentially a domestic campaign, using conventional weaponry, conducted by people who mainly sought to avoid capture and certainly were not looking to die and who had political goals. And in the pursuit of those goals, did not wantonly inflict casualties, but did so for a political purpose. But Clark went on to say that terrorism is renouncing the practice by Al-Qaeda and other militant groups, exhibits many of the opposite characteristics. That they in fact glory in wanton violence, that their goals are not merely a defined, limited political objective, but actually strike at the heart of the value systems and the ideologies and the enlightenment that we cherish in the civilized parts of the world.

Today's terrorism, as practiced by Al-Qaeda and similar groups is global, it has broad reach, it has even broader ambition and it relies upon a sinister network of almost cult-like organizations that have a belief in a particular world view.

As Clark said, "The current threat is of such scale and intractability that we must not only defeat those who plot and carry out appalling acts of violence, we must also find a way of defeating the ideas that drive them. The corrosive ideologies that are used to justify terrorism must be confronted." And that's my point. My point is that what we face now is not terrorism of the sort that we faced historically. It is terrorism as a weapon and the tools of an extreme ideology. What I would describe as a totalitarian ideology in the sense that the view of those who are the leaders of the ideology is every bit a matter of global or at least partial global domination of an idea that is pernicious and that strikes at the very heart of the values that we cherish.

Now some will say, well, it's overdrawn to consider the ideology that we confront here, whether it's called talk fearism or Extreme Islamic Fundamentalism, it's an exaggeration to view it in the same way that we view Fascism or Communism, which were other totalitarian ideologies of the past.

I would beg to differ. If you look back historically to the early part of the 20th century, before Fascism and Communism took root in modern nation states, they had broad ambitions, they had violent goals, but they seemed at the time not to have rooted themselves in a particular country. But left unaddressed and unchallenged, those ideologies did take root, they took root in Russia, they took root in Italy, they took root in Germany and of course the consequences are well remembered here and one of the reasons why we had to have a martial plan.

Of course we're not at the same pass with respect to this extreme ideology that we were during the middle part of the last century. But we have seen again and again that this ideology has taken root and has sought to taken root -- sought to take root.

In Afghanistan, for example, there was a militant ideology in charge of a country that created a safe space in which it was possible to improve -- impose repressive measures on women and others, in which it was possible to deny education to women and others, in which it was possible to host and train Al-Qaeda and terrorism groups that would project their power against innocent people around the world, in which there were laboratories that were designed to investigate the creation of biological and chemical weapons, with no constraint about the willingness to use those against others who were viewed as unbelievers. And it was only through the defeat of the Taliban regime and the creation of a democratic government and a free government in Afghanistan that that threat was rolled back. And even now, we see in parts of the world that there are safe

G|M|F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM EGMONT DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA the tipping point foundation

spaces, areas of territory, in which this ideology seeks to take root. Whether it is the frontier areas of Pakistan and Afghanistan or parts of Somalia or even the ambition now to embed itself into parts of North Africa.

And in terms of the scale of devastation that this ideology is intent on wreaking and capable of wreaking, it may not seem quite at the level of what we saw in the middle of the last century, but let me suggest that modern technology has given even a comparatively small network the capability to levy war in a way that would not have been possible 100 years ago. Because technology is an enabler, so that even a small group can cause devastation on the scale that we saw on September 11th and that we might see yet again, perhaps even with worse consequences.

We've certainly seen an intent to carry out acts of violence that is second to none as compared to what we saw in the last century with the ideologies of totalitarianism that existed then. For example, we have seen bombs not only in New York and Washington, but in London, in Madrid, just in the last few weeks. In Pakistan, the assassination of Bhutto, a bomb just yesterday in a restaurant in Pakistan. And we've seen, by the way, that this -- these acts of terror and violence are not limited merely to those who are so-called unbelievers. But in fact, mainstream Muslims themselves are the target of this ideology because they do not accept Bin Laden and his henchmen as true prophets of their religion.

Two and a half years ago, Amman, Jordan, a groom, his bride and the father of both newlyweds and other relatives died in a triple suicide bombing ordered by Zarqawi in Iraq. Aimed at Muslims that were nothing more than celebrating one of the holiest endeavors, which is the marriage of a man and a woman. In February of this year, in Peshawar, Pakistan, 40 people were killed again when individuals were attending a funeral for a slain police officer and were devastated by a suicide bomb. And also earlier this year, terrorists reached, if you can believe it, a new low by strapping bombs on two mentally disabled women and killing them and 27 other civilians in a busy marketplace. So I would argue that in terms of goal and in terms of intent, perhaps not yet in terms of capability, we face a challenge to our values in this new totalitarian ideology that is really not different in character from what we have faced in the 20th century.

Now how do we respond to this? I would argue that we respond in all -- with all the tools that we have at our disposal. Sometimes that means hard power, which is involved when we entered into Afghanistan and ejected the Taliban, which we can use to apprehend and bring to justice Al-Qaeda members and leaders and its adherents. Sometimes it's soft power. It's using that value of ideas, it's assisting, as we did in Pakistan, in the wake of some of the natural disasters there. It's assisting, as we've done around the world, to try to show that the West brings with it, not only ideas, but actual realities in terms of how we can help people better their lives.

But I also think it is perhaps as much or more than any of these, a continued adherence to the view that freedom as an aspiration, that the rule of laws and aspiration that everybody in the world is entitled to seek. That we need not assume or concede that there are spaces in the world that are not ready for freedom, that are not ready for the rule of law, that are not ready for democracy, that won't cherish them, that we should consign to a kind of a twilight zone a freedom in much the same way that perhaps some people consigned Estonia or Latvia 50 or 60 years ago.

Now to step back, of course, from the broad strategy to the more concrete, one of the things that we can do to enable ourselves in promoting this ideology of freedom and the benefits of the West, but at the same time protecting ourselves against this very real, persistent, capable and certainly murderously intent -- intended threat, is to work as a global network ourselves to counter the global network of terrorism.

It seems to me that global terrorism in the 21st century ultimately depends upon three tactical enablers. Three elements, which give it the operational capability to do what was done in the run up to 9/11. Plan in one country, train in another country and execute a terrorist plot in a third country. What are these three enablers? Communications, finance and travel. Terrorists exploit these enablers to talk to each other and plan around the world, whether in the same place or virtually connected through modern technology. They use finance to

enable themselves to equip themselves and carry out their plans. And finally, they use travel to get where they're going in order to set the bomb off or to hijack the airplane and put it into the twin towers.

And therefore, what we must do is fight the network with a network. And our network is the civilized world. And that is what we are about doing, what I've tried to do over the last week, and what we've all been trying to do over the last several years, in building a network to strike at these enablers so that we can continue to enjoy prosperity and freedom on a global basis and promote travel and trade on a global basis, but at the same time, increase the vulnerability and increase the risk for the terrorists who are trying to hijack these very same pathways of prosperity for a more pernicious purpose.

So let me talk briefly about the three ways in which we can take these enablers and turn them into tools that both promote prosperity and also protect our freedom and our lives.

Well first communications. It's quite clear that we have been perhaps more successful in this respect than in any other respect, in using our ability to listen to communications, to monitor and intercept them as a way of detecting and disrupting plans to be carried out by terrorists. A recent example was revealed as disclosed by the German government last September, when the ability to intercept communications was a major factor in the disruption of a plot to detonate bombs in Germany. Those bombs, had they been detonated, would have caused a tremendous loss of life.

In the area of finance, I'm delighted that around the world, not just in Europe and the United States, we've increasingly seen the importance of blocking financial institutions that are exploited in order to fund various kinds of terrorist activities. In recent years, the U.S. and the E.U. have worked together to freeze the assets of groups and individuals that are on a list that was initiated by the U.N. Security Council in Resolution 1267. We share information in this respect. As the Foreign Minister said, our ability by -- to set up common principles so that we can use the insight that we have and the window that we have into the movement of money is a major way we can increase the risk to the terrorists when they want to finance their acts of terrorism. And this is work we need to continue to do through our Financial Action Task Force at the OECD and through other multi-lateral institutions.

But finally, what about the area of travel? I dare say prior to 9/11, this was the area in which we had the least capability to disrupt terrorist activity. But I will also tell you that it's quite clear that terrorists at their most -- are at their most vulnerable when they cross a border. That is when they stand alone, that is when they have to face police officials or border officials who are empowered to ask them questions or to search them and that is the moment at which they are most easily apprehended and disrupted.

At the same time, travel is increasingly a critical element of our world prosperity. In the United States, for example, every year we welcome more than 400 million travelers. We want to continue that movement of travelers in and out of the United States as efficiently as possible. So how is it that we balance this? How is it that we reduce travelling as an enabler for terrorism, without compromising or sacrificing the free movement of the vast majority of people around the world?

Well the answer is, we've got to find the bad people. We've got to search for the proverbial needle in the hay stack. There are very few people who are dangerous among the millions who are not. And we've got to do it in a way that doesn't disrupt the millions, but is very effective at carrying out the task of finding out those few who are dangerous.

And we have found in the United States that there are three basic tools that allow us to do exactly this. Balance the need for free movement against the urgency of making sure we are not a venue for further attacks. These three areas are, information about who comes in, secure documentation to identify the person that presents themselves at the border and biometrics, which give us the ability not only to confirm the identity of

the traveler, but maybe even more importantly, to detect the terrorist who was previously unknown to us, by name or by history. And let me talk about how we've dealt with each of these three areas.

First information. As the Foreign Minister said, we have reached an agreement with the E.U. concerning the adequacy of our data protection with respect to a little bit of commercial data that we collect about people who want to travel in the United States and determine whether these are people that need a little bit of a closer look before they're admitted into the country. By collecting some of this data, we are able to see whether there are connections between people who appear to be innocent travelers on the surface, but who might be financially or, by way of communications, linked to individuals that we know to be terrorists. And when we see those people, and time and again, we have seen success stories, we're able to pull these people aside, we search their bags, we ask them questions and what do we find? We find, for example, instruction manuals on how to build improvised explosive devices or videos of American soldiers being blown up or martyrdom wills, all of which suggest to me that this not -- these are not the kind of people we want to bring into the United States.

A classic example, in 2003, we used this kind of information to keep out an individual travelling in the U.S. from Jordan who raised suspicions on the part of the individual border inspector. He turned him away, but first he took his fingerprints and he took his photograph. And we encountered the fingerprints two years later. They were on the steering wheel of the remains of a truck bomb that had been detonated in Iraq and we actually found the hand and the wrist of this individual handcuffed to the steering wheel. And because we were able to match the latent fingerprints with the prints we had of that individual's entry two years earlier, we knew we had turned away a potential suicide bomber. That is precisely the value of this kind of information.

Secure identification. The key to our watch lists, the key to all of our information about people who we know to be terrorists, is making sure that they cannot masquerade as others. That is why we have worked again and again with Europe to build more secure documents. This way, when we identify someone as bad, we can take extra steps to make sure they do not impersonate someone yet unknown to us in order to slip by our defenses.

And finally, fingerprints. As I have indicated to you, if we don't know somebody's name, if we don't know someone's information, there is one final tool that we can use to intercept them if they are coming into our country, or if they're coming into the E.U. for purposes that are nefarious or violent. We can compare the fingerprint of the traveler with latent fingerprints that we pick up in safe houses or battlefields around the world. We may not know who is in the safe house, we may not know the name of the person whose fingerprints are found in the training camp, but we will sure know if we encounter those fingerprints again, which we will do now that we are increasingly taking 10 fingerprints at our consulates and our border ports of entry.

Taken together, these three tools, information, secure documentation and fingerprints, give all of us a key to focusing on the narrow threat, while allowing the vast majority of people that are innocent to move freely. The good news is, I think we are converging in our view with European authorities, in fact the global authorities, on these principles. Increasingly, we are signing information sharing agreement and we are able to do so in a way that doesn't threaten or undercut our values and our belief in freedom and privacy.

The British government, for example, has embarked on an ambitious e-Borders program, which will be very similar to what we do. Vice President Frattini has tabled a suggestion for a PNR system that would mirror what we are doing. Other countries are managing and improving their documentation to increase security. This is all good news and our responsibility is to make sure that we build systems that are synchronized, coordinated, respect each other's fundamental values I think are basically the same and therefore allows seamless travel, what I would call a security envelope, through which the vast majority of people in all of our countries can travel and at the same time making sure that we maximize the danger for the terrorist every time that terrorist crosses a border with the intent to carry out an act of violence and mayhem.

G|M|F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION
.be BELGIUM
EGMONT
DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS
LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA
the tipping point foundation

So I am very encouraged by the state of our moving together and our unity and our integration. I look forward to continuing to work on emphasizing that which we have in common, synchronizing that which we have to do and making sure most of all we continue to lift our eyes to the horizon of freedom, which in the end is something, which is cherished in more countries now than ever before, precisely because we did not lose our will to freedom over the past 50 years. Thank you.

+++q-and-a

KENNEDY: The secretary has agreed to take a few questions. Who would like to ask the first one? Right over here. (inaudible).

CHERTOFF: And if you'd just tell me who you are, that would be helpful.

ERIKA MANN: Mr. Minister, we've met many times, but don't worry. My name is Erika Mann, European Parliament from Germany.

I have just one question. If you would be so kind, Secretary, to update us on the container security bill. So how is this developing, and how do you see this will be moved or is already on the TEC, the Transatlantic Economic Council, so what will be the ideal solution to find between Europe and between the United States?

CHERTOFF: Well, as you probably know, this was a congressional enactment. The administration took the position that we should be more risk-oriented in our approach, we should not mandate 100 percent scanning overseas. Congress did not accept that suggestion.

The current law requires within five years that we scan all containers for radiation overseas, but it does create the possibility for extensions based upon certain findings by the secretary of Homeland Security.

What we're trying to do over the next few years is to determine whether we can create a system that is operationally feasible, that has no negative impact on the movement of containers, which, of course, is important to all of us, that is agreeable to the host countries, because, as I said to Congress, we can't make other countries participate in this, and I don't think we should try to make them participate in it.

We have had, however, some volunteers, and we have up and running now this scanning system in Pakistan, Honduras, in Great Britain. We have other countries that are interested in pursuing this.

So I envision, at least in the short term, we'll continue to work with those who want to participate, we will continue to try to refine the system to make it as easy and efficient as possible. I think at some point, I hope Congress will revisit this and give the department a little more flexibility so we can work cooperatively with our friends overseas.

CRAIG KENNEDY: Before we take the next question, I know there are some journalists in the room, and we'll actually even let you ask questions this time.

Down here.

VLADIMIR CHISOV: Thank you. I am the Russian ambassador to the European Union.

Secretary Chertoff, you may remember about a year ago there was a quite successful trilateral meeting involving the United States, the European Union and my own country on issues related to justice, liberty and security.

G|M|F The German Marshall Fund of the United States STRENGTHENING TRANSATLANTIC COOPERATION
.be BELGIUM
EGMONT
DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS
LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA
the tipping point foundation

Since then, however, we've had a sense of the United States sort of losing interest in continuing in this forum, so I would like to ask you to confirm the U.S. commitment to continuing this cooperating, including a further meeting in that forum.

CHERTOFF: Well, I think we always want to continue our cooperation, and I think we have in the past year, particularly in the areas of dealing with natural hazards and natural disasters and also with respect to issues that are of common interest in terms of ways to defeat bombs, we have done work together, both bilaterally and multilaterally. Of course, we have representatives in Russia from various agencies in Homeland Security.

So we may not always do large meetings with all the panoply and all the paraphernalia of a big international conference, but I think we have been working well quietly with Russia and with other countries as well to promote the ability of everybody to secure themselves and to respond effectively when there is an emergency, and we want to continue to do that.

KENNEDY: Esther Brimmer and then we're going to go over to this side.

BRIMMER: Secretary Chertoff, thank you, and good to see you again. Esther Brimmer, Center for Transatlantic Relations, Johns Hopkins University.

As you know, Johns Hopkins coordinates the 17th University Consortium for the National Center for Excellence on PACER, Preparedness and Catastrophic Event Response.

I want to ask you about two sets of actors within that network fighting the network. The first is the rich transatlantic relationship. Indeed, most of our cooperation in the transatlantic area happens between the United States and the European Union, but also many countries are grappling with the question of, is there a role for military assets as well, intelligence and others in this cooperation. Could you comment a little bit about the relative roles of the European Union and possibly NATO and transatlantic cooperation?

And the second is the role of private businesses, indeed, many of the assets we've discussed, whether air transportation, communications and others, are, in many countries, in the hands of the private sector. What is the role and responsibilities of the private sector as well? Thank you.

CHERTOFF: With respect to the military and NATO, of course a lot of this is in the domain of my colleague, Bob Gates, so I won't step on his lane, but we do see that -- and this is true not only with respect to terrorism issues, but even more with respect to natural disasters and response to emergencies -- it is often the case that military assets are the most effective in the short term in dealing with an emergency. It could be an earthquake, it could be a hurricane, and so that is an area where joint planning really makes a big difference.

First, we learn from each other, but, secondly, we are better able to come to each other's assistance. I know during Hurricane Katrina we got a lot of assistance from militaries around the world. Our military, of course, was the major leaver providing assistance in Pakistan a couple years ago when there was that tsunami. So that's a very profitable area.

Private sector, even more so. As you point out, most of the assets that we deal with and we try to protect are in private sector hands. I believe we do best when we mobilize natural self-interests, the incentive of the marketplace, and have everybody protect and preserve their own assets in the service of prosperity and security.

G|M|F The German Marshall Fund of the United States STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM
EGMONT
DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS
LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA
the tipping point foundation

I think most business people want to protect their employees, they want to protect their things. If we can give them guidance and we can give them some incentives and we can give them a safe harbor sometimes, we can enable them to do an awful lot of the heavy lifting in terms of security.

What we owe them is this: We owe them a pretty straightforward assessment of what the challenges are, we owe them consistency. I'll give you a great example of how this works.

In August 2006, after the London bomb plot was discovered, we had to immediately change our protocol for boarding passenger airplanes and what kind of liquids would be allowed on. And almost immediately afterwards we were in touch with the E.U., with our counterparts, to make sure that we were able to synchronize the requirements in terms of what kind of liquid you could carry. We had to recognize that we do things in ounces and here it's done in milliliters, so we decided to accept 100 milliliters as well as three ounces.

The idea here was not to allow discrepancies to gum up the private sector's work, and they were very cooperative. So I think that is definitely the model we want to pursue.

KENNEDY: Over here.

KATZ: Secretary Chertoff, my name is Jonathan Katz with the House Committee on Foreign Affairs. I promise not to ask a FISA question to you today.

I did want to follow up on the Visa Waiver Program. Congressman Wexler, who chairs the Europe Subcommittee that I work for, has been pushing to expand the program with both a focus on security but also including our European allies in the E.U. who want to join.

I think there's been some success, and I was hoping you could elaborate on those countries that are signing memorandums of understanding, but I wanted to know if you could provide us, sort of, a schedule of who's on deck and who's coming next. Thank you.

CHERTOFF: As you know, probably, we signed a memorandum of understanding with the Czech Republic a few weeks ago, and then I was in Estonia and Latvia signing agreements on Wednesday. It's a little hard to remember what it is, we've been moving around so much. And I believe we have three or four other countries that are going to be signing this coming week. Until something is signed, I don't want to announce it. But I envision that we will have a number of countries that will be stepping forward to become eligible.

Now, as you know, the agreement is not the end of the discussion. There are some things we have to do. We're on track to build our electronic system of travel authorization, which should be in place and up and running by this fall. Each of the countries has to meet certain requirements in terms of visa overstays.

One of the things we're going to have to do is get our U.S. air exit system up and running, and we can do that. We have the money to do it, we have the plan to do it. I will tell you, candidly, the airlines are a little resistant, because they see anything that requires you to stop and do something as an interference with their business model, although I would make the case that their business will be enhanced if there's more travel.

So I think we are in a better position now than ever before, and I believe it's quite possible we could have our first new visa waiver travelers entering the United States before the end of this calendar year.

KENNEDY: OK. Next question there, and then we're going to go over here to the center.

VALENTINA POP: Hello, I am Valentina Pop from the Romanian news agency, News In.

G|M|F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM EGMONT DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA the tipping point foundation

Mr. Chertoff, my question is also regarding the Visa Waiver Program. You have been traveling to these Eastern European countries. What would be the fastest track for Romania to be included in the Visa Waiver Program? Thank you.

CHERTOFF: Well, happily, I can tell you it's the same requirement for everybody. It essentially requires, first of all, that the visa refusal rate has to be below a certain number, it's 10 percent, and that certain other requirements be met in terms of the capability to assure us that you've got effective border patrols, effective passport security management, effective documentation.

For all kinds of reasons, it's not sensible for me to evaluate where Romania is in this kind of a setting, but I will say that the requirements are clear, they're right out in the statute and some other regulations we've put out, and we're more than happy to work with individual countries to give them specific guidance about what they need to do to get better positioned.

KENNEDY: OK. Last question right over here.

JEFF BRIGINSHAW: Secretary Chertoff, Jeff Briginshaw from the Transatlantic Business Dialogue.

This follows up slightly on Erika Mann's question, but I'll start by saying that when security is undermined and terrorism is left unchecked and businesses can't function and citizens can't take advantage of the freedoms that you are talking about, so I think everybody salutes the toughness and uncompromising nature of the approach that you've just set out. Of course, it also comes at a cost in logistically complexity for business and undermining, sometimes, of the freedoms that we cherish.

And so the question is this: How fast and how much do you think technological solutions, registered traveler programs, risk-based assessments on cargo can come in to restore the balance of freedom, if you want, and where would you see us in, say, five years time?

CHERTOFF: You know, I actually believe in risk-based assessments, and what's interesting is there's an old expression about some people see the glass half full, some see it half empty. I tend to think we're kind of right in the middle in our philosophy. Sometimes, frankly, if I'm in a business group, I hear mostly about how there's too much security. But I will be honest with you, when I go to Congress, I'm hearing, "Why don't we have more regulations in place?"

So let me lay out very clearly what our philosophy is, and I think we're actually pretty close to being there, although not in every respect.

I think we ought to be risk-based. I mean, take the issue of containers in trade. Early on in my tenure, I heard people say, "Why don't you physically inspect every container?" It's scandalous that only 4 percent of containers coming in the U.S. are opened and inspected. Now, most people here probably realize that if we inspected every container, there would not be ports left in the United States, because no one would send containers there.

This is a very hard argument to make publicly, because the 4 percent number really stuck in people's mind, and then you start to see it on editorials, you start to see it in radio shows. So we have not succumbed to that. We do use a risk-managed approach. And whenever we put in a new measure in, like scanning, for example, or what we do at the airport, we try very hard to measure the impact it has on flow and to make sure we don't have a negative impact on flow.

It may surprise you to learn that we monitor carefully the flow through the airport, how long it takes, how long the lines are, the flow at the border. So I think we do actually -- and we've not lost sight of risk. At the same time, we try to keep balance in the middle.

G|M|F The German Marshall Fund of the United States STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM
EGMONT
DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS
LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA
the tipping point foundation

But I will tell you, we have one challenge. Some of the things that would allow us to do the best job of managing risk and the least likely to interfere with people tend to get a negative reaction because some individuals have kind of an ideological opposition to it.

And a perfect example, for example, are things like PNR data, secure documentation, for example, our secure documentation requirement at the land border. Some people say, "That's an invasion of privacy. It's an invasion of privacy to ask people their name and their passport number before they come into the U.S. It's an invasion of privacy to require a secure document when you come in the U.S."

But I actually think that's a misconception. I think that when you have secure documents and a little bit of information, it allows you to do exactly what you suggested: Focus on the few individuals who present a higher risk as opposed to stopping everybody.

Because, basically, there's only three choices: You can either let everybody in without checking, and that's pretty much a recipe for a disaster; you can stop everybody and ask them the same questions and search everybody's bags, and that's going to be a nightmare from the standpoint of trade or travel; or you can use information to make intelligently based decisions, which is what we try to do.

But to do that we must beat back those people who argue that any time we collect a little information or any time we place a secure document requirement in the law, it is somehow the end of civil liberties. We need to engage that and to make the point that it actually enhances civil liberties.

I actually think -- here's my bottom line where we're going to be -- I think the public gets this. Sometimes the talking heads don't get it, sometimes the editorial pages don't get it, but I think most people accept that secure documents and a little bit of personal information, properly protected and held, in the long run will be quicker for them, more protective of their privacy and better for everybody's prosperity and freedom.

And so I think in five years we're going to be more risk-based, but it's not going to happen automatically. It's going to require continued engagement.

KENNEDAY: Thank you very much, Secretary Chertoff. That was terrific.

(APPLAUSE)

That was really great.

Now before we conclude, I just want to thank our partners again, the government of Belgium and especially the foreign ministry and others that helped us, Daimler and the Bertelsmann Stiftung. I also want to thank our sponsors, Fortis, the government of Latvia and the Tipping Point Foundation. You've all been great.

And thank you so much for being here today. We really appreciate it.

Let's have lunch, and we'll see you next year. Bye.

(APPLAUSE)

G|M|F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION
BELGIUM
EGMONT
DAIMLER | BertelsmannStiftung
With additional sponsorship by: FORTIS
LATVIJAS REPUBLIKAS AIZSARDZĪBAS MINISTRIJA MINISTRY OF DEFENCE REPUBLIC OF LATVIA
the tipping point foundation