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Brussels Forum

What Does Europe Want From the United States?

Dr. Ian Lesser: Good morning, everyone. Welcome to the final day of Brussels Forum. I'm Ian Lesser from GMF in Brussels and we're very pleased this morning to start off with a session on What Does Europe Want from the United States. I'd also like to mention that we have our young professionals with us this morning, and we're also very pleased to have Peter Spiegel, the Brussels Bureau Chief of the *Financial Times*, with us to moderate this first session so Peter, please.

(video): For the last decade, much of the transatlantic discourse has been driven by the question of what European partners can do to support U.S. strategies in key regions and on critical issues. But what does Europe want from the United States? What are the key items on the European agenda on which U.S. cooperation will be critical? Who should drive European strategy toward the United States? Who will drive it?

Mr. Peter Spiegel: Well, thank you all for joining us this early on a Sunday morning. I spent all night and into early morning Saturday with Eurozone finance ministers assisting with bailout for Cyprus, so I missed most of your panels yesterday 'cause I was sleeping, but I appreciate everyone getting up with us today. The title of this panel, I think, is quite interesting for a couple of reasons. What does Europe want from the U.S.? As Ian pointed out to me when we were heading in here, it's usually the other way around. Everyone wants to know what the U.S. wants from Europe. It's nice to turn it on its head a little bit to look at the other way.

But to me, the other issue, which I'd like to explore and hopefully we can get to the panels to deal with, is it's a bit of a difficult question because this definition of Europe. Is there a "what Europe wants"? And, you know, I think from the summit that we just had here last week, case in point, the prime minister of Great Britain, the president of France

pushing for lifting the arms embargo on Syria so we can arm the rebels, and the reaction from the rest of Europe was not hugely enthusiastic, from a German wait-and-see to outright hostility from, frankly, some of the most transatlantic members of NATO, including the country where the current secretary general comes from, Denmark. Issues like Russia have also always bedeviled Europe on this front. We have countries from the Central and Eastern Europe who are very concerned about energy security, issues like Georgia where we saw the Russians being quite aggressive in the region, and then we have countries like France which decided to sell amphibious ships to the Russians, Germany setting up its own pipeline to Gazprom. Is there a common policy that can be developed in Europe and how does that affect relations and a view towards the United States?

I also just want to point out before I go to the panel that it happens in a context. One of the contexts, obviously, is what Charles has written about, "The Rise of the Rest." You know, obviously, yesterday,

we had the panel on the U.S.-EU Trade Agreement. That is agreement that clearly is coming from some of the geopolitical imperatives of shouldn't the U.S. and the EU come together 'cause they have common interests in a world where the BRICS, where China and others have different interests, forcing together. On the other hand, there are centrifugal forces at play here. Obviously, the generational shift in the U.S., in particular that Secretary Gates mentioned in his sort of salutary speech given just across town here, talking about a new generation of leaders in the United States who didn't fight the Cold War with the Europeans, less emotionally tied to that transatlantic relationship, but most importantly, also, the Obama Pivot and what does that mean. I mean, obviously, the administration has talked quite a bit, but just because we're pivoting to Asia doesn't mean we're not paying attention to Europe, but as anyone in this room who has been in a policy position before knows leaders can only focus on one thing at a time, maybe two. It's very difficult if

you're pivoting one way, to keep your eye on the other side.

With that, let me turn to the panel and we'll address people left to right. We'll start with Artis Pabriks who's defense minister from Latvia. Again, on this issue of Russia, I'll be pinging you on this one. Sitting next to him is Ambassador Pierre Vimont who is the secretary general of the European External Action Service, the awkwardly named diplomatic corps for the EU, and the Ambassador and I go back quite a bit when he was ambassador in Washington, and I was covering foreign policy for the *Wall Street Journal* in Washington. Sitting next to him is Franco Frattini, also another person who is not unknown to us here in Brussels, former Italian commissioner to the European Commission, but more recently, the Italian foreign minister, particularly during the Libya conflict who obviously can talk to us a bit about how the U.S. played a role, leading from behind in that conflict. And finally, as I mentioned before, Charles Kupchan,

Senior Fellow at the Council On Foreign Relations, has written quite a bit about this issue of "The Rise of the Rest" and how that affects the rest of the West.

So what I'm going to do is just sort of ask the panelists for a very brief--I've been told that I have to be a disciplinarian here and keep everyone to about three or four minutes. Mr. Minister, if you can, start talking a bit about how you view, not only Europe's view, but particularly from your region, what Europe wants from the U.S., sir.

The Hon. Artis Pabriks: Thank you. Well, I told myself that on this Sunday morning, I'm trying to figure out how to stay politically correct and to say what we think. And I would try to compare the U.S.-European relationship as a long-standing partnership, either within marriage or not, and then in the last years, we heard that appeared some kind of nice counterpart on the other side of the globe and our partner has very much tended to have this new relationship developed, and I think that the European

interest is simply to remind, from time to time, to this old husband, let's say, that we are also still here and you should tend to us, as well. So I think that's in the brief what we are interested to receive from the United States with Europe.

But then, of course, the more serious question is if we are trying to distinguish what are the European interests regarding the United States, then you first have to clearly define who represents European interests and how we can really find how Europe sees itself so basically, what do we want from ourselves. And lately, I think that European Union actually do not have a very clear message to give abroad because we have a fatigue of enlargement, we have a fatigue of deepening our union, and even if we have been receiving European Union's Nobel Prize, I think actually the good outcome of this Nobel Prize issue would be to say that, listen, as old dancing partners, we should share this with the United States 'cause I think that European Union would receive this Nobel Prize or would qualify

for this Nobel Prize without the assistance of the United States. So I actually see a new dialog of the second United States government about free trade agreement as highly important. Because do we like it or not, this is a question of our stance within the global world and this is not any more so much about the peace between France and Germany or something in Western Europe. It's about the European or liberal democratic system in the global perspective.

If we fail to make this agreement and if we fail to figure out the next following steps, then probably Europe will be the biggest loser. And there's a lot of issues I would like to tackle during our discussion, and the final thing that I wanted to mention, as a defense minister, I think we should remember that among others, Europe is not only in some kind of economic disarray, at least some regions of Europe, but we are also the region which has been granted, for free, security for the last 50, 60 years. This is why we could expand economically, we could speak about our

self-power. At this moment, I think we've reached the critical phase in our mentality, in our psychology and also in real politics where we assume that our security is something granted for free to us, that we should not (inaudible) this. And as post second-war generations, in my view, particularly in the Western Europe, we assume that war where unsecure environment is something which just doesn't exist in Europe anymore. And I would like to say that this a very, very grave mistake in European minds.

Military, defense, security issues are inherent part of common social, cultural, economic life of every country of every continent. And some observers say there are no long-standing situations in the world where, on the one hand, you have a rich, prosperous, but demilitarized region next to the less rich and let's say aggressive or military developing regions. This balance doesn't remain for a long time so please, Europeans, my dear friends, keep in mind--and I have to

tell this because Europe, as European Union and 200 kilometers from our capital.

Mr. Peter Spiegel: Two points which I'll want to get back on. One, I do like this theme of reminding the old husband to pay attention because as I do my travels, particularly in Central and Eastern Europe, the issue of Article 5 and whether it still holds sway in the United States. The Americans realize that this is a common security clause that needs to be abided by is repeated to me by the new member states in Central and Eastern Europe. But also this issue clearly of lack of defense investment on this side of the ocean, something the Americans, the Pentagon in particular and the State Department, both hammer on quite a bit. I think they're both issues that we'll have to get back to quite a bit.

Ambassador Vimont, if could I turn to you, obviously, you're in the belly of the beast in terms of the ability of Europe to get in to form a common policy on everything external, but particularly the U.S. Maybe

if you could touch on that theme, or anything else you want to, in your introductory remarks. Ambassador Vimont.

Mr. Pierre Vimont: Thank you. Thank you very much, and I'll be very brief because on a Sunday morning, I think I need a little bit of warm-up. A few remarks very quickly.

First of all, the debate about what we want from Europe mostly--what we want from the United States, mostly goes around the same two or three ideas. The Europeans complain that the U.S. leadership today seems to be missing and the Americans strike back saying that the Europeans should be a little bit more ambitious, a little bit more forthcoming and should try to bring their own contribution, whether it be defense, whether it be the Middle East peace process and that goes back time and again.

And I would say the second big idea is the Europeans have this impression that the American administration, because of the pivoting towards Asia,

is not paying as much attention to the Europeans and to the European Union as it used to do a few years ago.

It seems to me, first of all, that all this is somewhat a bit short in terms of analysis. And first of all, because there is a rather extraordinary contradiction since the beginning. Very rarely have we seen in Washington, a U.S. President who was intellectually so close to the Europeans. One of your colleagues, while I was in Washington, was telling me time and again, no surprise that the Europeans love Obama. You know, he's got 80 percent, 90 percent in all the opinion polls here in Europe. It's because he thinks like a European, you know. This is a president who's talking about the multi-polar world, et cetera, and seems to have all the same analysis as we do.

And therefore, it's quite surprising, when you have an American president like that, that half the Europeans, at the same time, is feeling that he's getting away and drifting away from Europe. There's a little bit of contradiction there, in my opinion. And I

wonder whether, and that will be my second observation, whether in fact what we're facing today is not at all the sort of drifting apart, but rather both together, the Europeans just like the Americans, facing a more and more sophisticated and complex world with many actors, global challenges happening every day, crisis popping up every day, a very complex world that we don't know how to deal with. And that either on the American side or the European side, we haven't got the right answers so far because maybe we're not strong enough in the way we assess the situation and understanding exactly what's happening. And maybe not speaking enough to each other to try together to find the right solutions.

We're moving on. We're rather pragmatic. We'll both certainly discuss about Libya, maybe about Mali and other things. There is a division of labor that is slowly emerging there between America and Europe, but maybe we haven't been able, first of all, to theorize it yet. And secondly, we're still somewhat uncertain

about where we're heading to and I think this is the real problem I think we're facing at the moment. I'll stop here.

Mr. Peter Spiegel: It's a difficult one for journalists, in particular, because we don't like complexity. We like to be over-simplified. And in a differentiated world in which the relationship between the U.S. and EU differs on different issues, very hard to hold our attention on this. But this issue of the complaining back and forth that the U.S. doesn't pay enough attention to Europe, that the Americans believe the Europeans should lead, there was no better example of that, I think, than the Libya situation where you did have that dynamic play itself out. The Obama Administration very much willing to allow Europe to lead on that. And obviously, Minister Frattini, you were part of that as the Italian Finance Foreign Minister.

I also might mention, the great mention-er in the sky has also mentioned Mr. Frattini's name as

potentially a successor to Anders Fogh Rasmussen in NATO so it's something that you may be dealing with in the future. Can you talk a bit about that dynamic, that transatlantic dynamic, and whether that burden-sharing that the Ambassador talked about is a good thing potentially for the transatlantic relationship or is it a sign of divergence?

The Hon. Franco Frattini: Well, I think what our goal, what to do, and how. These are my three brief points. Since our goals are to implement and to follow this strategic operation on the basis of common values, democracy, rule of law, individual liberty, I can see that, first of all, a stronger Europe is in the interest of United States. I used to say we need more Europe, not less America. This is my departing point. Since I'm convinced of that, I think that a division of labor, a cooperation where sometimes Europe is in the condition to take the lead, as it was in the Balkans, as it should be in Mediterranean area and it should be

North African country, shouldn’t lead to a decoupling of transatlantic security.

Transatlantic security is good. It’s something that we have to keep together. In some cases, Europe should be in the lead. I can mention the case of Libya, maybe I’ll be further elaborating later during this debate. I would mention the idea that has emerged of having a strong involvement not only of our partners, our members of NATO in the NATO mission, unified protector, but involving partners.

In the first case of Libya, four Arab states that are partners of NATO participated in terms of capabilities. Not only political support, which was decisive for the go-ahead, but they participated in (inaudible). In that case, America, somebody says, led from behind. I saw that situation. I think this was a good example where some Europeans, I wouldn’t say first of all, but among the first, Italy, knowing better than others, the situation in Libya, was playing a good role by, I would say, cooperating, exchanging information,

and so on and so forth, while United States have been cooperating.

The same applies, and should apply, the near future in that area because it is not enough to say, the mission Libya led to liberating Libya from the regime. Now, we are to stabilize. The Libya situation is very fragile. The situation in Sahel North Africa is becoming more and more fragile. Think about Tunisia. We have been hoping about a consolidation of regime in Tunisia and unfortunate, they had to change the government a few days ago. So now more than ever, American involvement in North Africa is what we need, even though, I would repeat, Europe should take the lead.

On the contrary, think about the Gulf, think about the negotiations to bring Iran to be, I would say, a responsible partner and not undermining the security. In this case, I would like very much America taking the lead and we cooperating. In the Gulf, for example, where we want to be part, and unfortunately, accept

some of important NATO initiatives there, Europeans as European countries are not so much involved and it should be. The same applies to Middle East.

I agree with what Pierre Vimont said. I never seen a president of United States so close to the European perspective of working together.

The final point. We want to have from America is also the concrete, smooth implementation of what I would call the second pillar that is economic cooperation. The offer to negotiate a free-trade agreement between United States and Europe is something that can very easily complement the security perspective. And then I would repeat was the Minister just said about importance of avoiding this exercise of horizontal cuttings in defense and security spending. Instead, we should think about coordinating, optimizing, taking political decision, not a bureaucratic decision that's, well, we have to reduce by 1.3 percent and that's all by horizontal acts.

Mr. Peter Spiegel: Thank you very much. I think we would not get a more clear clarion call for transatlantic cooperation in various regions. But just to tie a couple of the comments together, again, getting back to Libya, when we asked what Europe wants from the U.S., again to get back to the Minister's point about investment, clearly, even if Europe wanted to go alone in Libya, it couldn't. It needed to rely on U.S. command and control, and through the NATO integrated command structure, was forced to do that. There was no institution, no technical, well, frankly, capability to do it on its own. So thank you for that, Mr. Minister.

The academic in the room gets to wrap everything up. I'll turn to you, Mr. Kupchan. You may want to address the issue of whether the U.S. and the EU are actually being forced together in a new sort of post Cold-War world or take us in a different direction. But I want to hand it to you to wrap up the panel. And then just a warning, I will turn it over to the audience

right after that. And those of you who I recognize in the audience, if I get no hands, I'm going to call on you anyway. So Dr. Kupchan, can I ask you to wrap this up here?

Dr. Charles Kupchan: Thanks, Peter. Yeah, just three reflections, in part, based upon what my colleagues have just said.

The first would be that I think that there is a comforting, natural resilience to the partnership that has shown through over the last few decades. If we had been sitting on this podium in 1992, 1993, I think many of us would have been skeptical that NATO would exist in 2013, not to mention that NATO would have just completed a 10-year mission in Afghanistan, just toppled Gaddafi in Libya. And I take a certain kind of comfort in the fact that George Bush comes into office, dismissive of Europe, and leaves an Atlantisicist, that Barack Obama, in his first term as he starts off, says, I'm going to sort of not dismiss Europe, but go off and build new partnerships with China and Turkey and Brazil

and India. And guess what? That's darn hard to do. And in the middle of his first term, he declares himself an Atlanticist. And so, you know, I think we should recognize how much stickiness there is to the relationship.

Second point, I think we're in a period of what I would call the tyranny of domestic politics. That is, so much of what Americans want from Europe and what Europeans want from the United States is hostage to internal political forces. So in terms of what's happening here, you know, the United States wants things, many of which are really not part of America's foreign policy. It's up to you guys. It's about fiscal union. It's about banking union. It's about whether David Cameron can manage the U.K. Independence Party and keep his country in the European Union. And these are issues over which the United States has very little purchase.

And I think the same thing is true going back on the other side of the Atlantic. A lot of what you guys

want from us depends on our ability to get our act together internally. And I would identify two or three things that are particularly important. One is will Obama be able to manage the strategic retrenchment that we are experiencing in a judicious manner. Right? We know the United States is turning inward. We know that the defense budget is getting whacked. We know Obama wants to decrease America's strategic exposure in the Middle East. Will he do that in a measured way or will it be a bit of an erratic mess? We don't know the answer to that question. A lot of it depends on the ability of Obama to manage bipartisan cooperation within the United States.

The same is true on the economic front. Will we get a budget deal? Will we be able to renew the domestic foundations of our foreign policy by getting our economic house in order? We don't know the answer to that question, but that, in many respects, is much more important to you guys than the latest issue of NATO burden sharing.

And then on some of the issues that you care about, like Guantanamo, climate change, things that you have hoped for, there I'm a little bit skeptical. I don't see the Obama administration having a huge amount of momentum when it comes to these issues. Perhaps on climate change, we'll see some progress because of the shale gas revolution, power stations going from coal to gas, new technologies, but I wouldn't hold my breath on cap and trade or something more ambitious.

Final point, and in some ways it is the flip side of this, the tyranny of domestic politics. This is a moment in history in which we collectively need to be outwardly focused. We've been living through a 200-year period of history in which our societies, collectively, have tended to dominate the world. Seventy-five percent of global GDP was represented by the United States and Europe in the height of the Cold War. We're down to 50 percent. That will soon be 40 percent. And we cannot afford to be inwardly focused. We cannot afford not to look out at the rest of the world. Whether we are able

to kind of do that, I don't know. But I think we are living through a decade in which the world is changing in a way that it hasn't changed in 200 years, in which there is really a kind of somersault taking place in the global distribution of power. And I think Americans and Europeans, despite their internal preoccupations, need to see that that's happening and to work very closely together to manage that transition.

We know from history that these kinds of historical periods are dangerous and we can't afford to be so internally preoccupied that we miss that challenge.

Mr. Peter Siegel: Very good. Very good. I want to emphasize one thing that Charles mentioned at the beginning 'cause I think sometimes it gets missed. It is this issue of stickiness because it is one of those things that almost every administration does come in and decide this is a relationship that doesn't need tending and feeding to, but then when crisis hits, be it Libya, be it Syria, be it Iran, who do you turn to when you need your allies, not just on capability and

war fighting, but common values? And I think both sides of the Atlantic sometimes forget that, and I just feel the need to emphasize that.

Let me turn to the audience then. Let's start in the back here. Let me get out of the way.

Mr. David Johns: Good morning. I don't know if this is working. Oh, there we go.

Mr. Peter Siegel: And let me say, if everyone can, as usual, please introduce yourself, your name and where you're from before you--

Mr. David Johns: Of course. David Johns, director of a nonprofit based in the United States, IMPACT, as well as Transatlantic Inclusion Leaders Network. I just want to push in the last point that you offered and ask how do you navigate or negotiate those politics sort of acknowledging that there are internal forces that shape and inform the conversations that we have across the Atlantic, but also looking outward at the same time? What does that look like? How is that possible in a way

that's more progressive and allows us to have productive conversations?

Mr. Peter Siegel: Let me group a couple of these here before I turn back to the panel. Do I have anyone else back here? Let's start with this gentlemen right here in the center, if I could get a microphone. I think it's coming to your left there.

Mr. Ilter Turan: Ilter Turan from Istanbul Bilgi University. I have two questions. The first one, the panel is entitled what does Europe want from the United States? If you ask the question what does Germany want from the United States, France want from the United States and Britain want from the United States, would the answers be similar or would there be differences between the answers? The second question I have is related to what Minister Pabriks has said. It is known that the Russian Federation has announced an immense military modernization program. Does that have any implication for the security of Europe?

Mr. Peter Siegel: And last one from this round. Let me, the gentlemen right here in front of me. Get him the microphone.

Mr. Antoine Ripoll: Hey, Antoine Ripoll. I'm the director of the European Parliament Office in D.C. I have two questions. First, I would like to wonder whether Americans realize that Europe is changing our business model. We are slowly but surely coming from a Europe where capitals are the essential part of the business model, and now we actually change to a core decision model between European parliament and the councils. So has American understood that Europe is changing? Second question is do Europeans really want to change their directive from we are, you know, we made a big success. We had 60 years of peace. Is this enough? Do we want to build together a new narrative or are we just happy with having built what we have built? So do Americans believe that will have a new partner that is sure of itself or will continue to be full of doubts and angst, if I may say so?

Mr. Peter Siegel: Let me start with the minister as the current officeholder to deal with the first round of questions particular. This issue that Charles raised of domestic politics in our first question, how do you navigate that? If your population is very concerned about domestic politics, economic policy, is it possible to navigate that and to ensure that there is support for some of these more international initiatives that are needed, particularly investment needed in defense spending?

The Hon. Artis Pabriks: Well, it is obviously very difficult in every country because in every country, politicians depend directly on the votes. And no matter how good intentions you would have, if you would not have popular support, you would have no chance to implement any kind of intentions. So, obviously, there is room for populace and what we have served, unfortunately, this populace is on the rise in every country now in the European Union.

Now, if I have to defend the defense and spendings, I really would like to insist that security issues, defense issues are really inherent, serious part of general development. And I mentioned in some previous meetings that if you are buying a car and you're immediately buying also insurance--and that's not because you want to crash immediately next day when you sit in that car, but defense is just the same. If you want to ensure all the capacity what your society has collected, this small insurance, 1, 2 percent, is just that what you have to pay.

But I probably have to answer to the question from professor from Istanbul regarding the militarization plants in our neighboring country. And I would like to say that on the one hand, me as a representative of a neighboring country of Russia, I sometimes feel a bit irritated that we have to speak about this issue. I would rather assist maybe our military friends to speak about this necessary support to North Africa, et cetera. But unfortunately, we are forced to be in that

geopolitical position. We can't be on the island, which is called Iceland or somewhere else, so we are where we are.

And if I have to be ironic, again, Sunday morning, this militarization and changes and reforms of Russian industry probably will be at least two outcomes. The first outcome, which is reflected in Europe, it is a good sign for European defense industry. Because as we obviously can see, this is an issue which is taking up--and I'm not speaking here about mistrial. I'm speaking about some even more complicated issues which are finding its way to countries outside the European Union and to countries which are not always characterized as liberal democracies as the European Union.

And the second, of course, if you are looking to the general comparison of NATO or European Union military capabilities on the one side and then the respectful country around us, then, of course, this balance is in favor of NATO. But if you are splitting these things according to the regions, according to the

areas, then I would say that in the last five years, the disbalance around the Baltic Sea is increasingly growing not in our favor.

And then I have a question to, of course, representatives of countries which are called to be strategic partners of European Union. Why is there no belief in the peacefulness of European Union and European continent?

Mr. Peter Siegel: Good question. Mr. Ambassador, if you want, let me ask you to address the other part of question two, which is--'cause you have to deal with this in the foreign affairs council on a regular basis. Is there a different answer when you go to different countries about what they want from the United States? 'Cause clearly, as the minister pointed out, there are real geostrategic concerns about Russia in part of Europe. There are not in other parts of Europe. Is that a difficulty when the U.S. comes up within the EU, within the foreign affairs council, when all 27 ministers are discussing foreign policy?

Mr. Pierre Vimont: I think it depends at the level at which you're talking about. And I would say if you look at it from a general point of view, there is some pretty strong unity among member states and the fact that they would like to have America more in the lead, knowing where it is going. Think of, once again, the Middle East peace process, think about Syria and think about some of these issues related to the Arab spring. So there, I think you will get pretty much a unified position that we would like a more assertive American administration, knowing exactly where it wants to go.

Once again, coming back to what I was saying previously, Washington could talk back and say, do you know yourself what you want to do and why don't you try to come up also with some contribution? When you get into the whole issue about European defense and the way we organize ourselves, then, of course, you find the usual differences that may exist. But I wouldn't make too much out of this. I mean, that's always been the way Europe has been moving ahead. I mean, those who say

that's terrible, you have different views. That's the way we have been working since the 1950s. You know, we started with France trying to promote its agriculture and Germany trying to promote its industry and it was a compromise.

We live with compromise time and again in this place, and that's the way we move forward. That's the whole engine of Europe is that we build on differences and we try to move ahead.

And I think, last point, I think one has to understand that this common foreign policy we're building, it's not about the high representative and the ES moving on their own. It's a system where you bring together 27 member states with their own diplomatic action, something that we're trying to build at the level of Europe and bringing this together to make it an added value in terms of pushing Europe around the world. If you don't understand that this system is a complementary system, bringing the two

pieces together, then one misses something and I think this is what it's all about at the moment.

Mr. Peter Siegel: Let me ask you also to address the issue of the co-decision model. For those of you who are from outside the Brussels ring road, what has happened since the latest EU treaty, the Treaty of Lisbon, European parliament has given far more powers to make decisions with the member states. Now, obviously, in foreign defense policy, not necessarily all that powerful, but we did see, certainly on issues of swift data protection, where Joe Biden had to actually show up at the European parliament and start lobbying individual MEPs on these issues, the parliament has become much like the U.S. Congress, a player in some of these transatlantic issues. Do you get a sense that the U.S. has been good about this? I mean, Kennard, obviously, the ambassador here to you, is up at the European parliament quite a bit. What is your sense in terms of the U.S. as an external actor in understanding how the EU works?

The Hon. Franco Frattini: Well, I have some experience about that. I know quite well the story because I've been working very hard in my capacity of vice president of European Commission in charge of home at first to negotiate with United States passenger main agreement, the famous one to prevent terrorist activities or the so-called shift agreement on countering financial activities of terrorist group. And the parliament did not agree with the proposal we had negotiated and they decided that there was not a right balance between security and data protection. Our American friends were a bit frustrated about that.

I was able to explain that, first, Europe will never become a super state. But if we are stronger, this is also because there is more political and democratic legitimation coming from European parliament. Not only I accepted this final decision of the parliament, but through renegotiating some paragraph of such agreement, we came up with a better final proposal that America accepted at the end of the

day. So the fact that we have a stronger democratic institution is an added value, not a problem, that should be understood from United States.

At the same time, we have to avoid to be paralyzed in very long confrontation between the council, European Commission, you know, the famous triangle of institution, co-negotiating for some time, too long time. So if we are able to find the right balance between being effective and representing the democratic aspirations of so many members in the parliament, we would be stronger, not weaker, in negotiating and our result, our final result, would be, and will be, more producing in the interest of transatlantic security. This is in the case of all the agreements concerning security and the same applies to the principle of cutting in public spending for defense. If we don't coordinate, if we don't consult, if we go ahead with unilateral national decision to cut budget, there we are weaker. On the contrary, perhaps within the NATO

structure, we will start to better coordinate and optimize, the result would be much better.

Mr. Peter Spiegel: Charles, let me ask you to address the final question because it was theoretical as the academic, this idea of do we need a new narrative. I mean, this is sort of in the discussion we've had ever since the end of the Cold War. I mean, obviously the old joke about NATO, you know, the purpose of NATO is to keep the Americans in, the Russians out and the Germans down, I mean, isn't really relevant anymore. I think to some extent that we've been struggling with finding a new narrative. Do we need a new narrative? Is the old narrative okay? Can you just maybe address that last one before I come back to the audience?

Dr. Charles Kupchan: Sure, sure. Yeah, I think we do need a new narrative and it's got several components to it. I think one of them is that our societies, American society, European societies, I think, confront a middle class crisis in which the average American

worker, the average European worker, maybe with the exception of some countries like Germany, have faced declining real wages and increasing inequality for quite some time. And if we're going to get our societies back in a more solvent way politically, I think we need to figure out how to solve this problem, how to get growth on both sides of the Atlantic that is shared, broad prosperity and we don't know the answer to that question yet. I think it's partly a function of globalization and its effect upon manufacturing, but this seems, to me, to be key, get our societies back in an optimistic sense and then they will be more focused on the rest of the world.

Second, I think focus more on the connections between foreign policy and wealth, free trade. We face societies in which, because of globalization and immigration, populous and nationalist narratives are everywhere and we need to make sure that our societies remain open despite those increasing forces. I think the free trade conversation between the U.S. and

Europe, between the U.S. and the Pacific region is a good antidote to that.

And then, finally, I think that on both sides of the Atlantic, there is a political discourse out there that politicians need to embrace, but thus far, I think they are afraid to do so. On this side of the Atlantic, I think it is about Europe's place in the world. You can no longer ground the European Union in the past, in World War II and we need this to escape war. It's got to be about the future and the projection of European values and European power in the external world.

On my side of the Atlantic, we are still in a narrative about American exceptionalism, about this is an American century. You heard it from Romney. You heard it from Obama. That's not where the American public is. The American public actually understands the world is changing, but American politicians are afraid to go out and say, hey, guess what, the world is changing. This may not be an American century. And I think it behooves Obama and other leaders to update

their discourse to the realities of the world. I don't think that they will be bitten if they do that. But we're not yet in an American political scene where they are ready to do so.

Mr. Peter Spiegel: Interesting. Our voters are perhaps ahead of us on that issue in particular. Let's start with this side of the room, right here.

Ms. Mischa Thompson: Hello, my name is Mischa Thompson and I'm actually with the U.S. Helsinki Commission. And some of the meetings we've actually had in the United States are with a number of European youth, as well as people that represent diverse communities, ROMA, migrants, et cetera. And one of the requests that we often have are how they can actually have exchanges, how they can actually participate in our universities, but also about small businesses. We've had several delegations actually ask to visit our Small Business Administration, Minority Business Development Association, Equal Opportunities Commission and those types of things and so I think there's some

other kind of economic and maybe civil and human rights U.S. entities that are also of interest to Europe, at least from some of the things that we've been asked.

Mr. Peter Spiegel: Okay. Let's pass it right over here. Gentleman right to my left.

Mr. Kerry McNamara: Yes, Kerry McNamara from the OCP Group. You know, for a long time in the United States, and in Europe to some extent, there's been this debate about the relative balance of concern for defense and development in assuring a more stable world. And certainly in the 20th century, that's going to be even more important. I think in the United States, particularly under Hillary Clinton, we saw some real consciousness of that and the importance of linking them. But certainly when even one looks at the events in North Africa in the last couple years and the role of poverty and lack of opportunity and even food insecurity in the region in generating conflict, it's going to be ever more important to think about how you balance attention to poverty reduction and development

and attention to defense in security in assuring what they are both designed to do, which is to create a more stable and secure world. How does America and the United States--how can America and the United States cooperate more effectively on that front? We see a lot of summits on the issue, on food security and other issues, but what are the mechanisms for more effective cooperation between the U.S. and the United States on the development side of the picture?

Mr. Peter Spiegel: Okay, tough one. Let me--for the last one of this round, right here.

Ms. Xenia Dormandy: Xenia Dormandy, Chatham House. I want to actually pick up kind of a little bit on your point and the stickiness idea. The other side of the stickiness, yes, are we sticky? What worries me is we actually take one another for granted. There's a real sense that Europe looks at the U.S. and says, well, they'll be there. And the U.S. looks at Europe and says, well, yeah, you know, they complain and they're a little bit wishy-washy and maybe they don't spend

enough on defense, but they'll be there when we need them. And if you combine that idea, this idea that we actually take one another for granted, with the other side of it, which is our expectations for one another are getting higher and higher, this idea that, yes, we need to spend on development so actually you know what, we can spend a little bit less on defense because America will cover defense and then we can cover our populations, we can cover, you know, the social contract, et cetera, et cetera, we could get ourselves into a very nasty place with the expectations that are quite high. We take one another for granted and assume the other will step up and in the end, we find ourselves without the capabilities to step up and we're not. And suddenly, there's a vacuum and we're not able to do what needs to be done. And so I get the stickiness. What worries me is there isn't enough behind the stickiness to actually act.

Mr. Peter Spiegel: Charles, that seemed to be directed at your opening remarks. Do you want to address that last point to start the panel?

Dr. Charles Kupchan: Yeah, you know, it's a tough question. I mean, I think that, you know, we need to find the right balance between doing too much and coming home empty-handed and then blaming one another and doing too little and finding that things start to unravel around us. And I think we've been in the doing-too-much mode that, at least from the American side of the house, there is a strategic weariness. There is a sense that the United States, in trying to turn Iraq and Afghanistan into Ohio, was crossing a bridge too far. And I think now the challenge is to modulate, as I said at the beginning, to find that middle road between doing too much and doing too little without actually turning inward.

And I think the question about development is an important one, in the sense that I think, you know, the United States is not going to be picking any fights. We

see that from Libya. We see that it from Mali. We see it in Syria. When I look at Obama's second term, I see one conflict looming on the horizon and that is with Iran and I think in the rest of the world, the U.S. is going to keep its powder dry. And I therefore wonder, well, who's going to be delivering the goods for other crises? And my answer right now is nobody, right, that we are going to be living in a world in which there will be an under provision of global public goods and that's because the United States has been the provider of last resort since 1941. That era is over and I think we're just going to have to get used to a world in which there are problems out there and nobody sends out the fire trucks, lower our expectations. Because if we don't lower our expectations, you guys are going to say, where are the Americans? The Americans are going to say, don't look to us, this is your backyard. And then that stickiness starts to come apart.

So I would say it's time for a dose of sober realism when it comes to this global public goods delivery.

Mr. Peter Spiegel: It might be too sober for a Sunday morning. The Minister was flagging me down because obviously this gets to your opening remarks, too, on the need for defense investment. Do you want to address that?

The Hon. Artis Pabriks: Just very briefly. In the 90s, we have been very famous in academic world and also in political world to speak about European soft power or EU soft power and NATO hard power, European soft power and the United States hard power. I think that part of the problem today is that do we like it or not to admit that the United States presence in the long term, in the Europe they're slowly to become smaller. That's one problem.

The second problem is if we ask ourselves, European Union, what can we offer to the rest of the world? Then we have nothing to offer, as far as a hard power, and

we have even decreasing possibilities also to offer the soft influence and soft power. So actually we have a huge disbalance between our possibilities of hard power and soft power and decreasing abilities for soft power. So actually, we are becoming less and less influential and I think this is a hugest problem also in our relationship between Europe and the United States.

Mr. Peter Spiegel: Professor, let me ask you to address that issue, too, but I don't want to forget our first questioner who talked about the links. And I made that call in a bit in your previous job in Washington because obviously, as a European based in Washington, part of your role was linking SMEs, linking non-traditional diplomatic actors across the ocean. Are there things that we can do better to make sure that minority communities or small businessmen or other less traditional actors are connected better across the ocean? And also, if you can address the soft power issues as well.

Mr. Pierre Vimont: Maybe let's go back to facts also. We may have problems today because of a financial crisis but we're still the first donor around the world, the EU as such. So in terms of financial flow to developing countries, we're still very much there. And even if the budgetary discussions, at the moment, between the 27 are difficult ones, we will still remain a major donor as we go along. So the idea that we don't have any more soft power or even hard power, I'm not so sure about it. Think about Mali at the moment. Of course, the French came in first and they were very impressive in the way they went ahead. But who's coming just behind and doing a lot of the work at the moment in Mali? It's Europe. It's the European with the training and the restructuring of the armed force in Mali. And this, to me, is not soft power, it's more interesting than that. It's about security sector reform and many things of that sort. Who's providing assistance to the African force, 50 million euros? It's the Europeans. Who's bringing in the development

assistance, short-term and long-term, 250 million in the long-term, 20 million right now, on the ground in the deliberated zone? Who's pushing the political process at the moment in Mali, trying to bring in an election by July? The Europeans. And we're very much looked at in Mali as the main partner at the moment so I think let's not underestimate ourselves.

The second thing about stickiness and what I very much agree with what Charles was saying is that we need to wake up to the reality of today. But precisely the reality of today, which means if we do nothing in a few years' time, apart from--we won't be any more for 50 percent of the global wealth in the world, but something like one-third. Population increase, we are one-sixth or one-seventh of the population. In a few years' time, it will be one-tenth or something like that. If we don't look at the trends as they are going on and we don't try to counter-act, of course, we will slowly, altogether, become a small part of the world that is changing very quickly.

So one of the reasons why we have to stick together is that if we only want to protect our interests, whether it be huge corporations or small and medium-sized corporations, we better work together quickly, try to push forward our own interests, our own values and our own interests. And I think this is very much what the free trade agreement is all about. By the way, this is the way others looking at what we are trying to do are looking at us exactly in that way and are somewhat worried and concerned about the possible success of that free trade agreement and what it will mean in terms of new standards being pushed ahead, which will be U.S. and European standards. So we still have a force that on which we have--and the strengths which we have to build on.

Mr. Peter Spiegel: Mr. Frattini, let me ask you to address that same point and also just to make sure we address this issue of--I mean, again, as someone who has experienced both here, the ultimate soft power, the EU, but also the more hard power things in Italy. How

do we strike the balance to development, but also making sure we keep to the hard end of the sphere?

The Hon. Franco Frattini: These are very key points. I believe that this is exactly why we have to develop what we used to call a comprehensive approach to global security. Not limit it to a purely military means, but considering all what would have an impact on our security. Lack of development, mass migration, poverty, desertification, all these are crucial components to be understood and to be addressed together and this is another ground of excellent cooperation for America and European Union. Why? Because think about, for example, to the need of collaborating together a common global strategy on mass migration or what to do with the stalemate on The Doha Round negotiations.

I want to recall a phrase that touched me during a G8 Italian presidency in 2009. One of the most important leaders of Africa raised their hand in the formal session and he said, dear Western friends,

President Obama was there, either you take our goats or you take our people. You cannot do anything. This is a key to explain why our security will depend on addressing the roots leading to desperation, leading militias to be established because of, I would say--think about if--a last example I want to make. If only we would be able to reduce, by half, the rate of interest that has to be paid for the remittances of migrants, we would increase by the equal amount, that every year is the sum of aid for development in the world. But only by reducing by half, they pay on their rate ten percent of remittances on migrants, banks, money transfer. Shouldn't we be all engaged, we and Americans, to push over this money transfer, the banks, to cut this remittances cost? This would be increasing to the destination, to the final destination countries, huge amounts of money to address poverty. These are two examples where American, you should be very strongly engaged because this is security. These are the

preconditions to pave the way to prevent, rather than just react, I think, to Sahel, to Africa and so on.

Mr. Peter Spiegel: It's a good thing Western Union is not a sponsor of this event. Let me just say, we're about to wrap up here. Before we got back to this side, I promised the gentlemen in the front row, why don't we start with you there?

Unidentified Male: I am a professor from Beijing on international politics and first, I will (inaudible) to express my observations of this arrangement between old husband, the United States, and old wife Europe. And again, I will raise my question in terms of very simple concept of values. Values and power. And from the Asian perspective, we found an almost increasing alienation of the United States from Europe in fundamental disposition. For example, we found Europeans in (inaudible). Most of the end-of-year amounts (inaudible) especially in France. And in some degree, the United States is aware now, and very clear about reduction, which I think the professor explained very

clearly. Also an example, Americans are still part of a military (inaudible) just as almost China began to do. But the Europeans, I think, are living a post-modern war era, where there's no armed forces and no possibility of war. Also, I think United States has increasingly realized this world is really changed so the United States not only keeps out of special arrangement with Europe, but also launches a new special arrangement in Asia, not only with Japan, but also with China. So this is all Asian perspective to the situation.

My question is in terms of area, I think that Europeans are self-confident. And generally Europeans don't think that (inaudible) and the other outsider, including (inaudible) maybe in the larger part, in my perspective, a little self-righteous. And Europeans want the power. And what does the European want from the United States? Power. Financial power and, of course, defense power. But my question is to the American professor, in your perspective, in what kind

of value United States is still able to provide for Europe of (inaudible) future? Like, power. Americans supply our power to Europe. It is taken for granted by Europeans, but what value?

Mr. Peter Spiegel: Thank you, sir. The gentleman right here.

Unidentified Male: Yes. (Inaudible) at University of Torino. There's a brief point I want to make concerning defense expenditures. As a matter-of-fact, if you sum what European countries spend on defense, it's a hell of a lot of money. It's almost a half of what the U.S. spends. But the efficacy is about 10 to 15 percent. So what the Americans should ask us for is to get our act together because we're duplicating, in a useless manner, what each country spends. So instead of whining about burden-sharing, in the old sense, the American request should be unify your expense, even if that, you know, means, but there's always a price to pay, you know, that we will have to also unify in a strategic way what we produce in terms of military

terms so it will be harder for the Americans to push the F-35s down our throats, especially if when we read the New York Times that tells us that it's not working very well.

Mr. Peter Spiegel: Obviously, it was tried with BAE and EADS, the merger that failed largely because of the German Chancellor. Let me finish right here, and we'll turn back to the panel and might just go right to left and have your thoughts and closing remarks as well. Madam, do we have a microphone for you?

Ms. Federica Vigna: Hello. My name is Federica Vigna. I'm a senior fellow at (inaudible) in Washington and professor in Rome. I wanted to go back to comments which were made. Italy, your call for more really--I should say we should call for more mutual understanding. My feeling is that while in the U.S., we don't understand how difficult it is to come to decisions in Europe, in Europe, likewise, people don't understand how difficult sometimes to make decisions in the U.S., the role of the Congress, how the decision-

making process is affected, even international relations. And Franco, you called for a united Europe. Well, you said that a united Europe is important for the U.S. and they share this view, especially as the time goes by. So if you look at European history, there is, in fact, a correlation between the further integration and support for the U.S.

The first Obama Administration had few steps (inaudible) for dialoging with the U.S. and multi-lateral entities and then it backed down to bilateral relations again. So I think that there should be ways, and there are ways, for the U.S. to push for a united EU voice. Last, bilateral relations, more multilateral. I think the U.S. can do a lot to force the Europeans to speak with one single voice and that we could be very useful. So I would like to hear your opinions on that.

Mr. Peter Spiegel: All right. A couple of these questions were aimed right at you, Charles, so why don't I ask you to address both of them and then maybe even some closing comments that you have. The question

specifically about values, is the only thing Europe wants from the U.S. is hard power, it's money? Does the U.S. have something to offer for Europe in terms of values? And then also this issue of whether the U.S. has a role is help forging a common European vision. Frankly, I think in the past it has been something the U.S. has wanted--the whole famous Kissinger, you know, you pick up the phone you can't call Europe. Could you address those? And also, if you have any closing remarks that you would like to address also, why don't you go ahead, Charles.

Dr. Charles Kupchan: To your question, Federica, I think that you're right to say that we need to be sensitive to the difficulties that we face on both sides of the Atlantic and acknowledge that these are tough times. And unfortunately, I don't think that the tough times are soon to come to an end. I'm someone who believes the United States is remarkably resilient. I don't think our best days are behind us. I think the American economy will snap back. I don't know when or

how. And I don't know any American who can really tell you how we are going to get out of this pickle we are in right now, where Republicans and Democrats live so far apart from each other ideologically, that it's difficult to govern. I think we'll get past that. I don't know when and, as I said, I don't know of anyone who's said how we're going to do it. Because you've got multiple layers from economic inequality, the Congressional of redistricting problem, campaign finance, the re-regionalization of American politics. You solve one of them, you've still got five left. But as I said, I'm confident, but I wish I had a better sense of how and when this will happen.

I'm a little bit more skeptical than you that the United States can really make a difference here. Okay. So we'll call Brussels instead of Berlin, but we won't get an answer. Pardon my saying that, but we're increasingly getting an answer, but it's really up to you. Right? It's up to you to get to the point where, little by little, you get more and more power to the

EAS and to other institutions and then we will follow. But I think it's putting the cart before the horse to think the United States can make that happen.

To your question, Professor (inaudible), you know, I think that there really is something unique and exclusive to the American-European relationship. I think it is founded upon a common civilization, a common history, a set of common values and common interests that are not replicated elsewhere in the world. And in contrast to many Americans who believe that domestic regime type is a good predictor of geopolitical alignment, I don't believe that. When I look out at the world and look at Brazil, India, Turkey and other emerging democracies, I do not think that they will align themselves with the U.S. and Europe as a matter of course. Sometimes they will align themselves with China, sometimes with us, but that this kind of Western world really is going to remain a kind of anchor of democratic liberal values for the foreseeable future. And I think with China, with Egypt,

with other parts of the world, we're going to have to create new cooperative relationships. We're going to have to find a way to build institutions of global governance that are not just predicated on our rules. And I still think Washington believes that system that we have collectively built is about to be universalized. Don't bet on it. I think our system will remain our system, but we will have to live in a world, a more diverse and pluralistic world, in which different kinds of systems live cooperatively alongside each other. It's a more difficult world, but I think it's the one that we will see evolve over the course of this century.

Mr. Peter Spiegel: Charles, you're far too sobering for this Sunday morning. Mr. Frattini, if I can be a little bit cheeky to ask you to answer the question on military spending? A country that I believe is F-16, also part F-35, also part of Euro Fighter, also flies Tornado, not particularly effective use necessarily of defense spending. Is that a possibility of a common

defense expenditure in Europe? Talk about sovereignty, this gets to the core. Is that a realistic thing? I think everyone agrees it needs to be done, but is it a realistic outcome, given the sensitivity of defense spending? But also, any closing remarks you might have to wrap us up.

The Hon. Franco Frattini: Yes. Thank you very much. I thank Professor (inaudible) for the question because it is really important, indeed. We have been talking for a very long time in Europe about having two European defense strategy. Defense strategy should include, to me, a system of better consultation and coordination among the member states of Europe to optimize spending on defense rather than just cutting spending horizontally.

I make an example. Again, as you know perfectly, in a very important mission of NATO to Afghanistan, we found, to have at our disposal, huge number of war planes that in Afghanistan were, yes, important, but not so necessary, while missing a number of helicopters

that were extremely important to land in the areas or in the regions outside Kabul in Afghanistan. So the idea of optimizing, we have huge number of ground forces in member states in each of us, and these ground forces are quite difficult to manage. If you want to become an alliance, I think about NATO alliance, capable to rapidly react in case of need, and optimizing the use of modern capability, think about phasing the cyber crime threat so these would mean having a political decision. It comes to a political decision. It's not a technical decision to be taken by bureaucrats. They know perfectly where to cut. It's very easy to cut horizontally by 1.5 percent each and every year. It's much more difficult to take a political decision after a previous consultation among equals.

This is another challenge for us, for our American friends, for Europeans. We know what to do. We have to strengthen our European integration. More European economic integration, as well as political integration,

and political integration includes foreign policy and defense policy. While our American friends will have to agree with us that given our common values and common goals, there will be--I would say, agree with us the idea of consultation within the forum we have our alliance, our historical alliance, our Transatlantic alliance, where it's possible to draw a conclusion and have a division of labor, which is not affecting this or that individual member states, but this is to the benefit of the whole alliance.

Mr. Peter Spiegel: I hate to cut you off. I just got the hook here. Let me ask the last two panelists to just wrap up quick in thought so we can get the Minister to his plane. Ambassador Vimont, just a quick 60 seconds, if you could, just maybe perhaps wrapping us up your final thoughts.

Mr. Pierre Vimont: Very quickly, just three points. The first one very much along the lines of what we're saying, Charles, but let's put it in the defense sector. If people think that what we're trying to do is

to rebuild a sort of NATO of our own inside Europe, of course this is not what we're trying to do. We're trying to find something different, otherwise it would be sheer duplication and that would be nonsense. And this is why it's complicated sometimes to find out the proper way to move ahead. There's need for a strong political will, we all know that, but we're moving on. And it seems to me that what we have found and what we have did in Libya and Mali, what we're trying to do today in Syria also, is an interesting new way of, as I was saying previously, division of labor. And I think that's rather interesting and something on which we should build.

The second idea that Europe is somewhere out there not knowing what to do strikes me very much at not being very much in line with reality. Just one example which I find quite striking, the whole question about Syrian sanctions and how to support the opposition. Nobody noticed very much then when John Kerry was in Rome and released his package of technical assistance

(inaudible) equipment. He was doing exactly what the Europeans had done three weeks before, after difficult debate, but which was major breakthrough and a very interesting one, which means that sometimes we can come up with good ideas also and show the way.

And, in-fact, as we are discussing today with our American colleagues on Syria, they're the ones who are telling us quite often, if you have good ideas, come and bring it to us. So I think it's becoming more of a two-way street, more than we imagine sometimes. I'll stop here.

Mr. Peter Spiegel: On Iran, as well, in some cases, Europe led the way on the sanction of the regime before the U.S. Congress could. Let me ask you, since it's your plane that you have to catch, why don't you wrap us up and any grand thoughts, too, to leave us with on the way out.

The Hon. Artis Pabriks: Just to our left, one particular and one general. As far as defense of Europe or defense sector, I think the only outcome at this

moment, also in the moment of austerity, is basically to increase capabilities to transnational cooperation, and that requires a common funding, but most of all, it requires a leadership in Europe. That's very important.

As far as the general issue with what we started, what do we want from U.S. and what do we want from ourselves, I think that our, let's say, family is still living in a situation of--sorry for using the concrete names, where Obama is hunting and (inaudible) is cooking. And I would rather offer for this 1950s family construction, some say more different, maybe a Nordic family, where both can cook and both can hunt. Thank you.

Mr. Peter Spiegel: Very good. And on that note, thank you very much. It's been a very lively discussion for an early Sunday morning and I hope you have a good day today.

Mr. Craig Kennedy: Minister Pabriks, we didn't want to detain you so I'm glad you're off. You're not going to miss your plane. That's important.

We’re going to break for coffee. Let me just mention one or two things. First of all, in our Brussels Forum café, we’ll have Ivan Krastev. Secondly, we’re going to come back for the mystery session, which is on cyber security and you can actually tweet questions for that in advance to #brusselsforum. So anyway, would you please thank Peter again? You are very, very good to do this. It was a great discussion. Thanks to all of you.