



Trans-Atlantic Briefing Book

Managing Expectations
Expanding the Partnership
Shaping the Agenda for 2009

BertelsmannFoundation

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This publication went to print on November 6, 2008. It reflects world events up to that date.

Why Look to Europe

Engaging with Europe is not an option. It is a nearly automatic foreign-policy action, especially for an American president committed to working with allies and partners, and to restoring America's role in the world. The issue is how to maximize the benefits of engaging with Europe, given other foreign-policy priorities at hand. There are only so many hours in the day for the incoming administration and plenty of crises already with which to deal.

Washington frequently tends to consider Europe as unnecessary of attention because it is "solved". Yet the continent is a worthy recipient of Washington's time precisely because partners there are stable and reliable. European governments add value to US policy because they often dedicate resources to the same global challenges and national-security threats that America faces. Opportunity exists for alignment and burden sharing. Understanding the domestic context and positioning of European governments' foreign policies is one of the first steps to expanding the benefit of the trans-Atlantic relationship.

The briefing book focuses on how European and American governments can functionally work together early next year on a common agenda. It is not designed to be a traditional trans-Atlantic memo. There is no simple pledge to re-activate old alliances, friendship and trust. The briefing book presumes the existence of trans-Atlantic goodwill. It assumes there will be great enthusiasm in Europe for President Obama and a strong commitment from the US administration to repair strained alliances. It assumes that the US will expect Europe to "do more" in joint initiatives. It also assumes that there is much trans-Atlantic exchange already underway.

The briefing book has a practical and pragmatic focus. It is meant to assist senior national-security teams on both sides of the Atlantic by offering a roadmap for early 2009. It provides background on sensitive areas ("go" and "no-go" areas) and identifies first opportunities for collaborative partnership. It also identifies timelines, events and pre-set international meetings that may demand time and resources during the new administration's first months in office.

This paper aims to inform senior European and American officials so that governments reap the maximum benefit from their first exchanges, and manage the inevitable gap between expectations and actual results. For this reason, the briefing book covers only the most urgent issues – those that will confront the new administration on its first day in office, and those on which senior officials should immediately begin detailed consultations. The scope is still ambitious and mentions both items that must specifically be addressed in this short window and topics which will take far longer to handle. But we wanted to identify some areas which could at least be themes for opening the first discussions of 2009.

We recognize that unexpected crises and economic developments may alter this agenda. Furthermore, the agenda may be limited since the incoming administration will be juggling issues with only a small team in place. The transition in Washington may require several months to confirm and place new, fully staffed policy teams.



This briefing book does not consider longer-term global challenges on the trans-Atlantic agenda because 2009 may be dominated by the urgent rather than the mere important, at least at first. Long-range challenges, such as outreach to the Muslim world, fighting poverty and state instability, and the reform of multilateral institutions, are topics on which the US and Europe could increase collaboration. Realistically, however, this will not happen in the first six months of the new US administration. Two wars, a faltering economy, and percolating crises will instead dominate the attention of the new president.

One of the most important first steps for the initial engagements between the new US administration and its European partners is to pay particular attention to setting the tone. This briefing book has identified a set of limited priorities for the first six months and proposed ideas for how trans-Atlantic partners could engage for practical results. It is still an ambitious list. As authors of these recommendations, we believe strongly that the tone with which the US reaches out to Europe (and vice versa) can determine to a large extent how long the goodwill lasts. We have set aside a particular highlight in each chapter, identifying considerations for setting the right tone among partners with reasonable policy disagreements but a strong will to collaborate on mutual interests.

This briefing book was not prepared in the typical “task-force” or working-group format. The Bertelsmann Foundation instead conducted numerous off-the-record interviews with practitioners, reaching out to key advisors, analysts, and subject experts on both sides of the Atlantic who are deeply involved in these portfolios every day. These interviews provided insight to sharpen our analysis. The policy conclusions, however, are our own.

America’s image in the world has plummeted over the last eight years. Worldwide confidence in the US registers at humbly low levels. Policies affiliated with the Bush administration have grown into a spreading anti-Americanism that has cemented itself at the same time global political and economic power is fluctuating. Any new US president coming into office after Bush is almost automatically granted the opportunity to re-shape that image and to renew partnerships with countries skeptical of America. President-elect Obama has made restoring America’s image a central theme of his campaign and will certainly look to address this in his foreign policy.

When the new US president looks around in the world, he will see a range of potential partners with experience, resources, capabilities and political power. American alliances in Europe are longstanding and have traditionally been the first stopping point for policy validation and collaboration. But they are by no means the only partners in today’s globalized world. Expanding economies in China, India and Brazil have translated into growing political weight and worldwide influence for those countries. Russia has made a point of flexing its muscles on the world stage in recent months. The political and economic influence of OPEC leaders in the Middle East has expanded with rising prices for their oil and gas resources in the last years.¹ So why should a US administration devote a particular focus to Europe?

¹ Of course, with oil prices now falling, the global economic and political environment may shift, but these OPEC states will retain strong international leverage given their role in energy supply.

- **Never turn down a partner.**

First, the incoming US president will face a long list of foreign-policy challenges, many already at crisis level. Polls repeatedly show that Americans are tired of going it alone. They are worried about an overextended military, nervous about the costs of ongoing wars, and focused increasingly on the immediate needs of the domestic economy. Americans are pressing to share the burden. Timing is ripe to renew partnerships, and contributions are sorely needed. And Europe wants the US to re-engage in collaborative efforts. The euphoria in Europe over the US presidential election was emphatic. European leaders will be seeking a partnership with the new American president and looking for opportunities to work together. There is a strong thirst for this in Europe, and America can tap into this strong desire.

- **Resources and contributions.**

European countries continue to be a repository of economic, political and military resources to which the US and others turn early and often for contributions. Europe carries considerable economic clout in the international economy. It directs much of its wealth to the developing world. In fact, the EU's contributions of roughly €50 billion a year accounts for more than half of all official development aid to more than 160 countries. European countries hold strong decision-making power in international institutions, even disproportionate to their size. The majority voting system in the World Bank and the International Monetary Fund

(IMF) are heavily dominated by Europe, and two of five permanent seats of the UN Security Council are held by European nations. The EU funds almost 40 percent of the UN budget, 20 percent of UN peacekeeping

operations, and is one of the most significant donors to UN operations. On the diplomatic front, European leadership is often a key ingredient in mobilizing international coalitions. European militaries, although small and quickly strained, are well-armed, well-trained, and interoperable due to NATO. European countries offer high value-added contributions to international peacekeeping and security crises, and often also contribute to logistics and infrastructure. In the last few years, Europe has also gradually built up a valuable specialization in stabilization missions. European countries offer practical bilateral contributions to hotspots, and devote centralized EU resources to peacekeeping missions in Congo, Chad and the western Balkans, helping to lessen the burden on UN peacekeeping capacities. The EU has also expanded civilian crisis-management missions to support fragile states. The EU has 13,000 personnel deployed in rule-of-law, policing and institution-building missions in Afghanistan, Iraq, the Balkans, the Palestinian territories and Africa. The EU frequently contributes election-observation missions to unstable areas, including 60 missions worldwide in the last eight years. In an era in which the Pentagon is giving greater strategic priority to security threats from failing states, European resources specialized in these fields can be a valuable asset.

“Washington frequently tends to consider Europe as unnecessary of attention because it is “solved”. Yet the continent is a worthy recipient of Washington’s time precisely because partners there are stable and reliable.”

- **Formal ties.**

The US and Europe collaborate in a number of formal organizations. First and foremost, we are vested in a chartered alliance through NATO. America's relationships with allied partners also affect NATO's utility. NATO's reach has expanded to include new member states and complex global challenges. The organization remains a highly effective tool in the policymaker's toolbox, precisely when governments are looking to maximize every resource at their disposal. Trans-Atlantic governments also sit together in a number of other key forums in which they rely almost instinctively on collaborative positioning to move an agenda forward. For example, the US, the UK and France are permanent members of the UN Security Council and often collaborate on driving initiatives. The Council would be deadlocked without unanimity. But this informal trio (known as the "P-3") also serves as a regular starting point in the formulaic process of drafting and passing Council decisions. It can be practical to rotate the role of author of a UN initiative. British- and French-drafted documents, for example, can help steer policy debates away from anti-American attitudes. In the economic arena, leading European states join the

US, Canada, Japan, and Russia to form the core group of the G8. Trans-Atlantic states also share a strong voice in multilateral economic institutions, such as the IMF, where it is useful to speak with a coordinated message.

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Finally, the US and Europeans sit together in a number of ad hoc groups such as the Quartet on the Middle East, the P5+1 on Iran, the Contact Group on the Balkans, and new emerging formats such as the Friends of Pakistan Group.

- **We know how to work together.**

The US and Europe have a long tradition of working closely together even outside formal alliance channels. Frequent formal and informal exchange is practical. Americans and Europeans are comfortable with each other's governing processes, regularly visit one another, and have numerous levels of institutional engagement. These basics are essential if governments are to collaborate openly. Trans-Atlantic partners commonly brainstorm on and plan for complex global challenges. Working-level officials frequently consult with one another. Although American and European governments are expanding their own collaboration with Chinese, Indian, Russian and Latin American leaders, the trans-Atlantic partners have yet to develop with them the deep contacts and institutional links that the US and Europe share. The volume of Washington's interaction with European governments and the familiarity of regular dialogue to exchange policy ideas is an asset often underestimated.

Europe offers resources at a time when America is overstretched. Where we work together, American and European governments have the strongest toolbox of policy options (both hard and soft power resources). Europe can serve as a sounding board and an experienced partner as the US prepares to juggle a number of global issues. Europe has diplomatic expertise and contacts in geographical areas in which the US needs to re-build popular confidence. The benefits of cooperation with Europe far outweigh the difficulties of investing in the effort.

First engagements with Europe

Washington will quickly engage with a number of world leaders after Inauguration Day. They include the leaders of key European states, the Czech Republic (which will hold the EU's rotating presidency in early 2009), and officials of the EU executive. The US has deep bilateral relationships with many of the 27 EU members, but this briefing book does not tackle the nuances of each relationship. It also does not put a special emphasis on Europe's neighbors or key EU-candidate countries such as Turkey, even though there are clearly issues of strategic importance to discuss with them. Instead, the book focuses on Germany, France and the UK given their traditionally close relationships with Washington and their potential weight. They are certainly not the only three powers in Europe, nor are they the only partners for trans-Atlantic collaboration. The US maintains close partnerships with Poland, Spain, the Netherlands, Italy, Finland and Sweden, among others across central and southern Europe. Relationships with these countries should be nurtured and recognized.

“Concerning Germany, incoming officials must consider the upcoming parliamentary elections in the fall of 2009. Washington can expect a divided politic and a tough contest.”

Denmark, for example, will host the UN climate negotiations in 2009, and Italy will chair the G8 group for the year. The Dutch will be taking over command of the volatile southern region of Afghanistan where the US is expanding counterinsurgency efforts. These are just a few examples.

But the “big three” remain those that new US leaders are most likely to visit at the outset of their terms. Incoming decision-makers in Washington, therefore, must have a nuanced understanding of them and their national agendas if first consultations are to prove effective. In 2009, all three could be difficult to deal with, mainly for domestic reasons. Europeans widely anticipate the new president and will welcome President Obama's inclusive approach. But over time European leaders will need to show that partnership with the US benefits their own constituencies.

2009 will be a delicate year for America's European partners, and Washington should keep an eye on domestic developments in Europe. Contentious elections are expected in Germany in September. French President Nicolas Sarkozy will seek to solidify his role in global politics and will strive to show results from his activity last year. The British government could continue to suffer from waning public support, in part from its past association with Bush administration policies. The backdrop to all of this is the daunting global financial crisis that started in the US but quickly reverberated into European markets. It could leave insecurity and caution in its wake. Both sides of the Atlantic may be heading into a recession that will dominate domestic attention. European leaders, like their counterparts in the US, will also have their eyes on managing the interconnected fallout around the globe.

Concerning Germany, incoming US officials must consider the upcoming parliamentary elections in the fall of 2009. Washington can expect a divided politic and a tough contest between the parties of Chancellor Angela Merkel and of Foreign Minister Frank-Walter Steinmeier. Campaigning started earlier than usual, and tension between the candidates is already significant. While domestic-policy concerns

will dominate voters' attention, Germany's foreign-policy agenda may be unusually politically sensitive. Both Merkel and Steinmeier have fought competitively to carve out success on the world stage. Unpopular topics, such as Afghanistan, will be sorely avoided, and popular issues, such as climate change and non-proliferation, will be attractive if tangible progress on them can be shown. Russia remains a sensitive issue in Germany, and the candidates will not want to appear either too permissive or too tough on Moscow. Day-to-day foreign-policy work during 2009 could be cautious or fall prey to mixed messages. The incoming US team should be aware of this as they frame their first conversations with Berlin. Washington may find it beneficial in the longer term to delay any major requests until after the September election in Germany.

For France, 2009 is an opportunity. President Sarkozy has carved out a growing profile on the world stage. He has launched energetic initiatives with Africa, the Middle East, Russia and the US; now he needs to show these initiatives deliver results. His administration has inserted France as a Middle East broker (especially with Syria and Lebanon). He has renewed relationships across North Africa and reached out to new partners in the Gulf with energy and military deals. Sarkozy's EU presidency began with an initiative on the Union for the Mediterranean, although that project may not progress much until disputing parties in the region deeply engage. The Russia-Georgia war and the global financial crisis have since dominated Sarkozy's EU presidency. These crises will likely remain legacy issues. Sarkozy's personal profile in negotiating the Georgian ceasefire is a sign that Paris is likely to invest heavily in the EU's relationship with Russia.

Sarkozy's administration has collaborated extensively with Washington. France has already made a strong new commitment of combat troops to Afghanistan, and the US government has found the French position on a number of policy portfolios to be a useful and constructive. The French president came to office after Chancellor Merkel spent two years pushing trans-Atlantic collaboration in Washington, developing a close working relationship with the White House. As Berlin began to take a less prominent role in Washington,

Paris stepped up to renew its partnership with the US. The French are likely to seek further public recognition of their close relationship before their EU presidency ends. The series of summits hosted by the US, France and the EU on the financial crisis will provide one opportunity, beginning

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with the November meeting in Washington. Paris, like other capitals, may also want to consult informally with the transition team and the president-elect to ensure that Sarkozy's policy priorities are not forgotten once the EU presidency rotates to the Czech Republic on January 1, 2009.² Sarkozy established a good rapport with President-elect Obama during his tenure as Senator and during his visit to France last

²This is a consistent theme across Europe, where a number of capitals have expressed a desire for early and frequent consultation with the incoming President and his team.

summer. Close consultation between Paris and Washington in the next months should not be difficult to continue. For early 2009 they will likely be on very strong footing bilaterally, but over time Paris will need to balance the opportunities afforded by Washington's favor against the costs of attaining it.

The UK enters 2009 on unfamiliar ground. Tried and true, Britain has long been Washington's closest ally in Europe. London is traditionally the first international destination for a new president and secretary of state. The British are

frequently also the first call for coalitions, diplomatic and military. Britain's "special relationship" traditionally allows extensive access at the White House. But the British

"The UK will not be overlooked; it still possesses a fundamentally strong bilateral relationship with America."

are no longer the only Europeans with this caché; Paris' favor in Washington has grown extensively in the last year, and the French are delivering on a number of joint initiatives.

The UK will not be overlooked; it still possesses a fundamentally strong bilateral relationship with America. The US and UK work closely together in practical areas, on a wide range of topics including economics, counterterrorism, and diplomatic and military efforts around the globe. But some of the foreign-policy challenges are particularly delicate at the moment. Afghanistan is a core priority for the UK, in large part due to domestic concerns of terrorism. But it is a messy mission, with significant risk for British troops in the south and a growing pessimism about future prospects for Afghanistan. Iraq remains another sensitive issue, and Prime Minister Gordon Brown has committed himself to a withdrawal. He still carries the baggage of his predecessor's close relationship with a deeply unpopular President George W. Bush, and some observers believe Brown will want to complete a withdrawal from Iraq before elections are due in 2010.

Brown faced a challenge within his own party just a few months ago, and snap elections seems possible. Elections are still due by 2010, but Brown may now have breathing space. He is in a far stronger position due to his performance in the recent global financial crisis. International finance is his area of expertise. As a former chancellor of the exchequer, he was a perfect match to step up when financial markets buckled. His leadership with bold and rapid formulas for the influx of capital strengthened his reputation domestically and changed his role on the world stage. Brown has now positioned himself in Europe and found his own footing in Washington. 2009 is an opportunity to use this footing and cement his international reputation while it shines.

Each of these big capitals has its own assets and sensitivities. They also compete with one another. They all know how to work collaboratively, whether in EU channels, NATO or bilaterally, yet a push and pull occurs on almost every issue. There is room enough for three (or more) strong European leaders given so many overwhelming domestic and foreign-policy needs. But the big three often fall prey to infighting and competition for the spotlight. Strong individual initiatives by one are frequently not supported widely without careful advance consultation. The competition may even spur a three-way race to Washington in early 2009.

Washington should be careful not to stoke this competition. Benefits could be outweighed by risks. Rather, Washington should consider the expertise that each ally can offer and deal with each accordingly. Each ally's contributions ideally would complement, not compete with, the others'.

US leaders should also be aware of broader trends across the EU. Politics among European countries is in flux as the continent struggles to re-define itself. Old alliances have shifted recently. A trend toward replacing stable, long-term coalitions (e.g., a traditional Franco-German bloc, a North-South division, or groupings of the "net payers") with issue-based coalitions has emerged. The Russia-Georgia crisis may have stalled this development by renewing traditional east-west cleavages within the EU. Nevertheless, Washington should avoid splitting the continent into "Old Europe" and "New Europe". The rotating EU presidency calendar provides an opportunity to solidify EU unity. The Czechs will have the presidency in early 2009 but will share the EU "Troika" representation with France and Sweden (the latter taking the presidency in the second half of 2009).

This briefing book also recommends early senior-level outreach by the new American team to EU officials in Brussels. The failure of the Lisbon Treaty to survive an Irish referendum may have stalled forces unifying the EU, but Brussels can still be a useful partner. Inter-governmental EU decisions have been and will continue to be driven by political commitments from member-states (the big three and other power brokers, such as Poland and Spain, remain key to this process). But the EU as a supranational institution is also still a resource for Washington, as it has been for years. Brussels should not be dismissed from trans-Atlantic consultations. This holds true even if 2009 is a transition year for the EU, with upcoming parliamentary elections and an outgoing Commission to be replaced in November.

Washington should consider the breadth of EU resources and the symbolic power of validation by the 27 member-states. In the foreign-policy arena, Brussels will operate much as it did before the Irish vote. Bureaucratic inertia can be helpful. Washington will find stakeholders in Brussels still pushing for a stronger EU voice on the world stage. The EU role in the Georgia crisis is an example of this. As EU president, Nicolas Sarkozy initiated a strong European role, soon coupled with resources from Brussels. The EU is now present on the ground with 200 monitors in the middle of this delicate issue.

In a busy year on both sides of the ocean, even policymakers who already believe in the value of our trans-Atlantic partnerships will be better armed for these discussions if they are cognizant of the areas in which American and European governments can work most effectively and of the areas in which expectations are likely to differ. ■

Afghanistan

FIRST ACTION ITEMS

- **Prepare immediately for the Strasbourg-Kehl Summit.**
- **Consider an approach to Afghan politics for the year ahead.**
- **Open regular trans-Atlantic working groups on the deeper challenges.**
- **Look actively at regional dynamics. Commit new resources and attention to Pakistan.**

State of play

Violence in Afghanistan is spreading, strong poppy crops and drug-production business is still bankrolling extremist elements, and international forces face a well organized and resourced insurgency strengthened by safe havens across the Pakistan border. Last year saw some of the deadliest months for US and coalition troops since the outset of the campaign, with more than 230 casualties. Worsening violence has drawn the attention of governments and publics on both sides of the Atlantic. Burden-sharing has become the topic du jour between NATO militaries already facing resource strain and now increased casualties. The push for Europe to “do more” came to a head at NATO’s Bucharest summit last year. Leaders offered some additional pledges and spelled out the mission’s near-term goals. They clarified their vision for success in an attempt to overcome the public hesitancy toward troop deployments.

Operational constraints remain a challenge. Resources are limited, and national caveats continue to hinder efficiency. US military leaders have recommended overdue troop increases and fully unifying the US and NATO forces to increase efficiency. The outgoing American government will soon be wrapping up an internal review with recommendations for a comprehensive Afghanistan strategy. General David Petraeus initiated a comprehensive review of Afghanistan and the region shortly after he took over as the head of the Army’s Central Command this past autumn. When the new US administration comes into office, it will likely want to consider quickly the reviews and may even launch their own. Military commanders have asked for additional troops, and America is expected to move in two new brigades in March 2009. The US does not want to shoulder the sole responsibility for an expanded mission so the drumbeat to seek any additional contributions will continue. There is also a movement for invested governments to focus on greatly improving civil-military coordination and maximizing effectiveness. On-the-ground reports indicate that NATO and UN activities remain largely divorced. Meanwhile the NATO International Security Assistance Force (ISAF) and the independent American force have dedicated special attention to the strategic Afghan/Pakistani border region. Cross-border activity remains particularly sensitive with the Pakistan government.

Afghan politics are also percolating. In the fall of 2009, presidential elections are due. President Hamid Karzai will be focused on his political future. Jostling amongst potential competitors is already underway.



The US may be pushed to define its public position vis-à-vis Karzai early in the year. He collected \$21 billion in new assistance pledges at the Paris donor conference in June 2008. The clock is now ticking on his ability to deliver real results to his citizens, especially to those beyond Kabul. And Afghan citizens are growing increasingly frustrated with the civilian casualties of the war.

The European perspective

European public opinion was never enthusiastic about joining a US-led anti-terror combat mission under a robust mandate in Afghanistan. Remnants of this early frustration over mandate and purpose continue to fester within the alliance. Fundamentally divergent views of the mission's purpose, level of risk, and length of presence bubble up regularly. While US and EU public opinion agree on the need for humanitarian and reconstruction efforts in Afghanistan, popular attitudes diverge greatly over the

mission's fundamental goals and objectives. Seventy-six percent of Americans polled in a recent trans-Atlantic study agree with the purpose of fighting the Taliban, while only 43 percent of Europeans thought so. This divergence stifles military effectiveness in practical terms. In individual

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sectors, national programs define differing rules of engagement for both their troops and their civilian programs. Reports of ineffective information-sharing, inconsistent rules of engagement, and national caveat restrictions proliferate from the field. With five regional sectors and 34 provinces, shared across an international military mission comprising 40 countries, the task of trying to fit together such puzzle pieces often resides with commanders on the ground.

Over the last year the NATO alliance searched for common ground and committed itself to a public mission statement at Bucharest. But many European governments still see the strategy statement as US-drafted and US-driven rather than their own. European leaders have not actively sold this strategy to their citizens. Despite Afghanistan's geostrategic importance, its potential as a base for terrorism and extremism, and its drug crop, European leaders have yet to launch a public information campaign to clarify why this is also Europe's war. Instead, Afghanistan has become an issue in which some countries are much more invested than others, at least on the risky side of security.

The UK is heavily invested in Afghanistan and will remain so. But the British mission is still perceived as vulnerable, having suffered significant casualties in its dangerous positions in the south. The German contribution to the overall mission is substantial, the third largest after the American and British. But its mandate is limited. Many Germans perceive the war in Afghanistan as an American war on terrorism and of questionable purpose. This is one of two “no-go” topics that Chancellor Angela Merkel discovered as she rose through the political ranks. As contentious German elections in the fall of 2009 approach, don't expect it to change. In France, the American lead in Afghanistan remains a backdrop for public criticism.

But President Nicolas Sarkozy has argued for a counter-terrorism objective to justify expanded commitments to Afghanistan.

Mismatched expectations on Afghanistan are one of the highest risks for a trans-Atlantic rift in the early days of a new US administration. President-elect Obama made it clear during the campaign that he would demand more from Europe. He raised it explicitly in his public remarks during his visit to Europe last summer. But Washington should be realistic. There may not be room for much European movement in the next months. European governments are already deeply involved in Afghanistan and are still walking a fine line with their publics. European leaders have yet to convince their populations of the fundamental purpose of their investment in Afghanistan.

Germany's Afghanistan policy will be nearly frozen in 2009. Berlin won't be able to sustain any request for more troops or for a change in mandate before its general election in the fall. They do not need to reverse course either. The government has expected that a popular new US president could come to Europe and press them to do more in Afghanistan. Berlin has pre-positioned commitments to be able to demonstrate action in 2009. This past October the parliament extended the German troop mandate in Afghanistan until 2010 and approved the government's request for a package of additional contributions. The package will add almost a thousand troops, largely backfilling others departing the north and expanding training programs for Afghan security forces. But Berlin has also offered to provide a rapid-reaction force for crisis response across Afghanistan. Without Germany's changing its overall mandate, this package provides practical support to NATO's combat objectives. Expect the German government to continue to look for low-profile areas for practical assistance, such as logistics and communications, or additional police to fill the gap at the district level. But it will avoid any growing combat profile overall. The extension of the mandate in October 2008 was not the political battle that it was expected to be, but only because the acute financial crisis trumped the issue. Still, more no-votes were counted than in last year's troop extension vote. Chancellor Merkel will want the topic off the table and out of the headlines as the election campaign intensifies in 2009.

French President Sarkozy stepped up with new troop offers at the Bucharest summit and consequently reopened the domestic debate about Afghanistan. His new commitments have come under fire at home, especially when a Taliban ambush killed 10 French soldiers last summer, triggering a full parliamentary inquiry. But Sarkozy is holding firm. He is not subject to the same parliamentary approval procedures as the German chancellor and can deploy troops in Afghanistan through executive decision. He did offer the French parliament a voice to review and approve the mission this summer, but it is unclear whether he will be bound to return to parliament regularly for extension approval. French leaders are bolstering the case at home, both the humanitarian justification and the terrorism concern. In general Sarkozy has not yet curbed his actions based on public pressure since his time in office, but this may change if public outcry on Afghanistan at home grows. The French public is not enthusiastic about the mission, but this disapproval has not yet crystallized into mass popular objection. Washington should be attuned to this sensitivity.

For the British, strong commitment in Afghanistan is a necessity. It is viewed not only as a common NATO priority but a strong domestic security objective due to the links between Afghanistan and terrorism. It is

not a winning issue politically. With deep British engagement in combat operations in the south and east, expect London to continue close consultation with Washington on practical policies. The British government does disagree with the US on some fundamental points, in particular the plan for elections in the year ahead and any blanket support of President Karzai. The British are heavily invested and will be

taking on the regional command in the south in late 2009. They have a strong incentive for close involvement with strategy reviews for the NATO ISAF force and Washington's direct activities. Public infighting among NATO allies does not help them at home, but more importantly it does not help the mission achieve success. Along with others, the British may prefer to keep public disagreements among NATO allies about troop commitments held to quieter channels. They may be vocal, however, about the serious state of insecurity and their preferred strategies on how to improve stability and governance. Finally, there is a fundamental disagreement between the US and UK regarding President Karzai's personal governance capabilities. The UK does, however, want more public attention on the strategic importance of the region. Stability in Pakistan is certainly a priority, and the UK would welcome greater international resources dedicated to this objective. The British were a co-host of the recently created Friends of Pakistan group.

Though not the focus of this briefing book, the contributions of other NATO member-states are essential. In particular, an incoming American administration will quickly need to engage the Dutch and the Canadians, who are deployed in critical combat zones in southern Afghanistan. They are particularly invested in this trans-Atlantic project in Afghanistan and work closely and consistently with Washington. Both deployments face mandate expiration in

the next two years and their leaders have indicated an intention to withdraw. But in the meantime they are in the most difficult areas; the Canadians are about to hand over command of the south to the Dutch in late 2008. As Washington launches comprehensive Afghanistan-policy reviews, it should engage closely with The Hague and Ottawa, among others.

SET THE TONE

Europeans are generally looking for a new US partner with an open ear, a collaborative approach and a lighter touch. They could be surprised by immediate, heavy American demands on Afghanistan as a top priority. European publics are Afghanistan-weary. When presidential candidate Barack Obama tested the theme in a public speech in Berlin during the campaign, he broached the subject of a firmer commitment to Afghanistan. The silence in the crowd was widely noted.

But this does not mean the US should not ask for more help. Walking the line between continuity and acceleration and setting the right tone could make the difference. The US team could start by renewing its commitment to the Bucharest Vision Statements and support for the Paris commitments. It took much hand wringing to get these collective pledges. Respect for that compromise will buy goodwill. Using a tone of partnership and equality will also help. The NATO mission faces real challenges, and there is every reason to press for additional resources. But where the US faces resistance it should maintain an open ear. The US should ask straightforwardly for suggestions for success from its European partners. Wipe away the stereotype of yesterday's blame game. Our joint NATO mission is at stake. What does it take to succeed? ■

Recommendations for the 2009 transition

Afghanistan is already pledged as a top strategic priority for the incoming US president. America is taking heavy casualties and Washington has grown frustrated with the European soft-sell at home. European leaders are hesitant to bypass their hesitant publics. Trans-Atlantic discussions on Afghanistan diverge quickly. The joint vision statement at Bucharest last year was an attempt to bridge this divide, but the underlying hesitations remain. With a high risk of mismatched expectations among alliance members,

policymakers should open a candid discussion immediately. This will be necessary if the US wants to use the “honeymoon” goodwill offered to a new administration to bridge the expectations gap and secure deliverables.

The clock will be ticking. The winter lull in violence will quickly end. Just 10 weeks after the inauguration leaders will meet at the Strasbourg-Kehl NATO summit. And President Karzai will likely be looking for signs of international political backing in early 2009.

FIRST ACTION ITEMS

1. Prepare immediately for the Strasbourg-Kehl Summit.

- **Shift the narrative: Avoid a blame game.**

A thorough but quiet review of available resources will be necessary, but expect the countries already heavily invested to be those most likely to stay and increase troop commitments. A publicized name-and-shame approach will not significantly shift contributions. Instead, a two-track diplomatic effort is needed: Push the informal coalition of core countries for deeper commitments in the counterinsurgency battle and urge other states to expand their work in training and capacity building. The latter group should be asked to fund the ambitious new commitment for a 136,000-person Afghan National Army (ANA). These countries should also commit the resources needed to overhaul and intensify police training. Effective rule of law institutions run by Afghanistan are essential for NATO’s medium- and long-term objectives.

“The clock will be ticking. The winter lull in violence will quickly end. Just 10 weeks after the inauguration leaders will meet at the Strasbourg-Kehl NATO summit. And President Karzai will be looking for signs of international political backing in early 2009.”

- **Improve efficiency of international assistance.**

Demonstrate that more international attention does not equate to more international waste. Confidence in improved civil-military coordination and more efficient aid could boost support for the NATO mission at home and in Afghanistan. Examples could include: 1) Institutionalize greater coordination between NATO/ISAF and the growing UN mission; 2) Improve coordination between NATO and UN efforts at the local level; 3) Streamline the Joint Coordination and Monitoring Board (JCMB) process to demonstrate greater Afghan lead;³ 4) Offer EU rule of law training programs to the UN mission in Afghanistan (UNAMA) for their capacity-building work; and 5) improve the effectiveness of police training by utilizing resources tied to the G8’s Global Peace Operations Initiative (GPOI) and the existing programs of the Center of Excellence for Stability Police in Italy. European governments may have their own suggestions since they have often argued for the priority of non-military assistance, and have strong experience with long-term civil-society programs.

³ The JCMB is a structure created to bring together Afghan government representatives and their counterparts in the UN mission and civilian structures. It is co-chaired by the UNAMA mission and the Afghan government.

- **Leave the “end-state” language as is, for now.**

The lofty goals hammered out in the Bucharest statement are broad enough to encompass the allies’ differing motivations. Because they disagree on the fundamental mission, however, national restrictions on their deployments remain in effect. This gap must be narrowed. But it is unrealistic to assume that NATO will agree on how to measure an “end state” in the next months. For the purpose of the Stasbourg-Kehl meeting it may be more pragmatic to hold to the vague “end-state” language developed at Bucharest and focus instead on its implementation. Ironically, progress on the ground may better allay European nervousness about the mission’s overall goals and timetable.

- **Add an “Afghanistan Coordination Council” meeting to the Summit.**

Demonstrate commitment to supporting UNAMA and enhancing civilian and military coordination in Afghanistan by holding a side conference at Strasbourg-Kehl involving major stakeholders of the military and development communities. UN Secretary General Ban Ki Moon could attend to demonstrate a larger footprint for the United Nations, supporting the expansion of UNAMA and

personifying a commitment to greater UN-NATO cooperation on the ground. The Afghan leadership should once again be invited, especially if a growing component of the international strategy relies

“The Afghan leadership should once again be invited on the margins, especially if a growing component of the international strategy relies on training and handoff to Afghan-led activity.”

on training and handoff to Afghan-led activity. President Karzai attended last year’s NATO summit and will hopefully attend the Strasbourg-Kehl meeting. But a large, diverse, representative Afghan delegation including civil society could also benefit outreach efforts in Europe. It would provide an Afghan voice to the issue. It would help invested governments to proclaim more loudly the success stories and the humanitarian accomplishments in Afghanistan. Leaders have invested in enhanced NATO public-diplomacy tools launched last year, and they could consider drawing in further private-sector or issue-campaign experts in civil-society. But simply and straightforwardly, NATO’s presence has made a practical difference in the lives of many Afghans. Most do not want either the international community to withdraw or a repressive Taliban to return, if they have any choice. Afghan voices making the case directly to the European population from Strasbourg-Kehl could combat the image of this war as benefiting only America. It could also help make the case of a long-term vision by emphasizing Afghan responsibility for Afghanistan’s future. Leaders at Strasbourg-Kehl could also add to their summit pledges a resource commitment to an intensive public engagement campaign of Afghan human-interest stories including visitor programs, grassroots activist campaigns and media outreach.

2. Consider an approach to Afghan politics for the year ahead.

The Afghan government lacks basic credibility with its own people. Until the central government reaches out beyond Kabul, Afghanistan will remain fragile, and driven by the international community.

- **Commit to make the 2009 elections a success.**

Afghan presidential elections are scheduled for the fall of 2009 and parliamentary elections are due in 2010. The last elections were carefully scrutinized to ensure that they were free and fair. The next elections will be watched even more closely and are likely to occur in an environment of increased violence. Trans-Atlantic governments must make an explicit commitment to the success of these elections and rapidly appropriate the required funds. Contentious internal politicking will only contribute to messy elections.

- **Deliver on Paris donor pledges.**

NATO countries should follow through on their Paris commitments as rapidly as possible. The pledges at Paris exceeded expectations and are encouraging. Public statements and commitments by the Afghan government also were particularly constructive. Before the momentum from Paris is lost, trans-Atlantic capitals should do their share to allocate and distribute the pledged funds. Of course, any influx of funding has to be carefully managed in Afghanistan so that there is a responsible process for distribution. But too many times international donor pledges remain unfulfilled. Capitals should advance the positive step taken in Paris and work to help the Afghan government deploy the funds with effective programs for Afghan citizens. Any new counterinsurgency effort on the security front must be paired with increasing political and economic hope if it is going to succeed. The Afghan population must see an alternative for the future and believe in its government's commitment to pursue this goal. Results from the government should be paired with a bottom-up approach to engage the population.

- **Support efforts to expand governance.**

The Afghan population remains frustrated with its own leaders who seem out of touch with most of the country. Corruption abounds, and the government has yet to succeed on delivering much for the promised London Compact of assistance to its citizens. The incoming American administration can use the transition opportunity to adjust the relationship with Karzai, who is closely affiliated with the international community but has limited reach at home. The international community should not walk away from him. But concerned countries must dedicate serious effort to capacity-building programs within and beyond the central government. Donors should push Karzai to deliver assistance money to his citizens in practical projects and to fight corruption. Development assistance could be tied more directly to the regions. Programs should engage a wide range of civil-society actors, local leaders, and a diverse political spectrum. The UK, one of America's key partners in Afghanistan, feels differently, however. It supports the institution of the Afghan government, but not Karzai personally. London would like the US to shift away from openly supporting him. This has been and will continue to be a difficult disagreement for Washington and London to resolve. It could bubble up soon if Karzai seeks explicit, publicized backing from the new US administration early in the year.

3. Open regular trans-Atlantic working groups on the deeper challenges.

Public debate about Afghanistan in the last year has centered on the question of how many troops are enough. With serious violence ongoing, the most immediate and urgent needs win attention. But concerned trans-Atlantic governments should also keep an eye on the five-to-ten-year horizon. We should be investing now in our medium-term goals.

- **Re-energize programs to win confidence of the local population.**

The international community cannot attain our military or political objectives without the support of the population. Supporting the implementation of development assistance, improving public outreach and quickly disseminating information about actions that could be misunderstood (i.e., aerial bombing attacks) are valuable confidence-building measures. It is also important to demonstrate continually a commitment to transparency and accountability. Mistakes will happen in war. But the international community should demonstrate that it is on the side of the people. Getting the word out and showing by example are fundamental. Western governments cannot control where extremists extrapolate from our actions or our arguments. But governments can improve our rapid response when mistakes occur and can hold to a principle of accountability. At the moment NATO is losing this public-relations battle, and invested countries need to find a way to improve local efforts.

- **Set aside the argument about counter-narcotics. Think outside the box and look for new ideas.**

Afghanistan experts spend significant time disagreeing about whether it is better to focus international energy on fighting producers or traffickers of the drug crop from Afghanistan. Because of fundamental disagreement on which tactic works best, trans-Atlantic governments seem to divide between those who emphasize counter-narcotics as a core priority and those who leave it off the list entirely. Stakeholders in the Afghanistan need to overcome this circular argument. Instead, concerned states should work to bolster what is working on the ground and fix what is not working. They should

be exchanging expertise on this topic wherever possible to improve our on-the-ground programs. There is also a need to dig deep to look for other creative options to clamp down on the funneling of drug profits to the insurgency forces.

“Pakistan requires immediate attention from the West. The alliance can no longer avoid the intertwined relationship between Pakistan and Afghanistan.”

- **Exchange expertise in state-building assistance.**

If NATO's goal is to foster sustainable, Afghan-led governance in the medium term, it must work now to improve its effectiveness. Gross inefficiencies continue regularly on the ground. Reports prevail of duplicated international efforts, bureaucratic ineffectiveness, wasted aid, and a government in Kabul cut off from its population. Washington and European capitals have heavily expanded their work in stabilization assistance missions in the last decade. Our crisis experts often collaborate in-country, but not enough in home capitals. This is a missed opportunity. It is a resource we could be improving through frequent and candid coordination. The EU's increasing specialization in these areas of capacity-building and potential to recruit resources among the EU 27 should also be maximized. The EU and European member-states may also be able to contribute even more in areas of capacity-building work in Afghanistan for the next years. Civilian experts in specialized areas such as agriculture, education and health could be of value. European states could also contribute personnel to police training efforts, particularly to fill gaps at the regional and district levels.

- **Consider how to engage constructive partners affiliated with the Taliban.**

This is an area of growing interest but great controversy. The situation on the ground in Afghanistan is fluid, and in-country international representatives (military and civilian) will need as much flexibility as possible to engage constructive parties while having the tools to block spoilers and threats. Afghan politics are complex, and the Taliban is not a monolithic label. But there are existing UN Security Council sanctions in place, limiting engagement with individuals identified as Taliban. Trans-Atlantic countries working heavily in Afghanistan may need to open delicate consultations on this sensitive issue.

4. Look actively at regional dynamics. Commit new resources and attention to Pakistan.

- **Pakistan requires immediate attention from the West.**

The alliance can no longer avoid the intertwined relationship between Pakistan and Afghanistan. A comprehensive approach to fighting al Qaida, the Taliban, and other extremists along the border will require improved coordination. With the recent change of government in Pakistan, the US and European allies have an opportunity to re-frame their bilateral relationships. In the US this will require long-overdue and deliberate review of assistance packages, military support and intelligence relationships. The fight against extremism is contentious politically for a new government as it is linked to longstanding battles between civil and military institutions. Expect careful policy reviews and delicate balancing of the Afghanistan/Pakistan issue to take some time. Pakistan is also a central priority for the UK, largely due to domestic concerns. But Pakistan does not receive the time, resources, or political attention it needs from Europe. Subject experts working on Afghanistan and counterterrorism portfolios are concerned about ignoring this pivotal piece of the puzzle. With transitioning governments in Islamabad and Washington at nearly the same time, there is an opening for a shift on Pakistan policy. European governments should become more engaged in this discussion fast. Some have joined the recently launched initiative, the Friends of Pakistan. This ad hoc group of countries is committed to consolidating initiatives to support Pakistan. Governments in Europe should dedicate further attention and resources to this initiative.

- **Iran has long had a stake in Afghanistan.**

Iran shares an extensive border with Afghanistan and is concerned about the spillover of drug trafficking. While NATO combat operations are focused in the south and east, Iran has expanded its influence at the local level, with infrastructure and economic incentives. Trans-Atlantic governments invested in Afghanistan and Iran should not draw direct linkages or start horse-trading between these policies. They should also not be naive about the overlap, however. Tehran certainly keeps an active eye on it.

- **Russia's involvement with Afghanistan is full of baggage, but it cannot be ignored.**

It is already a sensitive and unwelcome prospect for the Afghan population. In the UN Security Council and other UN bodies the Russians are also only partly cooperative on Afghanistan. Trans-Atlantic governments should keep an eye on Russia's Afghanistan efforts such as practical assistance with transit routes. But we should not be looking to expand Russia's role. This point may

be moot for the moment, because NATO-Russia channels have been officially put on hold since the Georgia crisis last summer. But if they do re-engage, NATO countries should handle the Russian role towards Afghanistan carefully. ■

AFGHANISTAN BACKGROUND

NATO allies are deeply invested in Afghanistan, and leaders recognize that failure of the mission would have serious consequences for the alliance. But current assessments of security and stability are not optimistic. The NATO mission lacks resources and consistent political backing, and the state of Afghanistan relies almost completely on international aid. The two years ahead could make or break the international mission. President-elect Obama has pledged to reinvigorate US policy once he takes office, and it is expected to be a top priority for the national-security team.

NATO leaders in Bucharest last year renewed their assurances through a joint vision statement on Afghanistan. The statement defined the alliance's mission by four principles: 1) a long-term commitment; 2) enhanced Afghan responsibility; 3) comprehensive civilian and military efforts; and 4) increased engagement with regional neighbors. NATO leaders also moved towards clarifying broad benchmarks for exit from Afghanistan. They articulated that the mission would be a success once extremism and terrorism no longer threaten stability, when Afghan security forces are self-sufficient, and when the Afghan

government can exercise good governance and deliver on its development goals to its citizens. These lofty aims remained broad to satisfy a range of views within NATO. There is little agreement within the alliance on how to measure progress.

Resource allocation remains strained. A few capitals already deeply involved are increasing military, human, and financial commitments. Expect that to be paired with a push towards Afghan self-sufficiency. New pledges of \$21 billion from the Paris donors conference should help. But a long-road of institution building lies ahead. Expanding the Afghan army and police will be a priority.

President Karzai still faces challenges controlling his country outside Kabul and has little consolidated political support. Karzai is up for re-election in the late 2009. With his political future at risk, he may seek reaffirmed support from the US next year. Some NATO allies, however, debate the utility of maintaining a Karzai-centric approach, and the topic remains controversial.

In the US there has been a new momentum on Afghanistan in the last weeks and months. An

upcoming National Intelligence Estimate is expected to warn, as other high-level officials have in recent weeks, that 2009 is a critical year and that the conflict is escalating. American officials have been acknowledging that a new comprehensive Afghanistan strategy is needed if the US and its allies want turn the tide on the ground in the next two years. Newly promoted to head of the US Army's CENTCOM region, General David Petraeus has initiated a review of Iraq, Afghanistan, Iran, Pakistan and neighboring countries. His review is scheduled for presentation to the new president in February 2009. This is but one of several internal US-government reviews initiated in recent months to revise strategy. There is a growing emphasis on civilian capacity-building and development efforts with officials cautioning publicly that the fight cannot be won by the military alone. Talk of a more comprehensive strategy includes discussion of changing the provincial reconstruction teams (PRTs), expanding efforts to connect the central government with the regions, focusing on building confidence in the population, fighting corruption and building the capacity of the government. ■

Iran

FIRST ACTION ITEMS

- **Reach out immediately to European capitals to discuss how to engage Iran.**
- **Develop an approach on when to engage Iran, given the upcoming elections.**
- **Look for additional levers: Reach out to build a broad international coalition on Iran.**
- **Open the difficult conversations about developing additional leverage.**

State of play

There are numerous reasons that Iran remains a top-level concern for governments and their publics on both sides of the Atlantic. Some of the strongest ongoing concerns include Iran's potential development of a nuclear weapon and their dismissal of UN and IAEA demands to cease enrichment; Tehran's disruptive activity across the region and support for terrorism; and their repression at home. A spurt of negotiation with Tehran on the nuclear file last summer has now quieted, but nuclear development continues, only narrowing the time window to affect a proliferation outcome.



Meanwhile there are reports of new political fissures and economic tensions spreading internally within Iran. President Mahmoud Ahmadinejad will face his own presidential elections at home in June, increasing the likelihood he will escalate confrontation vis-à-vis the West early next year for his own political gain. Hardliners have relied on confrontation with America as a core justification for their power consolidation at home. An outreach of dialogue from the new US administration could be seen as a challenge to their political objectives. Reading the tea leaves for the upcoming election is risky because Supreme Leader Ayatollah Sayyed Ali Khamenei almost solely retains the power to determine the outcome. The peoples' influence on the outcome is limited, even though popular disgruntlement with the regime has been growing. Regime survival is always the primary goal, and Khamenei will direct the result. With such little influence over internal Iranian politics, any attempt by outsiders to sequence international diplomacy around the anticipation of internal Iranian politics is tricky.

With the clock ticking on Iran's nuclear development, thorny issues with Iran are likely to be front and center for the new US president with his European allies. Iran uses time as an advantage. Any steps that stall the diplomacy or divide allies buy Tehran more time to develop their nuclear capacity. Some experts have been warning that as early as January 2010, Iran may pass a threshold in its enrichment programs that would make international non-proliferation demands moot. Meanwhile, the international community continues to echo the same demands. Israel is particularly nervous. The public warnings by Israel of possible military strikes against Iran have quieted for the moment, but it seems they have already laid the groundwork in case they would so decide to act. It remains a real possibility.

The package presented to Tehran this summer by the P5+1 working group (the permanent five member-states of the UNSC plus Germany) is still awaiting a complete Iranian response. It may lose relevance over time, however, since the Russians have pulled back from the P5+1 multilateral process. Reconsideration of the package itself, the combination of carrots and sticks, the structure of the multilateral negotiation, and how to re-engage key states such as Russia and China will require collaborative dialogue early in 2009.

SET THE TONE

Paris, London, Berlin and Brussels will press to engage in practical consultations on Iran as soon as possible. Iran was one of the most closely watched foreign policy issues in the US presidential campaign. For months, Iran-watchers in Europe and in the region wondered if they would face a confrontational new American leader. As the campaign progressed, parties began to speculate about the potential for resetting US-Iranian relations and how that could affect multilateral non-proliferation goals. Now that Barack Obama has been elected, it is clear that he will be committed to tough but considered engagement with Iran. The focus will now turn to what type, level and tone of engagement is the most responsible. Details such as exactly what preparations are necessary to launch an effective channel for negotiations will matter.

European capitals are anxious to be involved in this policy formulation in Washington. They will be nervous about defining the conditions for talks, and how to combine that with existing efforts to which they have committed themselves over the last year. The preference in European capitals for continuity will not be a surprise to the incoming team, but it cannot be overemphasized how important this will remain. European capitals will not want to see a simple dismissal of the carefully measured and sequenced set of P5+1 carrots and sticks.

It will be helpful for Washington to emphasize in their allied discussions that they are committed to a serious negotiation effort with Iran. The president would certainly not want to pull any option off the table, but reassuring vested European leaders early that the US will consult closely on its policy development would go a long way to assuage these worries. ■

Iran sanctions implementation has been at top of the trans-Atlantic agenda in recent months. The EU and individual member states agreed to implement tougher sanctions on Tehran earlier this summer (and passed a united EU position), but implementation has been spotty and inconsistent. There continues to be differing expectations within some European governments, between European capitals, and across the trans-Atlantic dialogue.

The European perspective

Europeans have slowly succeeded in developing a tightly coordinated, tough position with Tehran. They are concerned that an incoming US administration could significantly alter US policy toward Iran without lockstep consultation. European governments have consistently advocated dialogue in contrast to US demands for tough action. They would be inclined to welcome serious bilateral negotiations between the US and Iran, given that it may have the potential to unlock the status quo. As Iran policy was debated throughout the US presidential campaign, European governments expressed nervousness that a dramatic new position could weaken the carefully calibrated P5+1 negotiating position with Tehran. European capitals worry the US could offer too much to the Iranians through open dialogue at the outset or might back off the P5+1 pre-condition of first ceasing enrichment. It was a long, slow haul for the Europeans to get an enhanced P5+1 package and they do not want to throw it out the window. On the other end of the spectrum they do not want to see a military strike (by Israel or the US) that could cause fallout across the region.

The Tehran brief is a top-tier issue for European leaders. It is a real and practical security concern. It also touches on core

themes of European policy. Iran became the first issue in which Washington began to re-engage in partnership with Europe over the last years (especially important in overcoming trans-Atlantic tensions about the Iraq war). It is an issue on which they can demonstrate toughness related to the global agenda

of non-proliferation. Following years of US demands, European governments have also just begun to use on Iran one of their most powerful but also most politically contentious tools at home — economic sanctions. Now that these levers have begun to turn, with first EU-wide sanctions passed in June 2008, European diplomats, especially in Paris and London, may be hesitant to walk away from them. Given the long lead-time frequently needed to move the EU's 27 states to a common position, especially for a controversial decision such as sanctions, it would not be in the interests of the US to turn away from such leverage. The question is one of implementation. France, Germany and the UK made progress last year towards taking tougher positions despite their economic interests in Iran. In particular, France has shifted its position boldly and will not want to appear wavering. Implementation across the board in Europe, however, has been exceedingly slow. New initiatives agreed early in the summer of 2008 have yet to come into effect. Even proactive capitals are fighting among themselves over exactly how deep they need to go with these sanctions. There remain far too many questions on where sanctions will be applied and far too many loopholes to make an impact on Tehran. The case of the German company Steiner illustrates this. Just weeks after the Chancellor Angela Merkel pledged to US President Bush a new commitment to sanctioning German companies involved in Iran, Berlin authorized a large-scale deal for a German engineering firm involved in the gas sector, suggesting this case was an exception. At a minimum, this exemplifies a loophole or delayed sanctions implementation on Berlin's part. It also sends Tehran mixed signals about the cohesiveness of Europe's diplomatic efforts.

“Multilateral diplomacy on Iran has much improved in the last years, and the toolbox of carrots and sticks to use in diplomatic negotiations has widened.”

Finally, Javier Solana, the EU High Representative, has a personally vested role in the multilateral track based on his role as representative for the P5+1 group to Tehran. Since the EU's halt on internal consolidation after the Irish referendum failure in 2008, Solana's personal role of shepherding the EU towards one common foreign-policy body is now undefined. Expect him to be sensitive about continuing informal efforts to define his value-added role, while seeking greater impact for the EU in foreign affairs. Iran will be a central portfolio for this, and he may want to demonstrate close consultation with the US administration: He will not want Brussels bypassed on this issue in particular. Washington, however, may already be deliberating whether Solana is the most useful mediator on behalf of its collective ambitions, especially if Tehran is looking to the US as its defining interlocutor. Washington should carefully consider how to balance a personal representative for Europe in the negotiations with Tehran with its own desire for demonstrating greater American willingness to talk directly with the Iranian regime.

Recommendations for the 2009 transition

Iran is a challenge with a high degree of unpredictability — any incident in the region or in negotiations could immediately derail Washington's or Europe's policy positions for 2009. That said, given the gravity of the issue, it is prudent to consider how to shape US policy with European allies to maximize the effectiveness of multilateral messages to Iran during this delicate time.

FIRST ACTION ITEMS

1. Reach out immediately to European capitals to discuss how to engage Iran.

- **Manage a consultation process outwards while developing a cohesive internal inter-agency strategy.**

Europe wants to be at the center of engagement. Meanwhile, it will take time for a new US administration to shape a program for responsible, prepared diplomatic engagement with Tehran. Negotiations with Iran will be controversial, and constituencies in Congress and across government agencies will want to be considered in the policy formulation. While the US is going through this process, they should simultaneously reach out to Berlin, Paris, London and Brussels. There is no reason that policy brainstorming cannot happen simultaneously.

- **Acknowledge the European emphasis for diplomacy first, but pair that with requests for tougher sanctions.**

European capitals of the P5+1 committed themselves to deeper economic sanctions on Iran earlier this year and the EU soon followed with a complete package for the entire 27. But implementation is

still wanting. European capitals are still facing backlash from domestic industries. It is helpful for the US to continue to press for sanctions implementation. European capitals need to

“A wide range of parties will be watching Washington’s first moves. A vocal commitment to a coordinated “diplomacy-first” approach would remove unhelpful speculation and anxiety.”

hear this message from Washington consistently. The Iran sanctions advocates will be inclined to answer positively and move quickly to action. Resistant capitals need to be pressed by Washington’s seriousness on this. It may help them with their resistant domestic constituencies and their own inter-agency challenges. Washington may also seek means to move skeptical countries towards implementation incrementally. The US and forward-leaning capitals can facilitate information flow to make the case for specific targets.

- **Discuss how to pass the baton on the P5+1 package.**

The P5+1 worked thoroughly to compile a serious offer to the Iranians. The package carefully measured carrots and sticks towards Iran and provided it with yet another “fork-in-the-road” moment to decide if it would comply with international demands. The Iranian response since last summer has been typical and disappointing. Tehran will immediately try to interpret what a new American president intends to do about the package. Iran will look for every opportunity to delay or circumvent the international community’s demands. Even if the P5+1 formal body is not functioning (due to Russia) it will be important for trans-Atlantic allies to demonstrate quickly a cohesive international policy. Europe has lined up strongly behind the P5+1 package and wants to ensure that Tehran does not see any daylight between the allies when the new American president takes office. Reaffirming this early will help maintain the bureaucratic inertia in Europe. More importantly, most of the carrots and sticks should still apply and the Iranians should understand from the outset of 2009 that the new US team is committed to a firm message.

- **Articulate that unilateral military action against Tehran is only a tool of last resort.**

While a military response cannot be taken off the table by the incoming US leader and saber rattling has its utility at times (especially when international spoilers are carefully watching statements by world leaders to read the tea leaves on how far they can push their obstructionism), a wide range of parties will be watching Washington's first moves. A vocal commitment to a coordinated, multilateral "diplomacy-first" approach would remove unhelpful speculation and anxiety in the region especially during Ahmadinejad's election campaign.

2. Develop an approach on when to engage Iran, given the upcoming elections.

- **Don't give Ahmadinejad a platform, but don't hold off until June to engage Tehran either.**

Given the state of the economy in Iran and signs of fissures within political blocs, there is an argument for waiting to engage the Iranian regime only after the June elections have passed. Some Iran-observers caution that it would not be helpful to bolster President Ahmadinejad before the elections by providing him a platform with President Obama or a similar opportunity to take undue credit. European capitals and Washington seem to agree that they do not want to give President Ahmadinejad any further validation. But since time is an asset to the Iranian nuclear enrichment program, there is also nervousness that waiting until next summer to engage is waiting too long. One solution could be to use the careful pledge by President-elect Obama that he will engage with Iran only once thorough preparations have been made. If the US is going to make a serious, new concerted negotiation effort, it will require shuttling to get agreement on the details with the Iranians and other capitals. These details include representation, topics for the agenda and common principles to guide the talks. Agreement on these issues will take time. The process of negotiating them can be used as the initial outreach to Tehran. Such outreach should occur at lower levels (up to foreign minister but not beyond) and could limit the chances of a high-profile photo-op occurring before June.

3. Look for additional levers: Reach out to build a broad international coalition on Iran.

- **Utilize the "honeymoon" goodwill towards the US to bring in new stakeholders.**

Recognizing the importance of a consistent multinational message to Tehran by as many voices as possible, the US should maximize the "honeymoon" goodwill of the incoming administration and put Iran on the agenda for as many of those conversations as possible. It would be helpful for Tehran to hear support of the non-proliferation agenda from a broad set of actors in the coming years. Although still a disputed topic, a collaborative trans-Atlantic campaign to use next year's changes to instigate new commitments on Iranian non-proliferation or even the seeds of new multilateral dialogue could be helpful in the future. China is already involved and remains key as a P5 member, but including a wider array of countries could be helpful in breaking down a stereotype of the West vs. Iran.

- **Consider Russia's role.**

Russia can be a particular asset on Iran policy. They have offered a specific proposal for alternative nuclear fuel processing, for example. There has also been a growing closeness between Tehran's leadership and Moscow, driven by close energy ties and the potential for Russian investment in Iran's

energy infrastructure. Russia could play a unique role on Iran policy even beyond its P5+1 participation. After the Georgia crisis escalated in August, the formal P5+1 avenue became ineffective. The US and European allies will not want to give a cantankerous Russian government the power to block their joint initiatives with Iran. The P5+1 package itself could still hold for some time in 2009. But if trans-Atlantic allies do not consider how to re-engage Russia they will risk weakening the leverage on Tehran that they have so carefully built. A joint US-European effort to reach out to Moscow early in 2009 with a pragmatic tone on Iran could be useful. Governments should also recognize the risky alternative: If Russia completely cut off international collaboration on Iran, the UN Security Council would be gridlocked (as it likely is now), and Russia could build up a narrative of the West vs. Tehran. Or Russia could position itself as the ultimate third-party broker. To date the P5+1 have disagreed on the sanctions approach but have collaborated effectively to offer a comprehensive package of carrots and sticks to Tehran. Losing even this cooperation from Moscow for much longer could further embolden President Ahmadinejad. Given its own security and economic interests in Iran, Moscow may find it valuable at some point next year to “offer” reconciliation and return to multilateral negotiations on Iran.

4. Open the difficult conversations about developing additional leverage.

- **Look ahead and begin the conversation on creating longer-term US-European leverage.**

To date, Iran has been able to weather the pressure points from the international community tied to non-proliferation demands. Strong energy prices have helped to insulate them from economic pressure so far. Economic sanctions are having an effect, but not enough of one. It is time for the difficult discussions about what comes next. It is time to re-think bigger carrots and sticks to put on the table: What will it take to move the EU to gas sanctions? How far are European leaders willing to go to close existing loopholes on sanctions? (For example, shortly after the new commitments from capitals, Berlin authorized the Steiner engineering company to deal with Tehran stipulating that it remained outside of the new sanctions limitations. While technically that may be so, symbolically the act undercut some of the recent toughening.) How soon could the US – if Iranian behavior deserved – reestablish diplomatic relations with Tehran? (In 2007 the US designated a diplomatic presence in neighboring UAE as a post focused on Iran; in the summer of 2008 the US government began to lay the groundwork for opening an interest section office in Tehran. But any change to the 30 year diplomatic freeze will be controversial and will need significant Congressional consultation to prepare, as Washington does not turn the lever on opening or closing permanent diplomatic relations lightly.) If one of the largest attractions for Tehran is to have their power and role in the region recognized, what steps consistent with each of our national security interests could be considered to offer confidence regionally, beyond the verbal pledges in the last offer? What would the international community demand of Tehran in return?

- **Invest in knowledge about and contact with Iran.**

For some years the US has offered in its package of incentives to the Iranians people-to-people programs such as academic, cultural and sport exchanges. European states have generally not developed as many programs to expand exchanges with Iran. Given the access the European big-three retain in country, this is an underutilized opportunity. The European Commission could also seek to

develop EU-funded pilot programs to demonstrate the West's underlying will not to isolate Tehran or the Iranian people.

- **Begin a trans-Atlantic discussion on regional overlap.**

Bilateral relationships in the Middle East and Gulf region remain less consistently developed on the European side than on the American. However, the US faces a higher degree of complexity and unpopularity bogging down its potential success in the region. An open conversation between American and European policymakers and specialists about how best to approach regional partners on our joint Iran policy goals could be helpful. Europeans and Americans could frankly discuss options to utilize each country's unique bilateral relationships and access, and potentially thread together yet underutilized regional ties. An approach driven around "US vs. Iran" however will not sell in Europe; rather a long-term vision towards common interests on a non-proliferation agenda for the region or tradeoffs in other agenda items might. European capitals working closely with the US on Iran policy should also be attuned to Washington's linkages in Iraq, where Tehran is actively vested and engaged. Disregarding the linkages would blind trans-Atlantic negotiations on a key issue shaping both Washington and Tehran's regional activity. The US should similarly consider European interactions with Syria and European involvement in the Middle East peace process as opportunities to factor in linkages on Hezbollah and Iran. America's relationships with Gulf partners, who are particularly sensitive to an emboldening Iran ought to be brought to the trans-Atlantic Iran dialogue as well. ■

IRAN BACKGROUND

The last cyclical phase of diplomacy moved the ball forward with an enhanced package of coordinated US and European carrots and sticks. With collaboration behind common principles offering a "freeze for freeze" (the P5+1 demanding a halt to Iranian enrichment in exchange for a halt to escalation of further sanctions), a broader package in the summer of 2008 offered included a wider array of incentives in education, transportation and technology with a stronger acknowledgement of Iran's regional role. Washington also upped the ante by initiating long-awaited personal engagement of a senior level official in the front channel talks with the Iranians at Geneva (and preparing for a possible US diplomatic presence in Tehran) paired with almost equally long-awaited European commitments on economic sanctions (including the first EU-wide mandates and new tightening by European states). After

this last wave was once again rejected by Tehran however, capitals are back in a holding pattern, left with little prospect of improvement during the remaining months of the outgoing US administration. Last September the IAEA issued another report concluding Tehran is not fully cooperating with their obligations under UN Security Council Resolutions.

While American and European governments may have moved closer on positioning towards Iran over the past summer, a coordinated international message remains challenging with China and especially Russia's outside economic leverage remaining a potential counter to economic tightening by the west. The latest report of the IAEA in September reported once again that Iran continues to defy international demands to cease the enrichment of uranium and continues to block IAEA requests for

information about potential weaponization. The P5+1 noted Iran's non-compliance, but Moscow and Beijing remain reluctant to move to additional sanctions. There was enough agreement for the UN Security Council to pass a third resolution – surprising Tehran – but the text was so watered down that it does not much change any pressure points. It also seems clear to have turned into the last multilateral move ripe for the moment. The P5+1 is frozen for the time, given the tense state of US-Russian bilateral relations. And there is still no agreement within Europe on how far to go on sanctions implementations. France, one of the more active states pushing for stronger sticks, will hold the UN Security Council presidency in January 2009. This may provide an opportunity to try to renew a common multilateral position. But it will be tough to attain. ■



Iraq

FIRST ACTION ITEMS

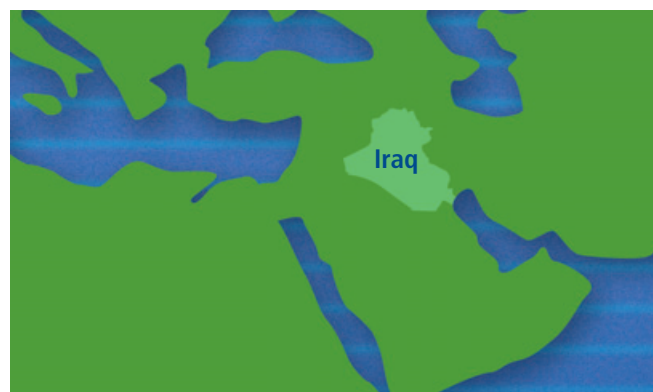
- **Keep Iraq on the list of talking points with Europe.**
- **Discuss shared interests rather than shared burdens.**
- **Use European capacity-building expertise.**
- **Support the handoff of authority to the Iraqi government.**

State of play

Iraq may be the issue that European leaders least want to discuss, in part because it remains a sensitive topic for their publics. The end of the Bush era, however, provides an opportunity for the US and Europe to discuss collaboration in Iraq anew. The blame game is over. Much work remains to be done in Iraq, particularly on the political front, and some specialized European contributions in non-military areas may well fit practical needs.

Iraq will be one of the new US president's highest priorities, trumped only by the financial crisis and domestic economic challenges. Given the widespread US public pressure for withdrawal of combat forces, the president-elect will soon need to act on campaign pledges and demonstrate a responsible approach to the region. A responsible approach does not mean a hasty one, and a comprehensive and carefully considered withdrawal plan will take time. But due to the thorough military review expected and consultations with the Iraqis and regional actors, the Iraq portfolio will be at the top of Washington's foreign-policy agenda in 2009.

Iraqi politics will also need Washington's diplomatic attention from day one as US policy supports "giving Iraq back to its people." In January 2009, Iraq will hold postponed provincial elections. Sharp internal infighting among Iraqi factions could intensify, and Iraqi leaders will seek to demonstrate greater independence from the Americans. Indeed, this has already begun. Prime Minister Nouri al-Maliki has called for the withdrawal of American troops by 2011 and toughened negotiations with Washington over a new Status of Forces Agreement (SOFA).⁴ The Iraqis are seeking greater sovereign control, and the December 31 handover of governance under the UN mandate will be a step in that direction. Expect an Obama administration to continue to emphasize Iraqi responsibility on the political and security fronts as part of a comprehensive drawdown effort. The UN is stepping up its role in the political arena and could act as a broker for the international community. Regional powers will also take on a greater role in the



⁴ The SOFA legally authorizes US troops to remain in Iraq at the invitation of the sovereign Iraqi government. To date, the UN Security Council (UNSC) has authorized the international troop presence in Iraq under "Chapter VII" authority, declaring Iraq a threat to peace and security. In September, Prime Minister Maliki asked the UN to remove this designation. When the current UNSC authorization expires at the end of 2008, US troops will need a bilateral agreement with the Iraqi government to authorize their presence: a Status of Forces Agreement (SOFA). SOFA negotiations between the US and the Iraqi government have been tricky, but should be concluded before the next US president is inaugurated.

next phase of Iraq policy. Neighbors such as Iran, Syria, Saudi Arabia, Turkey, Israel and Jordan will closely observe shifting Iraqi politics to safeguard their own influence. International stakeholder groups such as the Iraq Regional Compact could become useful for pressing for a lasting political settlement.

After years of European resistance, American policymakers have come to expect little European support in Iraq. Europe assists with limited civilian efforts such as training, capacity building and development assistance, but prefers to maintain a low profile. Paris and Berlin are not engaged militarily nor will they be. London maintains a significant military presence but is drawing down. Yet with non-military objectives in Iraq growing, it may be time for the US to start new conversations about Iraq with the big three European partners.

The European perspective

Public criticism across Europe of the international intervention in Iraq is well known, but official policies towards Iraq are divided. Seventeen of the EU's 27 member-states have participated in the coalition. Some

European states have been among Washington's most supportive allies in Iraq, but they are tiring. Countries with military deployments in Iraq have found it difficult to withstand the domestic criticism and have slowly downgraded their presence or withdrawn entirely. Spain, the Netherlands and Italy are examples of this. Even some of the staunchest European allies in Iraq are pulling out. Poland, which provided diplomatic representation in Iraq for the US during Saddam Hussein's last years, withdrew its last combat troops in September 2008. The UK committed 45,000 troops to the Iraq invasion force and retained a staunch stabilization presence afterwards. But Prime Minister Gordon Brown has committed publicly to a withdrawal by 2010. Other coalition partners have indicated that they will leave soon. Their populations see little benefit from the high risk. In addition, European governments have reason to divert their limited military resources to commitments elsewhere, such as the NATO mission in Afghanistan.

It is less well known, however, that many European countries remain quietly involved in non-military projects. European countries initially devoted much of their financial assistance to Iraq through international donor initiatives and debt relief. Some have gradually escalated their civilian commitments to Iraq as they acknowledged a clear stake in the country's

future. Even civilian commitments are tricky, however, because the vivid memory of Europeans kidnapped in Iraq over the last few years remains and has entrenched leaders' reticence to send their civilians into harm's way. Nevertheless, Europeans are active in the region and cannot disconnect Iraq from their

SET THE TONE

The US and Europe share common goals of promoting effective institutions and supporting democracy, good governance and human rights in Iraq. There is plenty of work to do in these areas, and the end of the Bush era gives Europe an opportunity to adjust its policies. The next US administration could start a new dialogue with its European counterparts on Iraq, to turn the page and focus on common objectives.

To engage Europe in contributing to the efforts in Iraq, the US administration will have to act delicately and ensure that the partnership gets off to a fresh start. To date, many of the contributions made by European capitals have been quiet and off the radar. It will be advisable to continue such partnerships and respect European domestic sensitivities.

The first step towards changing the US-European narrative on Iraq is just starting the conversation. A second step would be to find areas of contribution to which the Europeans might be inclined.

Supporting a growing role for the UN in Iraq could be an option. ■

policies toward Iran, Syria, Jordan and Iraq's other neighbors. They worry about the situation of refugees and the potential for renewed violence in the region. Yet they prefer to keep their activity in Iraq below the public radar due to continued domestic pressures. As a compromise, some hesitant European governments have moved slowly to increase their assistance to Iraq's economy, infrastructure and institutional development.

Germany assists Iraq financially with reconstruction assistance (more than \$300 million has been dispersed), debt cancellation and capacity-building programs. Berlin has offered specialized skills training such as explosives control. (As of 2007, nearly 80 percent of bomb-defusing efforts by Iraqi police were failing, largely due to lack of expertise.) German armed forces also provide train-and-equip programs outside Iraq for Iraqi military and police. Berlin facilitates capacity-building training in specialized areas of economics, diplomacy, forensics, media and education. Germany also aids infrastructure reconstruction and institutional development, and contributes to international donor funds. As Iraq stabilizes, the economic interest of Europeans is reviving. During a recent visit to Berlin, Iraqi Prime Minister al-Maliki met with the chancellor, the foreign minister and German industry representatives to seek investment.

Political interest is also on the rise. Iraqi political delegations to Berlin have increased significantly over the last year, and officials from Germany have begun to visit Iraq to view developments first hand. The growing attention paid by

Foreign Minister Frank-Walter Steinmeier and other senior German officials to Iraq indicates Germany may be willing to expand its involvement in Iraq given two conditions: 1) that assistance

remains non-military; and 2) that the physical risk to German personnel remains limited. Germany would be most likely to support expanded training programs that take place outside Iraq. Given its regional relationships, Berlin may also be interested in an active role to keep the Iraq Neighbors' Conference alive and productive.

The EU is present in Iraq with a formal rule-of-law mission (EUJUST LEX) that provides police and judicial training, and institutional assistance. The mission aims to train high-ranking Iraqi criminal police, and criminal-justice and prison officers. Since July 2005, the EUJUST LEX mission has trained more than 1,700 Iraqi officials. The EU has also contributed more than \$771 million to the International Reconstruction Fund for Iraq. That number jumps to more than \$1.1 billion, nearly 61 percent of the fund's total pledges, when individual member-state contributions are included.

France, too, has slowly and quietly stepped beyond former President Jacques Chirac's firm anti-Iraq position. Paris has not loudly publicized its re-engagement in Iraq, but it is active diplomatically and economically, and contributes development assistance. Foreign Minister Bernard Kouchner has visited Iraq twice, most recently in June 2008, to inaugurate a diplomatic presence in Baghdad. Paris provides aid for medicine, education, reconstruction and utilities. French firms compete for transportation and

“To engage Europe in contributing to the efforts in Iraq, the US administration will have to act delicately and respectfully, for a fresh and healthy start.”

infrastructure projects. And France has joined the international community in cancelling most of Iraq's debt (€5 billion). President Nicolas Sarkozy has used his trademark maverick style to break traditional policy with Washington, NATO, Afghanistan, Libya and Syria but not taken a risky position on Iraq. President Sarkozy made some general remarks toward greater involvement in Iraq shortly after coming into office, but domestic tensions have restrained him from making any major policy shifts, at least publicly. The foreign ministry has since worked quietly to push practical initiatives in Iraq when possible, but its activities are likely to remain limited for some time.

Given the focus in the year ahead on Iraqi responsibility and political leadership, European capacity-building programs in Iraq could complement America's efforts well if they are coordinated. Considering

that the political front is at the center of attention, increasing non-military assistance could serve as a sign of goodwill toward Washington. It also may provide an unexpected "give" in return for other items on the trans-Atlantic agenda requiring

"Iraq will certainly remain a central topic for discussions with London. The UK will want close dialogue with Washington as it sequences the withdrawal of combat troops, trains residual forces and transfers authority to Iraqis."

compromise from Washington. Germany, for example, could use such a policy adjustment in Iraq to compensate for its limited contributions in Afghanistan.

Washington has an opportunity in 2009 to launch pragmatic discussions with some European capitals on long-term political objectives in Iraq and the Middle East. But Washington must consider Europe's residual sensitivities on the issue. Military involvement remains out of the question; even expanded non-military activities will require delicate handling. European political leaders will want any diplomatic credit for actions they take, but they will not want to be perceived as cleaning up America's mess or assuming the political burden of Iraq when America draws down. Independence from Washington may also safeguard European personnel in Iraq.

Recommendations for the 2009 transition

Recommendations for Iraq vary for the UK, France, Germany and the EU. Washington's strategy toward London, for example, will differ greatly from its strategy towards the other three.

For the UK:

Iraq will certainly remain a central topic for discussions with London. The UK will want close dialogue with Washington as it sequences the withdrawal of combat troops, trains residual forces and transfers authority to Iraqis. Consultations on drawdown timetables and commitments to capacity building will be important. The US and UK share a strong desire to show confidence in Iraqi-led political and security institutions to justify their own withdrawals. Given strong public skepticism and domestic elections in 2010, the British government will want to demonstrate a responsible withdrawal. Ideally, this would be completed before

the elections, the timing of which coincidentally parallels Obama's withdrawal plans. Working with the US will help the UK consolidate security gains and sustain institution building. London will, therefore, consult closely with the American president-elect to allocate resources and sequence withdrawal responsibly. It will be one of the first European capitals to engage on Iraq.

For France, Germany and the EU:

The incoming administration must also consider how to discuss Iraq with its partners in Paris, Berlin and Brussels. This will require consideration of other factors:

FIRST ACTION ITEMS

1. Keep Iraq on the list of talking points with Europe.

European leaders should recognize that although Iraq has quieted, responsibly withdrawing troops from Iraq remains Americans' top national-security priority. It was a major campaign issue, and the new president will have to deal with Iraq on his first day in office. Washington will need a withdrawal strategy to promote the Iraqi government's stability and sustainability. There may also be outstanding questions on the status of American forces in Iraq. Europeans should be aware that this will be a priority in Washington and that it may deflect time and attention from other issues. American objectives in Iraq may also affect how Washington looks at related policy topics such as Iran. Iran's unhelpful activities in Iraq are a frequent point of emphasis for US policymakers. There will also be linkages between Washington's drawdown effort in Iraq and growing emphasis on Afghanistan.

- **America's European allies in Iraq have a stake in how the US develops its withdrawal plans.**
A spillover conflict between Kurds and Turks, for example, would affect NATO. European capitals are also active in diplomatic initiatives in Iran and Syria and across the broader Middle East which could be affected by such a conflict.
- **Washington should continue its close consultations with Europeans still militarily engaged in Iraq so that drawdown planning is effectively coordinated.**
Mitigating any fallout - within Iraq or regionally - from a withdrawal will be important. Training programs that continue to build strong security and justice institutions will be critical for the Iraqi government's stability.
- **The new US administration should use its honeymoon period to look for opportunities.**
The administration should assume that Iraq remains on the agenda of European countries even if they are not militarily engaged in Iraq. It is time to move past stereotypes. The end of the Bush era provides an opportunity for European leaders to reconsider Iraq. The foundations for this are already in place. Long-skeptical capitals have gradually increased their non-military presence in Iraq. They have begun to move beyond checkbook diplomacy to capacity-building initiatives and political involvement, areas that will be critical in the future. They may even be looking at tradeoffs between commitments to Iraq and Afghanistan. This may be particularly true for Berlin, which has quietly expanded its engagement in Iraq. Germany may offer increased non-military contributions to Iraq as a

sign of goodwill toward Washington, and Berlin may do this in lieu of a highly controversial expansion of activities in Afghanistan. The US may not view this as an even trade, but Washington must be aware that Berlin would see it as a gesture.

2. Discuss shared interests rather than shared burdens.

Washington may be surprised to find that discussions are already underway in some European capitals about the best allocation of resources in Iraq. Some skeptical European countries have gradually increased their involvement on the ground over the last few years. But these initiatives were undertaken quietly and carefully, and often on an ad hoc basis. European capitals would benefit from looking at the wider, regional perspective and apply a more strategic approach to their activities in Iraq. This could also prove advantageous to Washington. European governments may still recoil at US burden-sharing demands since they do not see Iraq as their burden to clean up. But these governments might be open to a discussion on Iraq centered on common strategic interests. Scholars from the US Institute of Peace recently wrote that “the broad outlines of what the United States and the European Union want in Iraq are virtual identical: a single, stable state that harbors no international terrorists, does not threaten its neighbors or export large numbers of people, supplies oil to the world market, and imports goods and services.”⁵ Focusing on these goals could reset the discourse with post-Bush America.

- **Forge common efforts towards regional actors on Iraq.**

Iraqi politics remain fractious and volatile. Deadly infighting and competition among the Sunni, Shia and Kurds, and among factions within these groups, continue. Prime Minister al-Maliki’s efforts to crack down on insurgent rivals has met with some success, but political rivalry remains a threat. With power up for grabs in the next elections, Iraq’s regional neighbors will watch developments closely.

The political landscape remains fluid. Some factions supported by Tehran were weakened by al-Maliki’s crackdowns in the summer of 2008. Meanwhile, the Awakening Councils and other Sunni groups funded and supported by the American counterinsurgency effort to fight extremist groups may gain seats in the next parliamentary election. Powers such as Syria, Saudi Arabia and Iran will work to ensure that their loyalists retain influence in the post-election political patchwork.

Traditionally, dialogue with these powerful regional countries is closely held for bilateral engagement. Trans-Atlantic countries do not often discuss their bilateral work in this region, but it could be beneficial if they did. For example, Washington has a particularly close relationship with Riyadh, but refuses to engage with Damascus. Europe is diplomatically active in Tehran and has been courting the Syrians, but lacks significant leverage with the Saudis or Jordanians. Opening a dialogue with European states on joint engagement with Middle East powers could create opportunities.

Europeans will argue strongly for the importance of managing relationships in the region. Not only are there strong strategic and economic interests, but the European perspective is particularly sensitive to the possibility of conflict and direct fallout at home.

⁵ “Scenarios for the Future of Iraq and the Role of Europe: How will Europe Engage” by Daniel Serwer and Megan Chabalowski, *Bound to Cooperate: Europe and the Middle East II*, Bertelsmann Stiftung, 2008.

- **Mitigate refugee strains.**

The UN High Commissioner for Refugees (UNHCR) reported in 2007 that on average 60,000 Iraqis were leaving their homes monthly due to ongoing violence. Of Iraq's four million refugees and displaced persons, nearly half are straining the resources of Jordan and Syria. Most of the remaining 43 percent are internally displaced. Europe does not have a high number of Iraqi refugees – about 100,000 are recorded in Europe (the US hosts far fewer). But trans-Atlantic governments have common reason to worry about the regional consequences of the refugee situation. According to the UNHCR, “the implications of such large-scale refugee displacements settling in the region long-term will be destabilizing, and the ability of neighboring states to handle such large numbers is close to the breaking point”⁶.

- **Support democratic government, successful elections and constitutional development.**

Provincial elections in Iraq may have already occurred when the new US administration takes office. But political wrangling will likely continue. A common message from international parties about the importance of adhering to the electoral results – assuming the processes were free and fair – will be important. Equally critical will be to dedicate sufficient resources and attention to parliamentary elections due later in the year. Ongoing programs to support institution building and constitutional development are areas in which Europeans can become more involved.

- **Promote economic revitalization.**

The US launched an initiative in 2007, alongside the military surge, to improve reconstruction and economic projects in Iraq. As the Iraqis have assumed more governing responsibility, they have

“Even though the US will continue to commit significant budget and manpower resources to this longer term project, qualified assets and manpower from other contributing nations will be essential.”

also initiated more programs for infrastructure and key economic sectors. The Iraqi leadership should now increase efforts to attract investment from Europe, and President al-Maliki made economic revitalization a topic of many high-level meetings during his trip to the continent last summer. He also met with business leaders to pitch foreign investment. Europe can play a significant role here. Its experience with and market resources in infrastructure, heavy industry and medicine are attractive to Iraq. Engagement would also benefit Europe's domestic constituencies.

3. Use European capacity-building expertise.

The American public's attention in early 2009 will focus on the withdrawal of combat troops and turning over security to the Iraqis. But a responsible withdrawal will need a continued military presence to ensure a secure and sustainable Iraqi state. This will require nations other than the US to commit financial and human resources. Even though the US will continue to commit significant budget and

⁶UNHCR, “Statistics on Displaced Iraqis Around the World”, September 2007, <http://www.unhcr.org/statistics.html>.

manpower resources to this longer-term project, qualified assets and manpower from other contributing nations will be essential. Trans-Atlantic consultations should include what Europe is willing to do and how it can best contribute.

- **Focus on rule of law and police institutions.**

2007 and 2008 focused on counter-insurgency campaigns. The effort succeeded, but long-term stability is far from guaranteed. Iraqi security institutions have assumed greater responsibility with each passing month. But significant institutional gaps need to be filled if the Iraqi government is to neutralize the feeding ground of the insurgents. To date, European capitals have provided vital logistical support in the form of equipment and out-of-country training programs to build a strong and effective Iraqi police force. The EU has invested in a rule-of-law program to train police, penitentiary officials, and members of the criminal-justice system. This program has existed since 2005 and trained more than 1,400 high- and middle-ranking Iraqi officials in its first two years. The new US administration should urge allies such as France, Italy and Germany to increase the involvement of their own police forces in enhancing the credibility and professionalism of Iraqi forces. As the US coalition withdraws combat forces, a sufficient number of well-trained Iraqi army and national police officials will be critical.

- **Assume lead responsibility for assisting the Iraqi government with development of a particular government agency.**

The Iraqi interior ministry, for example, remains far from achieving its benchmarks. Assisting this ministry would be an ideal project for European capacity-building assistance, especially since European expertise exceeds that of the Americans in this area (since the US lacks a central federal

interior ministry structure).⁷

Capacity-building efforts have also shown the most success in cases in which there is clear ownership. It would also be helpful for a single actor to take over the responsibility for addressing the many institutional deficits of the

interior ministry. Europe could accomplish this by assigning an individual country to the task or utilizing the unified structure under the EU's civilian crisis management unit.

“Iraq’s leadership has become increasingly vocal about assuming sovereignty and authority... Europe could demonstrate long-term support to Iraq by providing targeted civil-service training programs and small assistance programs to improve government performance and fight corruption.”

4. Support the handoff of authority to the Iraqi government.

Iraq’s leadership has become increasingly vocal about assuming sovereignty and authority. Prime Minister al-Maliki has made statements reflecting this for months. At the UN General Assembly in September, Iraqi President Jalal Talabani boldly asserted that his country is no longer a threat to peace and security. He called upon the international community to remove Iraq from Chapter VII of the UN charter. The transition

⁷ Serwer and Chablowski, “Scenarios for the Future of Iraq and the Role of Europe: How will Europe Engage”, Bound to Cooperate: Europe and the Middle East II, Bertelsmann Stiftung, 2008.

from a UN-mandated international presence to a bilateral agreement with the Iraqi government will be underway just a few weeks before the new US president-elect is inaugurated. The US will be deeply engaged in this transition by continuing to work closely with Baghdad. With a large embassy remaining in Iraq for time to come, America will continue to invest in capacity-building and training programs, efforts to which Europe could contribute. Europe could demonstrate long-term support to Iraq by providing targeted civil-service training programs and small assistance programs to improve government performance and fight corruption. Europe could also assist with:

- **Concentrating development aid to help the Iraqi government deliver citizen services.**

Reconstruction projects stagnated and efforts to build a sustainable critical infrastructure (i.e., sewage, water and electricity) stalled as security deteriorated in the immediate post-war years. 2009 could prove to be a time of reduced violence and heightened living standards. But if reconstruction efforts, Provincial Reconstruction Teams (PRT), and projects to develop effective infrastructure don't show results quickly, Iraqis' cautious optimism could evaporate. This is the time for all concerned governments, including Europeans who are invested in development aid to Iraq, to intensify their reconstruction efforts and assist the Iraqi government with delivering real results.

- **Supporting UN activities.**

European governments could work with the US to support Baghdad's request to the UN Security Council for authority. As Security Council members, the British and the French should be encouraged to accede. Europe's diplomatic presence in Iraq could also support an expanded UN role. The UN has already committed itself to a doubling of its personnel in Iraq and to expanding its mandate to include political work. Since the UN head of mission in Iraq is a European, and close coordination with European embassy representatives already exists, European capitals can also work closely with the UN Department of Peacekeeping Operations at their New York headquarters to support the work of the UN mission in Iraq. ■

IRAQ BACKGROUND

US Secretary of Defense Robert Gates and General David Petraeus have described the situation in Iraq as increasingly stable but fragile. Violence levels have fallen 50 percent since spring 2008, according to the latest US government report to Congress. Yet a number of senior figures involved with Iraq, including Secretary Gates and General Petraeus, have emphasized that the political track is key to consolidating recent security gains. Iraqis still struggle with the daily challenges of electricity

shortages, poverty and corruption. Security has improved but Iraqis still worry about their future.

Iraqi stability has come at a very high cost in lives and capital, in part through a counter-insurgency strategy that bought the allegiance of rival factions and further integrated the security apparatus. However, the sustainability of this strategy remains questionable as one has to question how fungible these current alliances really are. Violence remains only a step away, and political fighting is intense.

There are still 144,000 US forces and an estimated 8,000 coalition troops in Iraq. President-elect Obama has pledged to withdraw two battalions per month with the overall goal of withdrawing almost all US combat troops by 2010. A residual force will remain in Iraq to help with training of Iraqi security forces, protect American personnel and continue counter-terrorism operations. ■



Russia



FIRST ACTION ITEMS

- Reach out to Russia early.
- Make use of Europe's advantage in and insight into Russia.
- Keep practical channels with Russia open.
- Catch up with today's Russia.

State of play

The incoming US president inherits a brittle Russian-American relationship, triggered by the August 2008 war in Georgia. That crisis crystallized friction that had been slowly growing over the last years between Moscow and Washington. After weeks of rhetorical volley, both sides have settled into their own corners. They have left open a door to rapprochement, but no reconciliation appears likely before the end of the Bush term.

The Georgia crisis is now a stalemate, messy on all sides. Moscow is focusing more on the world stage, having softened its confrontational tone since the end of August. First signs showed after the Shanghai Coordination Council meeting refused to deliver much international solidarity for Moscow's recognition of South Ossetia and Abkhazia as independent states. The G7, EU and US had already vocally condemned Moscow's violation of territorial integrity and international law, but Prime Minister Vladimir Putin's tone changed as his diplomatic isolation

GEORGIA: State of play

In Georgia itself, the Russians are partially complying with the Sarkozy-negotiated ceasefire. Russian forces have pulled back to the disputed territories. EU monitors are on the ground. But Moscow is not conceding a return to the status quo ante in South Ossetian or Abkhazian territory. In fact, since early August, Russian troops in those two contested provinces have more than doubled. Disputes over cease-fire implementation are likely in the coming months, because of ambiguities over withdrawal requirements and mission of the international observers in the conflict area. Meanwhile, the parties don't agree on a political process to resolve the fundamental territorial disputes, or even who should take part. Expect these disagreements to continue. It will be difficult to return to the status quo ante. ■

grew. Moscow also began to move pieces of the geopolitical chessboard to strengthen relations in Asian and Latin American countries.

SET THE TONE

This briefing book argues that setting the right tone will help achieve America's objectives. In the case of Russia, the choice of tone will be fundamental to repairing the relationship.

Giving in to unacceptable Russian behavior is not in America's or Europe's interest. But the new US president must decide if turning the page and offering to rebuild the relationship with Moscow is the way forward. He will need to emphasize American commitment to key principles such as territorial integrity and the peaceful resolution of disputes. But an offer of partnership and cooperation could set the right tone for initial talks.

President Medvedev has opened the door, stating already the day after the US election that there is "solid positive potential" for improving relations. He called for improving badly damaged bilateral ties. The Russians still demand that the relationship be built around their agenda, and they continue their strong rhetorical warning to the West on issues such as NATO and missile defense. They have made a bold statement by simultaneously welcoming President-elect Obama and threatening to place new missiles next to Poland. But the positive language on the need for a useful US-Russian relationship is much better than the excessive warnings from last July and August when Russia hinted at severing relations.

Russia wants the red-carpet treatment. It wants to be recognized as a global leader and treated as such. Moscow will ignore those states that don't comply. That doesn't apply to the US or Europe, which can't be ignored. But Russia could still stymie Western initiatives and scuttle joint, multilateral projects.

A constructive tone with the Kremlin would acknowledge its position in the international community without approving its inappropriate actions and policies. But the US and Europe must be clear that Russia will be treated as a partner only if it adheres to international norms and laws. ■

Meanwhile, the global financial crisis triggered a massive market crash in Russia as oil prices plummeted. Moscow is diverting significant amounts of the state's reserve funds into the market to shore up the Russian economy as investors dump stock. The unfolding financial crisis could soon spill over into the real Russian economy, putting the country's longer-term economic strength at risk.

European engagement with Russia continues. EU monitors are on the ground in Georgia following the cease-fire implementation (see box). In September, the EU froze the recently opened negotiations with Russia for a long-term Partnership Agreement. Brussels is already deliberating whether to re-open talks at the next EU-Russia summit scheduled for November 14 in Nice. Internal disagreements within the EU abound. Support for a tough position is wavering, but several member-states insist that negotiations can resume only after progress in Georgia.

The European perspective

Russia is a particularly divisive issue in Europe. Deep historical sensitivities make the question of how to engage Russia contentious among the 27 EU countries. Nevertheless, there are some common assumptions across Europe: 1) that Russia matters to global geopolitics generally and to Europe specifically; 2) that Europe is dependent on Russian energy and will become even more so in the years ahead; 3) that economic markets provide an opportunity for Europe and Russia to cooperate; and 4) that more effort should be dedicated to developing and balancing this essential relationship.

For Europeans almost any policy debate on Russia is seen through the lens of energy security. The vulnerability of Europe to Russia's energy supply dominates much of the political attention in Europe. European leaders struggle with debates over how best to leverage their relationship with Russia. European markets (the source of more than half of Russia's external trade) may be important for Russian economic

interests in the long term but this has yet to translate into economic clout. Moscow knows Europe's dependency on Russian energy. European governments have found little success influencing Russian policy.

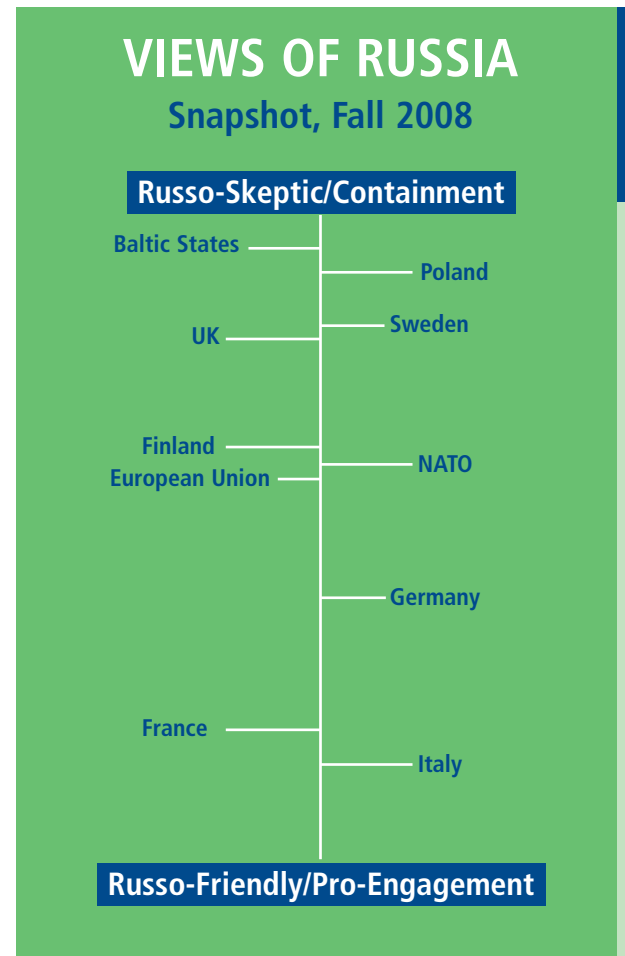
But Euro-Russian economic dependence is a two way street. Europe's proximity to Russia and the relative affluence of the European consumer makes Europe a natural market for Russian exports. Europe is Russia's most important economic partner, and Russia is Europe's third-largest trading partner, after the US and China. Beyond trade, the EU is by far Russia's most important source of investment, accounting for more than 75 percent of foreign direct investment (FDI).

It is no surprise that the Georgian crisis unleashed debate within the EU, although the group managed an unusually united approach in the months following the outbreak of hostilities. Serving as EU President, France stepped in within days as peace broker between Georgia and Russia and called together a special EU summit for coordinated response. Despite strong cleavages among the EU's 27 member-states, they have managed to agree on a common position up to now. This cohesion, however, could unravel soon. While some national governments remain wary of Russian intentions, others are looking to re-engage Russia on pragmatic issues.

For example, Central European nations and the Baltic states have taken a hard line. Almost immediately after the onset of violence in Georgia the presidents of Estonia, Poland, Ukraine, Latvia and Lithuania traveled jointly to Tbilisi to show their support for Georgia and to push back on Russia's "imperialist and revisionist policy". Poland and the Baltic states pushed unsuccessfully at the September special summit for EU-wide sanctions and visa restrictions on Russia. Sweden has also been active, joining Poland to revive a previous proposal for strengthened EU relationships with Eastern Europe and the Caucasus (Armenia, Azerbaijan and Georgia) through a new "Eastern Partnership".

Britain has also been skeptical of Russian intentions for a number of years now. A series of events have soured the bilateral relationship. The poisoning in London of a former KGB officer and the refusal by Russian authorities to extradite the primary suspect, the closing of two British Council offices in Russia, the British blockage of Gazprom investment in the UK, accusations of abuse of state power in a joint British Petroleum-TNK energy venture, and escalating accusations of spying have all contributed to the deterioration. Britain, like the US, frequently voices strong solidarity with the pro-Western governments of Ukraine and Georgia. In internal EU deliberations, the UK is driving the current effort to block resumption of Partnership Cooperation Agreement (PCA) talks at November's EU-Russia summit in Nice.

A number of other European states do not think a confrontational strategy vis-à-vis Russia is the right approach. They would argue that living with Russia as a major power is a reality and there is plenty of reason to acknowledge Russia's desire for status and recognition.



Graphic by the Bertelsmann Foundation

France, Germany and Italy traditionally have a nuanced position. As mentioned, French President Nicolas Sarkozy was particularly forward in criticizing Russian actions in Georgia and demanding an end to hostilities. President Sarkozy is now personally identified with the cease-fire in Georgia and initiatives to resolve the conflict. He will not want to be seen as backing away from this. But Paris is also careful to maintain a pragmatic agenda in their frequent dialogue with Moscow. French Prime Minister Francois Fillon met with Prime Minister Putin during the crisis and continued to discuss French economic investment in Russia. Paris is aware of the strategic importance of the Russian relationship, both on energy and economic issues, and has worked carefully to balance the complicated EU agenda with Russia. It was at the beginning of France's EU Presidency with European Union and Russian leaders finally agreed to open the Partnership Cooperation Agreement negotiations. Those talks have now been put on hold but the French are seriously considering whether they should be re-opened at the EU-Russia presidency this fall.

Similarly, Germany seeks to balance in its Russia policy a strong support for international law and human rights with a deeply vested pragmatic agenda. Germany is known to have a particularly strong and distinctive relationship with Russia. It is Russia's largest trading partner, accounting for 32 percent of Russian imports and 21 percent of Russian exports. Germany is also particularly attentive to its energy security agenda. Germans are more nervous about Russia's intentions since they have seen their neighbors vulnerable to Russian energy manipulation in recent years. The domestic German debate about the risks and benefits of collaborating with Russia on energy is contentious.

Germans are wary of reliance on Russian energy and gas supplies, but know it is a reality. Both Berlin and Moscow recognize these close ties, but Germany no longer has an automatic "strategic relationship" with Russia. Germany now focuses on "constructive engagement" with Russia and a "partnership for modernization." Chancellor Angela Merkel has taken a tougher position than her predecessors on issues of human rights and democratic freedoms in Russia, but she remains a strong defender of maintaining open and practical dialogue with Moscow. She speaks frequently with the Russian leadership. Foreign Minister Frank-Walter Steinmeier is perceived to be even friendlier towards Russia. But the fundamentals of the relationship extend beyond the personalities of Germany's leadership. The recent St. Petersburg Dialogue, an annual forum between high-level German and Russian officials and stakeholders is a good metric. The two-day dialogue held just a few weeks ago came in the wake of the Georgia tensions and at the outset of the financial crisis. Conversations were particularly heated as the Russians vented great frustration with the strong German and European criticism of the Georgia conflict. But by day two, the channel for dialogue turned to discussion of a range of practical issues from Afghanistan, to Iran, to economics.

Berlin is strongly committed to long-term engagement with Russia and resistant to confrontational measures. This is unlikely to change anytime soon. But Germany also maintains close relations with a number of central and eastern European states that have complicated relationships with Moscow. Foreign Minister Steinmeier and EU High Representative Javier Solana pushed for attention on Georgia before the outbreak of violence in August and Berlin has pitched a new EU initiative to increase attention on the Caucasus.

The EU's relationship with Russia has generally been in a holding pattern for the last years. EU leaders saw few results from their negotiations with former President Putin for an energy pact and for renewing the overarching EU-Russia strategic agreement. Russia's long-term interest in deeper cooperation with the EU and its market should be a natural fit, Moscow seemed increasingly dismissive of EU outreach. At the last EU-Russia summit in the summer of 2008, leaders were impressed with the less confrontational style of recently inaugurated Russian President Medvedev. The European and Russian leadership agreed finally to open negotiations for renewing the strategic Partnership Cooperation Agreement (PCA).⁸ EU leaders had been impressed with the cooperative tone of incoming President Medvedev and both sides finally agreed to launch talks on a range of topics including energy, trade, and human rights. Technical experts began to meet in July, just weeks before the Georgia crisis exploded. Skeptics were uncertain whether the talks would yield results, but it was encouraging that the channel had reopened.

The Georgia crisis has deeply affected the EU approach to Russia. While explicitly avoiding sanctions, the EU put the recently launched PCA talks on hold. The decision over when to remove this hold is already becoming contentious within the EU and will likely remain so.

Resumption of the talks is tied to progress in Georgia and there remains disagreement over Russia's compliance with the Sarkozy cease-fire agreement (with troops remaining in Georgia and disagreement on the political track). It is also

“A number of other European states do not think a confrontational strategy vis-à-vis Russia is the right approach. They would argue that living with Russia as a major power is a reality.”

questionable what the EU PCA talks will accomplish when they do open. If talks resumed, it would not be from the perspective of business as usual. Instead, they would resume against a more complex background than at the time when they were launched. Moscow did not seem particularly invested in the prospects even before the Georgia conflict and Russia-skeptics within the EU are plenty. Energy issues may be insulated from the Georgia fallout however.

Talks on energy cooperation resumed in early October. It was the first EU-Russia ministerial-level meeting to occur after the Georgia conflict. In addition, energy projects with Russia by individual EU member states have continued. Neither side seems to want their shared energy marketplace to become fallout from the Georgia war. There is a growing sense in Brussels and other European capitals that the Georgia conflict will not be settled soon. This has raised questions about the wisdom of holding the entire EU-Russian portfolio, and particularly energy security, hostage to progress in Georgia.⁹

⁸The PCA talks are intended to renew a decade-long strategic agreement between the EU and Russia which expired at the end of 2007. The PCA talks only just opened in July of 2008. They had been stuck over repeated disagreements with Putin's government about topics for negotiation.

⁹See the upcoming report: “EU-Russia in the Aftermath of the Georgia Crisis: Back to Normality?” by Cornelius Ochmann and Andrei Zagorski, Bertelsmann Stiftung, November 2008.

With the Czech Republic holding the rotating EU presidency in the first half of 2009, sensitivity about Russia will be high. Energy security is important to Prague. Earlier this year the Czechs experienced a cutoff of Russian energy supplies shortly after they signed the contentious agreement with the United States on a future missile defense base. The Czechs are well aware of linkages and may be wary of Moscow's leverage on European energy markets.

Russia is of course a contentious debate between trans-Atlantic allies also at NATO. NATO-Russia channels are formally closed at the moment, but the topic is present in the backdrop. Even though Russia is not an agenda item for NATO's Strasbourg-Kehl summit in 2009, the summit will be a platform for debate on issues Russia cares passionately about. Broader trans-Atlantic relationships with Russia will

certainly be a theme underlining the summit. The gathering's most contentious discussion may be the potential Membership Action Plans (MAP) for full NATO

“The Kremlin engages where and when it wants to. But the Georgia crisis of the summer and the continuing financial crisis has shifted the landscape.”

membership for Georgia and Ukraine. Last year's meeting in Bucharest was marked by division over the timing for offering MAP. Members finally decided to keep the door open but punted the decision on timing. The Georgia crisis has re-ignited the debate, and. Europeans remain split. Some NATO members are now calling to speed the MAP process. Others will maintain the pledged open-door but firmly resist expediting any timetables, especially when the domestic situation in each country is unstable.

The new president inherits this internal disagreement and will have to deal with it at his first NATO summit in April, although continued domestic disarray in Georgia and Ukraine may further delay any decision on MAP.

He will also inherit sensitivity to the proposed missile defense shield for central Europe. Russia continues to stoke contention over this issue, with their warning only a day after the presidential election that they would soon be placing short-range missiles in Kaliningrad in an attempt to counter the planned US missile shield. Neighboring European states will be particularly nervous if the Russians move to implement this. If tensions over missile defense increase, expect the topic to be another bone of contention at Strasbourg-Kehl.

A unified Western policy on Russia has long ceased to exist and trans-Atlantic partners have come to agree to disagree in their approaches. Each manages its own delicate relationship with the Kremlin. Russia-skeptics hew closely to Washington's harder line. But Europe's pro-engagement voices often prefer to remain a step removed from Washington's confrontational policies with Moscow. Moscow is well aware of this and talks differently to its European counterparts than it does to the Americans. Russia's trans-Atlantic agenda varies, its tone varies and areas for alignment vary depending on the country with which it is dealing.

Where the U.S. and America share common ground is that they both seem to have little success in recent years in creating much of any leverage over Moscow. There has been only minimal success in moving Moscow towards common trans-Atlantic objectives. The Kremlin engages where and when it wants. But the Georgia and the financial crises have shifted the landscape. If the US can acknowledge that Europe's perspectives on Russia start from a fundamentally different point of view, and can move on from there, they may find great utility in an open and candid trans-Atlantic exchange about what to do next with Russia. Even then, however, Europe may want to maintain its own communication channels and develop its own policy to avoid being saddled with the baggage of the troubled Russian-American relationship. Still, a trans-Atlantic exchange on the issue may offer an opportunity to gather insight into developments in Russia and to formulate fresh ideas.

Recommendations for the 2009 transition

Policy toward Russia may not seem like a top priority for the incoming administration. There will be plenty of crisis issue requiring time and attention of the new U.S. president and his core team. But Russia is a backdrop for many of the operational issues discussed elsewhere in the book. The trans-Atlantic allies need Russia on key issues such as Iran, Iraq, North Korea, Afghanistan, to the fight against terrorism, non-proliferation and the Middle East peace process. In addition, Russia will hold the UN Security Council presidency in May 2009, so the US and Europe all need to engage with Moscow on these topics. Ignoring Russia in early 2009 is risky. Or they might seek ways to test the waters and initiate a crisis to force attention from Washington. For example, if Russia were to press a conflict in Azerbaijan, Belarus, or Ukraine, Washington would most certainly need to react. Or, they could press areas of ongoing dispute in Georgia. Wintertime has also become an opportunity for pressing energy cutoffs as a political tool, which states in the neighborhood around Russia and Europe would find alarming. While Washington will have numerous other conflicts to juggle, Europeans are concerned that waiting to act on Russia could start the new administration down a path of confrontation or at least leave the agenda open to be set by the Russians. To avoid this, Washington should:

FIRST ACTION ITEMS

1. Reach out to Russia early.

This gives the new president the opportunity to take the lead in setting an appropriate tone. He will be behind the curve if he waits until the NATO summit to work on policy towards Moscow.

Even if Washington doesn't see the need to act quickly, Moscow will. Given the tension with Georgia and the numerous, long-frozen conflicts in the region that are beginning to percolate, the Russians have many options for testing the new American administration's intentions. Moscow will likely try to secure small, but irreversible gains during this vulnerable transition time.

- **Find an early opportunity for a face-to-face meeting.**

The incoming administration should not wait until the president's first trip to Europe to do this, especially if not before the NATO summit in April. Calming Russian anxieties and controlling the tone in advance of that meeting requires a concerted effort from the new president's first weeks.

Moscow should also be considered as a stop on the new secretary of state's first world tour. A meeting could be held on the sidelines of the World Economic Forum's annual meeting in Davos in late January or at the Munich Security Conference in early February. The Munich gathering, at which Russia is often discussed, presents opportunities and pitfalls. There is also the off-chance that Senator John McCain, a long-time participant of the event, may attend again and use his presence to raise a public discussion on Russia or the Russians may use the early timing of this platform to provoke or test the new US leadership. Particularly if Russia were to provoke an issue in one of the fragile neighboring states such as Azerbaijan, Ukraine, or Belarus it would be hard for the US to resist a strong rhetorical response. These are real possibilities given the instability in these key states and new questions about long frozen conflicts. Be prepared. The Russians could force a situation requiring early attention. Perhaps undercut an effort initiated by others, by offering your own outstretched hand to the Russians early on.

- **Change the narrative: Remain tough but offer a fresh start with a long-term vision.**

Public rhetoric is often the first move of any shift in the bilateral Russian-American relationship. Current rhetoric clouds the opportunity for extending an olive branch but the change of US leadership in 2009 provides an excuse to change the narrative. Even if both sides want to maintain a stature of strength and certitude, it will be in their mutual interest to move the relationship forward demonstrate that they have turned a page.

In the last years, the US has not actively invested in articulating a narrative of its long-term goals vis-à-vis Russia. The neglect of a strong and consistent narrative of engagement has occurred in the same years where Russia has been going through great change and reassessing its place in the world. Russia feels challenged to defend its stature in the world and while the doors of engagement have remained open, Russian leadership has shaped a different storyline. The US and Russia are overdue in emphasizing a new narrative. Our goal is presumably a Russia strong and stable, integrated into the international system, invested in international norms and standards. This will be for the Russians to choose but it is time for the US and Europe to begin articulating a new narrative based on Russia of the future, not Russia of the past.

The new administration should pursue a two-track dialogue with Russia if there is not enough time for significant interactions with Moscow in the early weeks of a busy new administration, at least initiate some outreach to the Kremlin both publicly and quietly. This allows an avenue for venting and at least some channel for regular communication during these key months and allow the new administration to set the narrative before the Russians do.

2. Make use of Europe's advantage in and insight into Russia.

- **Seek common goals and send a common message.**

The US will certainly want to set its own policy toward Russia not dependent on any other state or driven the agenda of others. But Washington can benefit from early consultations with partners that hold a stake in Russia's future. This would bolster our message to Moscow that the principles of the international community, such as the commitment to territorial integrity and UN Security Council Resolutions on Georgia, must be respected. As energy profits soared in the last years, trans-Atlantic

governments have found themselves with little leverage to affect Moscow's decisions. A unified trans-Atlantic voice offers the best opportunity for the US and Europe to their agendas in Russia.

- **Consult regularly with key stakeholders.**

Key stakeholders invested in Europe are an immediate asset for Washington on Russia issues. They will be watching Washington, fearful that an uncoordinated approach could make them vulnerable. Also, the US will find it helpful to show that they have listened to a wide range of views on Russia if Washington decides to lower the pressure on Russia.

“Even if Washington doesn't see the need to act quickly, Moscow will.”

The US has a number of other allies in Europe with strong opinions on Russia.

The Czechs, as holders of the EU presidency in early 2009, will want to grab Washington's attention early on, and will likely raise the topic. They and the Poles will also be wary of any delay to the missile defense shield to which they have committed themselves.

France is invested in Georgia could damage the EU and French President Nicolas Sarkozy's credibility. The ceasefire agreement is partially implemented, and EU monitors are deployed, but the outcome remains uncertain. The current situation is preferable to full-scale warfare, but there is much ambiguity for parties to exploit. The international community may not succeed in creating effective neutrality on the ground, or rolling back the defacto Russian takeover of South Ossetia and Abkhazia. This could still drag out for months. Sarkozy government will not want a reputation for having negotiated a weak agreement or for being too soft on Russia. The French will be invested in Russia's compliance, and the new administration should work with them from the outset.

The EU is also invested in Georgia. Its monitors are on the ground, but cannot access all of Georgia (particularly South Ossetia or Abkhazia). The mission is understaffed, and its authority disputed by some parties. If the situation deteriorates, the EU could find itself stuck in the middle, with little ability to affect change and definitive answers difficult.

The EU will also be sorting through its balance of common position on Russia issues beyond Georgia in the coming months. Washington should be attentive to European capitals during these months when EU Russia policy is fluctuating.

The Germans have a significant market relationship with Russia and moved to protect it during the Georgia crisis. Berlin will certainly prevent any disturbance to this relationship, especially as their September 2009 national elections approach.

- **Watch Russia's proposal for a new security agreement with Europe.**

In a foreign-policy speech in Berlin this past summer, incoming Russian President Dmitry Medvedev called for a new security pact with Europe. The Russian administration has not yet detailed its vision of the pact or how it would relate to existing organizations. This could be a contentious issue for trans-Atlantic discussions. Strong NATO supporters could see the proposal as an effort to undercut

the alliance's outreach to Russia since the 1990s. On the other hand, trans-Atlantic capitals should be careful not to dismiss the idea without at least showing Russia the respect of considering the idea. An outright veto should be avoided. Instead, a working group of security experts could set up a trilateral European-American-Russian project to flesh out ideas for the initiative. Tasking multinational non-governmental organization (NGO) experts to formulate, by 2010, ideas based on the Russian proposal would allow time for deliberation. The initiative, however, should not be endorsed as a substitute for NATO or a dismissal of Russian cooperation with NATO.

- **Discuss the limits of leverage.**

Government officials on both sides of the Atlantic often complain that they have little leverage over the Russians in Moscow since rising oil and gas revenues have emboldened them. They might not yet know how to change this. Perhaps the financial crisis and the Russian market crash will change the dynamic. In the meantime, as Washington is reviewing policy and brainstorming new Russia initiatives, it should maintain open channels with its European counterparts to discuss the limits and prospects for effective incentives and disincentives.

3. Keep practical channels with Russia open.

- Practical interactions with Moscow have become tense in the last months. On multilateral topics such as Iran (the P5+1), the Russians have walked away. It is unclear when Moscow will put out feelers to

return although Iran's potential for proliferation will certainly continue to be of concern to them. The US and Europe should not hold any core security policy hostage to Moscow's

“Non-proliferation is an area in which American and Russian interests overlap. It is, therefore, an ideal issue on which Washington can extend an olive branch.”

intentions. But while a new relationship with Russia is sorting out, channels on Iran, North Korea, the Middle East Peace Process, Afghanistan and non-proliferation should stay open or at least on autopilot. The door should remain open and available, for when Russia chooses to engage.

- Non-proliferation is an area in which American and Russian interests overlap. It is, therefore, an ideal issue on which Washington can extend an olive branch. The Strategic Arms Reduction Treaty (START) will soon expire and requires attention in 2009. The 2010 review of the Non-Proliferation Treaty (NPT) also provides an opportunity for discussing new arms-control regime structures with international stakeholders. President-elect Obama has emphasized non-proliferation as a priority and personally worked on initiatives with Russia to curb the proliferation of weapons of mass destruction and eliminate excess nuclear stockpiles. An ambitious agenda on non-proliferation would ideally include Moscow, and Washington can make clear its willingness to work together on crafting a long-term initiative. A number of European capitals have already expressed a desire for close consultations with the new president on non-proliferation. This is a long-term issue and broader initiatives on non-proliferation may not even be launched. It will also be a topic requiring technical expert consultations

in the administration's first six months. But it can be referenced in early conversations with Moscow to demonstrate an openness to collaborate. Moscow, however, may link the topic to its immediate concerns about the Missile Defense Shield in Central Europe.

4. Catch up with today's Russia.

- **Get to know today's Russia.**

Talk of a resurging Russia with centralized power, military might, growing international influence and a superpower approach has increased recently. But that does not reflect the realities of today's Russia. Russia's domestic challenges do not conform to the country's stereotype. The military is under-resourced. The economy is not sufficiently diversified, leaving it at risk if a global recession is around the corner. Even in the area of energy, Russia's infrastructure is outdated. If it fails to invest in restoring its deteriorating infrastructure, Russia will not be able to meet its contractual obligations abroad or perhaps even its own domestic consumption needs in the coming decades. The country's population is declining by more than 700,000 annually, and suffers from a catastrophic public-health crisis.¹⁰ Russians suffer from corruption and poor social services, health care, education and pension systems. The Russian government faces real choices of reallocation of resources if it wants to put the country in a position of strength in the medium and long term. Massive investment in long-neglected social systems, among other things, is necessary. But with the Kremlin's strategic reserves now needed to salvage its financial markets this option is also unclear. The trans-Atlantic partners could work with Moscow to help create a strong and stable Russia in the international community.

- **Expand people-to-people contacts.**

Surprisingly, in the years when Russia has been adapting to rapidly changing economic and social development, the US and Europe have cut back programs for political, educational and cultural exchange and interaction. Moscow's efforts to strangle the activity of international NGOs in Russia have not helped but even aside from this, historic efforts for cultural and educational exchanges have been neglected. Congressional, Parliamentary and Duma member visits have dwindled. Bilateral relations have been defined by personalized politics at the highest levels. On the American side, former President Bush's evaluation of Putin's goodwill by looking into his eyes is a stereotypical example of this. A long-time Russia watcher recently recommended that the US expand "concrete cooperation across different parts of societies (mayors, legislators, university presidents) on a range of issues of common concern - for example, public health, counterterrorism, youth alienation, or even urban decay – where stakeholders may share best practices."¹¹ These efforts could help combat the misperceptions that plague each country's general populations. Europeans should also expand their bilateral exchanges with Russia. Trilateral interaction could provide additional benefit.

¹⁰ "Behind the Bluster, Russia is Collapsing", by Murray Feshbach, Washington Post, October 5, 2008.

¹¹ Sarah Mendelson, "Three Alternative Scenarios", in Alternative Futures for Russia to 2017, report by Andrew C. Kuchins, CSIS, November 2007.

- **Expand work in the caucasus. Share knowledge and resources.**

The US and Europe should work together to think more strategically about the Caucasus. The Georgia crisis put the region in the spotlight, but it is by no means the only potential hotspot in the area. The importance of Caucasian energy resources and the interconnectedness of transit routes and cross-border relationships demand a reflective regional approach. To date, neither Europe nor the US has dedicated sufficient resources to this and limited development aid in the last months but comprehensive regional initiatives are still needed. Trans-Atlantic partners could examine ways for maximizing their currently limited resources in the region, perhaps by creating synergies and efficiencies among their individual networks. Private-sector activity in the region's energy-rich countries is particularly strong. And the Europeans have a development-aid network. Trans-Atlantic partners may find some value in bringing together a network of regional stakeholders and expanding dialogue between them. A new, properly resourced regional initiative that offers practical value on the ground could also help to relieve pressure on long-standing frozen conflicts. ■

RUSSIA BACKGROUND

In the US, the Georgia crisis has dominated recent discussion of Russia. But other developments from 2008 should also be kept in mind:

The presidential succession from Putin to Medvedev was closely watched and world leaders are still assessing the tandem leadership approach that has emerged. President Medvedev offered some encouraging introductory statements including his first major foreign-policy speech in Berlin in June. He focused on constructive cooperation with the international community and offered the idea of a new pan-European security pact.

Medvedev's early speeches also indicated a desire for greater investment abroad by Russian companies and profiled Moscow as a major global financial center. He also emphasized fighting corruption as one of his top priorities. Many Russia watchers in the US and Europe believed that Medvedev could be a cautiously liberalizing force in the country. The Georgia war and global financial crisis along with dramatically falling oil prices have caused new speculation of Moscow's next moves.

The US signed a final bilateral agreement between outgoing Presidents Bush and Putin in April at Sochi. The agreement covered nuclear material security, non-proliferation, post-START, the combat of global terrorism, and climate change. It was expected to be an architecture which could be left for handover the new leaders in both countries. The Georgia war and resulting tension in bilateral relations has put much of the Sochi Agreement on hold for now. ■

Economic Challenges

FIRST ACTION ITEMS

- Find a joint trans-Atlantic approach for financial regulation on the international level.
- Use the TEC as a forum to coordinate trade, investment and financial policies.

State of play

Economic issues will be high on the next administration's agenda, especially as the financial crisis spills over into the real economy. The downturn will significantly affect the trans-Atlantic partnership, an important trade (\$600 billion in 2007) and investment (\$2.2 trillion in 2007) relationship to the health of the global economy. Moreover, gloomy economic forecasts for the US and major European economies make more urgent the prudent navigation of the financial crisis and bold comprehensive reform of the international financial system. The crisis and recent government measures to combat it have recast the relationship between the state and the market on both sides of the Atlantic.



The \$700 billion Emergency Economic Stabilization Act and the \$2.4 trillion coordinated European capital infusion packages will have lasting regulatory implications on the national and trans-Atlantic levels. But it will take time for recently enacted policies to become effective. It took over a year for the Resolution Trust Corporation to begin to overcome the US savings-and-loan (S&L) crisis of the late 1980s.

A stable, global regulatory framework with internationally recognized provisions for property rights protection, intellectual property rights (IPR) and product standards is also in the trans-Atlantic interest. These will compliment the restructuring of the global financial system in the G20, the IMF and other international bodies. The US-EU record includes consultation mechanisms like the Transatlantic Economic Council (TEC).

Europeans and Americans will be looking to their leaders for successful stewardship of the global economy, especially if market turbulence persists. Successful leadership will require broad political vision and working-level, sector-specific engagement. A standing set of opportunities to achieve this will exist around previously scheduled events such as the US-EU summit, likely in June 2009 and the G8 Summit in Italy in July 2009. Other issues that have dominated for many years like the Doha Round of trade negotiations will be longer-term agenda items and not receive immediate attention.

The US and Europe have reached broad consensus on financial policy that should be employed to save the international financial system. They have been working together to pass and implement it. On both

sides of the Atlantic, countries have taken coordinated steps to: 1) cut interest rates, 2) provide liquidity by offering lending guarantees, 3) increase levels of government-backed depositors' insurance, 4) recapitalize banks, and 5) crack down on short selling.

The European perspective

The coordinated steps taken by the US Treasury Department, the Securities and Exchange Commission (SEC) and the Federal Reserve, once thought unthinkable, have become a political reality. European governments initially expressed ambivalence toward active bail-outs of large investment banks, mortgage

brokers and the American insurance company AIG. But as the crisis worsened major European governments have followed the British lead and passed sweeping measures to guarantee international liquidity and the solvency of banks. The next administration should take advantage of Europe's willingness to cooperate on this issue.

Traditional trans-Atlantic issues such as trade have become less urgent as the global financial crisis dominates attention. Even before the severe financial downturn in American markets in September 2008, a variety of other pressing geopolitical crises and the lame-duck US presidency shoved trans-Atlantic regulatory cooperation aside. A long-term trans-Atlantic strategy to reverse the economic downturn will need to include a comprehensive regulatory component.

Recommendations for the 2009 transition

FIRST ACTION ITEMS

1. Find a joint trans-Atlantic approach for financial regulation on the international level.

The recent subprime mortgage crisis shows the dangers of self-regulation in the banking sector. Private banks and private hedge funds need a set of higher standards. The current credit crisis is universal, and the US and Europe must confront it by convening a high-level body to establish proper financial regulation. The G10 (plus China) or the G20 that will attend a summit in Washington, DC on November 15, 2008, should re-examine global banking regulation. This reform may require a re-visiting of Basel II (a sort of "Basel 2.5") or the announcement of negotiations on a Basel III accord. Even

SET THE TONE

Frequent consultation between the US and Europe on designing national stabilization packages has been a high point of policy-making during the financial crisis. The key will be to continue such frequent, constructive consultation as these plans are implemented. The incoming American administration should approach Europe to lay a solid trans-Atlantic foundation for confronting the crisis.

Europeans are clearly interested in creating an international regulatory architecture to protect the global financial market from contagion stemming from the US financial crisis and to guarantee that it does not re-occur. Therefore, US administration should be proactive about: 1) picking up best practices and lessons learned from the EU regarding the role of the state in the private sector; and 2) kick-starting a trans-Atlantic financial regulatory framework that increases transparency, sets binding regulation, and institutes strong sanctions to discourage non-compliance.

Moreover, observers on both sides of the Atlantic harbor a distinctly pessimistic outlook regarding the TEC's accomplishments and capabilities and about regulatory and standard convergence in general. The next president will need to build confidence by consolidating small gains and by outlining broader, long-term areas of strategic economic cooperation. Europeans will need to offer some "easy gives" to entice greater US cooperation on economic coordination in the TEC format. The next president should remember that the TEC was designed and developed under the leadership of the German chancellor during the country's EU-Presidency in 2007. By giving the TEC a central coordinating role in trans-Atlantic economic cooperation, the next president will establish a reservoir of German goodwill. ■

though all of the components of Basel II have not yet been implemented in the US, the package is already out of date and needs to be revisited. Public regulators on both sides of the Atlantic should be the ultimate arbiters of future banking regulation, but consultations with the banking sector are necessary.

Even if the outcome of the November, 2008 G20 summit in Washington DC is limited, the pressure to shape a binding and transparent architecture for the international financial system will remain high, particularly in the US, Europe and Asia. Therefore, the design of an international financial framework that reexamines rules for accounting, credit, loans, hedge funds and bubble sensitive areas will be one of the top-priorities of the new administration. The difficulty of coordinating a trans-Atlantic approach to financial policy should not prevent the next president from capitalizing on Europe's willingness to cooperate.

2. Use the TEC as a forum to coordinate trade, investment and financial policies.

There will be numerous opportunities for the US and Europe to coordinate financial, trade and investment policies. This section, however, focuses primarily on the TEC because it already exists. Leaders on both sides of the Atlantic must use the TEC as a forum to begin aligning economic regulatory practices quickly. The TEC cannot solve the financial crisis or every global economic issue affecting the US and Europe, but it has an important role to play.

The TEC and the accompanying framework document were created at the US-EU summit in 2007. The German EU presidency established the TEC as a forum for trans-Atlantic harmonization of economic regulation as well as product and service standards.

Expectations of the TEC were initially high in 2007, but have plummeted. A TEC meeting in May 2008 resulted in disappointing setbacks on lifting an EU ban on US poultry.

“Europeans and Americans will be looking to their leaders for successful stewardship of the global economy, especially if market turbulence persists.”

Currently, the EU is interested in lifting the scanning requirement for cargo imported into the US, which is part of the 9/11 Commission Act of 2007. Achieving that, however, will be difficult due to the highly political nature of revising a national security-related measure that has already passed through Congress.

The EU's decision to postpone a TEC meeting originally scheduled for October 16 until December represents a missed opportunity to coordinate trans-Atlantic trade, investment and financial policy.

Refining the structure of the TEC.

- **Decouple the fate of the TEC from small issues.**

The TEC should be a strategic platform, a forum at which high-level representatives negotiate top-tier issues. The next administration should decouple the TEC's fate as a nascent negotiating body from any EU decision concerning its import ban on US poultry. The next chief US negotiator should pursue a parallel track strategy in which success in the EU's Registration, Evaluation, and Authorization of

Chemicals (REACH) implementation, electronic-product standards and other regulatory agenda items are not contingent on a “tit-for-tat” negotiation approach. This would ensure that unrelated industrial sectors in isolated regulatory disputes do not become entangled with other issues. The TEC should also serve as an early-warning mechanism for regulatory and broader economic issues that could become crises.

- **Assign a high-level EU-TEC representative to report directly to the Commission president.**

The senior US negotiator on the TEC reports directly to the president and can thus coordinate relevant portfolios in the Departments of State, Treasury, Commerce and Energy, as well as the Office of the US Trade Representative, the SEC, and other US government agencies. It is in the genuine interest of the next administration that the EU creates a complementary position able to coordinate action across a number of EU Commission portfolios. The EU is currently represented in the TEC by the Vice President of the European Commission. This position can be constrained by the Commission structure itself. In order to guarantee horizontal coordination across EU Commission portfolios, it

might be necessary to create a high-level position outside of the Commission that reports to the Commission President. The representative should have a wide mandate for negotiation on issues

affecting the Commission’s enterprise and industry, economic and financial affairs, internal market and services, competition, and trade portfolios. This representative should have the political stature that guarantees the ear of the Commission president, other members of the Commission and the general public.

- **Create permanent TEC bureaus in Washington and Brussels.**

The US and EU should institutionalize permanent bureaus to assist high-level representatives with planning and follow-through. These permanent bureaus would create, revise and refine meeting agendas, coordinate flow among relevant regulatory bodies, and manage follow-up on issues discussed during TEC meetings.

- **Broaden the TEC consultation process to a wider group of stakeholders.**

The next president and his European counterparts should consider broadening certain levels of consultation to wider groups of stakeholders including external industry experts, chambers of commerce and, most importantly, legislatures. This could prove particularly effective for integrating into the process key legislatures that have shown little interest in becoming involved. Bringing a coalition of legislators on board the TEC process would make the Council’s objectives politically feasible. The US administration should look at the Congress’ EU Caucus as a source of legislators for this purpose in order to create an output-oriented partnership between executive and legislative branches of government.

“The TEC should be a strategic platform, a forum at which high-level representatives negotiate top-tier issues.”

Prioritizing issues.

- **Work toward the creation of a trans-Atlantic financial regulatory framework.**

The TEC should elevate the notion of “mutual recognition” of practices and standards as the core principle of trans-Atlantic economic cooperation. The TEC has already accomplished much of this through its work on accounting standards. The TEC should apply this principle of mutual recognition to regulation. This would help create comparable investment climates in the US and Europe, particularly in financial markets. Mutual recognition of local licensing requirements for cross-border financial services and of securities-markets regulation could promote transparency and sound regulation of the investment practices in many newly-developing areas such as sovereign wealth funds (SWFs).

- **Focus on IPR protection with third countries.**

The next administration should place less emphasis on the importance of regulatory harmonization. Washington should re-direct the TEC’s focus to other lighthouse priority projects such as the TEC’s role as a guardian of IPR in third countries. For example, the IPR of entertainment products in China, brand-name clothes and luxury items in Russia, as well as drugs in India deserve attention.

- **Ease travel from Europe to the US.**

The US has an opportunity for an “easy win” by extending visa waivers to qualified EU member-states in Central and Eastern Europe. This would promote mobility of important human capital to the US and yield a reservoir of goodwill from countries that would benefit. This includes the Czech Republic, which holds the EU presidency in the first half of 2009. Prior to entering office, the next US president should call for a suspension and review of the Electronic System for Travel Authorization (ESTA), which requires all EU travelers to register personal information online 72 hours before entering the US. This law is cumbersome, will slow the pace of trans-Atlantic business, and will raise the ire of Europeans whether businessmen from Frankfurt or tourists from Turin.

- **Create international standards for bio-fuels.**

Under the technology and innovation chapter bio-fuels are the most important issue to address. The US and EU should work with partners in Brazil to achieve a trilateral agreement that outlines specific standards on appropriate bio-fuel blends, gas emissions and engine efficiency. This would facilitate the creation of a global bio-fuels market. ■



Climate Change

FIRST ACTION ITEMS

- Launch preparations for the Copenhagen UNFCCC conference in December 2009.
- Deepen climate dialogue with Europe at the expert level.

State of play

Climate change is now widely recognized as an urgent crisis requiring determined new policy initiative. After years of skepticism, a groundswell of attention among the US public last year has helped to move the topic up Washington's agenda. Key stakeholders in the business community, civil society and in political parties have begun to advocate for stronger US action. Political coalitions have shifted, opening up opportunity for bipartisan agreement. Individual American states have forged ahead with their own ambitious policies. This has all added momentum to a policy shift. But it remains an inconsistent patchwork and has yet to translate into a cohesive national policy.



The good news is that Americans agree that something must be done to combat climate change. Pressure points for driving forward ambitious new decisions on climate and energy are lining up for opportunity. President-elect Obama has committed himself to new climate and energy initiatives that are likely to far surpass Bush-administration policies. The bad news is that unfortunately, disagreement over exactly what to do still abounds. Experts and politicians disagree about models for the broad architecture for the next international agreement: How should emerging markets that are major pollution emitters be included? How can there be balance or equity in obligation? Would a voluntary or binding regime be more effective? How can we change China and India's calculation to participate? This is certainly a global challenge which can only be addressed multilaterally but until key states unlock progress, will the multilateral track succeed? Should the US first prioritize progress with key states such as China? Is there enough time to reach a global agreement before Kyoto expires?

Experts and politicians also disagree about the method to meet ambitious new emissions targets: Is a cap-and-trade system or a carbon tax the answer? Do models such as auctions work? Where should the US direct its priorities: carbon capture and storage, new technologies, biofuels or nuclear energy? What baseline for measuring progress should be used? To what medium-term emission levels should the US commit itself?

Washington's cautious domestic policies have so far hindered its contribution to international negotiations. Not only has the US rejected participating in the Kyoto treaty, but to date Washington has offered little in the negotiations for a post-Kyoto protocol. The clock is ticking on these international

negotiations. The Kyoto protocol is set to expire in 2012 and if there will be an international agreement to succeed it, it will take years to negotiate. Talks are already underway in the existing UN track (the United Nations Framework Convention for Climate Change, or UNFCCC). At the last round of negotiations in Bali

in December 2008, the extensive disagreements were sobering. The EU and the US were particularly far apart, and only in the last hours of an extended session did the participants agree to broad parameters for a framework. It seems clear that a new international framework is due, but there is still wide debate over how it will be structured. To proceed, countries agreed to an aggressive work plan to move forward. The Bali roadmap commits negotiators to bring deliverables to the table by the time of the UN Conference in Copenhagen in December 2009.

It is a tight timetable for the new US administration if it wants to bring a strong and clear negotiating position to Copenhagen. They will at least need to introduce and seek to clarify a domestic policy position, which will require new legislation. The Climate Security Act proposed in Congress in June 2008 called for cutting US emissions by 50 percent by 2050, but the bill did not pass. There is much work still to be done to build a congressional coalition to pass ambitious climate legislation.

The burden of more urgent challenges – the economy, Iraq, Iran, Afghanistan and Russia – could make climate change less of a priority in Washington early in 2009. This should not happen. The US will need to advance its domestic policy debate on climate change quickly if it wants to arm its negotiators in Copenhagen. The new US administration may be able to put climate change on the back burner for a little

while, but should begin a climate initiative by the end of President Obama's first six months in office. They need to get started before the summer if there is to be hope of some positioning before the end of the year. Also, if they lose public interest in the issue and the momentum for change, ambitious targets and sacrifices for a new climate policy will become even more difficult.

The European perspective

Polling consistently shows that climate change is a top priority among Europeans. Thus, European leaders place the topic high on the top of their agenda. They have long been urging their American counterparts for greater commitment on climate and energy policy. Europe's leaders used every opportunity in 2007 and 2008 to press Washington for deep commitments to limiting emissions and support for the UNFCCC negotiations. German Chancellor Angela Merkel pushed President Bush for new pledges at last year's G8

SET THE TONE

European countries have long been out front on climate policies. They have been awaiting the US to join them with ambitious initiatives. Europe pressed the Bush administration on this topic, and saw some gains eventually in the G8. But Europeans still hold a deep skepticism of America's intentions. Repeated opportunities have passed without result during the Bush years, and many Europeans have concluded that the only solution was to wait for the next president before expecting any significant progress. The continent now has high hopes that the next American administration will move quickly and expansively on climate issues, coming to international negotiations with bold new commitments.

With expectations so high and time so short before the UNFCCC Copenhagen meeting in December 2009, the prospect of disappointment is real. Even an environmentally friendly new American president will need time over the first two years to push through major initiatives.

Washington should set the tone by managing expectations. It would be useful for the new team to speak frankly with their European partners about their goals, limitations and timetables. Europeans may look for bold public statements from the new American leadership, but Washington could couple this with working-level dialogues. ■

summit in Germany and continued work through G8 channels this year with the Japanese. French President Nicolas Sarkozy put climate on his short-list of priorities as soon as he entered office. He has emphasized climate in his EU agenda, pushing for passage of the major EU legislative package on climate by end of the year. The UK has supported a strong climate change agenda since its G8 presidency at Gleneagles in 2005. Former Prime Minister Tony Blair's government initiated a major project to quantify the economic costs of climate change. This study, the Stern Review, is not the first economic report on global warming, but it is widely discussed and has added momentum to the climate movement.

“European countries have long been out front on climate policies. They have been awaiting the US to join them with ambitious initiatives.”

European countries have been leading by example on climate policies. They have committed themselves to the Kyoto targets and implemented stringent policies on national and EU-wide levels.¹² Over the last ten years the EU has built up an emissions-trading system, achieved substantial emissions-reduction goals, and created incentive and disincentive structures for environmental programs. At the EU Summit in 2007 leaders committed to reducing the EU's emissions of greenhouse gases by 20% by 2020 (using the baseline of 1990) while boosting the use of renewable energy by 20% and increasing energy efficiency by 20% in that same period. They offered to go even to 30% reduction if an international regime is adopted. The EU is currently working through the process of putting these pledges into law, starting with binding targets for 2009-2012. Details are still under heavy negotiation. The European Commission has prepared a comprehensive package over the last year with four baskets: a revised and strengthened Emissions Trading Scheme (ETS), a proposal to divide carbon reduction between sectors, a section on renewable energies and biofuels, and carbon capture and storage. The package is currently with the Parliament, and under heavy debate. Paris is pressing for the package to be approved by end of the year. A vote is scheduled for December although negotiations may be fierce and the package may be watered down. The European Parliament is also due to recess in March 2009 for elections and legislators will want to show progress on this popular domestic issue.

The new US administration should have a clear view of the EU's new legislative commitments on climate change by the time President Obama takes office or soon after. It can offer at least a preview of the EU's common position for international negotiations later in the year, even if some individual European states may be willing to go further with their own domestic policies.

Europe has, however, yet to reach a consensus on overcoming the tensions between economic competitiveness and deeper sacrifices for the environment. In eastern European member states, which have considerable heavy industry and rely primarily on coal as a source of energy, for example there is a tighter margin for economic sacrifices to meet the EU climate goals. These states had little influence over the EU's first ambitious climate action plans since their membership began just as the EU's first emissions limits were put into place. Now, they want a greater say in the next binding limits to reduce carbon

¹²The EU-15 subscribed to Kyoto and the accession countries joined individually thereafter.

emissions. Even other European countries long known for bold climate policies may have less leeway for new climate initiatives due to the global economic downturn. There could be some lessening of production and consumption of fossil fuels in an economic recession. But if the global economy continues to weaken there may be tighter margins for new research investment, more expensive technologies, or economic tradeoffs in the EU.

Europe, however, remains a world leader in environmental policy. Both the European public and the leadership have high expectations that the new US administration will launch new climate-friendly policies and will push for this. Europe will want bold public statements from the United States, a commitment to binding targets, and an agreement to work towards a common vision at Copenhagen. For European

leaders such a shift would help demonstrate to their constituencies the practical value of trans-Atlantic cooperation. It also could buy confidence that the US is a

“With expectations so high and time so short before the UNFCCC Copenhagen meeting in December 2009, the possibility of disappointment is real.”

partner to work on multilateral solutions to global problems. Finally, European leaders may want to push for give from the US on climate to counter strong US demands from Europe in other areas.

Recommendations for the 2009 transition

Given the approaching Copenhagen talks, the incoming US administration should immediately begin work on climate change. Efforts on both the domestic and international tracks could be worked simultaneously to make the best use of time. A dramatic policy turnaround may be unlikely before the meeting, but the president-elect could make a strong public commitment to mitigating climate change in one of his early speeches and could introduce appropriate legislation to begin moving the domestic debate.

FIRST ACTION ITEMS

1. Launch preparations for the Copenhagen UNFCCC conference in December 2009.

- **Issue a strong public commitment on climate change as soon as possible.**

Expectations are high around the world for a new American government to show leadership through example and offer major new initiatives to address the climate crisis. It will take time for the new president to prepare a policy proposal for Congress and to negotiate with key stakeholders to pass appropriate legislation. But the announcement of new initiatives would go a long way to building confidence in Washington's leadership. Commitments to an international regime with binding emissions targets, and to working multilaterally through the UN to build an equitable system of global responsibility, would be good first steps. The inaugural address or State of the Union speech provide opportunities for doing this.

- **Consider the potential achievements at Copenhagen and begin to work on them.**

Deliverables on climate change are not critical before the December 2009 meeting. But the new administration could work to overcome the uncertainty surrounding US policy by quickly launching an

internal working group to formulate a strong negotiating position at Copenhagen. The US-EU and G8 summits in June and July could be seen as opportunities for testing new policy ideas. This alone would create international goodwill and increase confidence even if Washington needs more time to sort through internal policy decisions.

- **Reach out early to European leaders to manage expectations.**

European leaders will push for quick action from Washington on climate change, but expectations will need to be managed. Many Europeans have long blamed the Bush leadership for America's resistance to climate change initiatives. They will hope that the days of brutal public feuding, such as at the UN Bali conference last year, can be replaced with goodwill. But there will still be areas of disappointment, even from a new American government wanting to do more. Establishing domestic support among a wide range of stakeholders for policy change will take Washington time. Washington can help to manage this expectation from Europe by showing a readiness for early and regular consultation with their European partners. This could help Washington earn respect in Europe on the climate agenda and it would help to coordinate trans-Atlantic positions ahead of the Copenhagen conference so we don't repeat the experience of Bali. If the US were to set up an internal working group to get started early on domestic climate policy decisions, this could be a useful mechanism also for connecting with European practitioners. At the least it could help to keep the phone lines at the working-level open in order to minimize surprises in the buildup to Copenhagen.

2. Deepen climate dialogue with Europe at the expert level.

- **Establish back-channel working groups for discussing lessons learned in the European model.**

Much of the work in the US in 2009 will be on the legislative track. It appears likely that a climate package could be in play on the Hill within the first six months. Passage may not occur before the Copenhagen gathering, but launching the legislative debate would be useful. Congressional members and staffers could establish a dialogue with their European counterparts as they sort through technical decisions over structures to curtail emissions and regulatory decisions. With experience in these technical areas over the last years, European policymakers have practical knowledge useful for American officials and legislators who will be sorting through these same debates. The European model had its flaws as well, but Europe could share lessons learned and best practices with their counterparts in the US.

- **Open discussions with Europe on engaging China and India.**

At some point in 2009 the new Washington team will certainly meet with China and India at the highest levels. The agenda will be extensive, and sensitive. But it will have to include climate change if Washington wants to make real progress on this issue. Sino-American agreement on emissions standards and structures will set the parameters for any agreement in multilateral negotiations. It could be helpful for the trans-Atlantic agenda if Washington would share an open dialogue with their European partners about the agenda with China on climate. It will affect the results the Europeans can achieve in multilateral negotiations and it is also an agenda they are beginning to work bilaterally themselves. Regarding India, Washington's recently concluded nuclear agreement with that country provides leverage that could be used to broker cooperation on environmental issues. As India seeks

out investment across technology sectors unlocked by the nuclear agreement, new green technologies may become more attractive. The Europeans have been reaching out in India to invest in cleaner coal technologies so there may be some areas ripe for collaborative trans-Atlantic dialogue.

- **Emphasize the economic opportunity – “Turn green into gold.”**

The US and the EU can frame climate change as a challenge that will ignite creative energies. “Turn green into gold” has been a motto embraced by California Governor Arnold Schwarzenegger focused on creating high-tech jobs and products for domestic and international markets, and helping to mitigate the costs of environmental policies. Governments on both sides of the Atlantic talk of economic growth from environmentally sustainable technology. It is also likely to be a theme of the new American president, following his campaign pledge to develop a comprehensive new energy plan in a way that creates new jobs and catalyzes private-sector initiatives on clean energy. This has already been a theme of recent US-EU summit statements and fits well with the common trans-Atlantic climate agenda. In 2007, the US and EU pledged to work together in the areas of clean coal technology, carbon capture and storage, energy efficiency, and biofuels. Discussions on energy security and climate change have been core items at the last US-EU summits and will be for the Czechs in June also. It is still a challenge to turn these general statements into results. If Washington is looking for a topic of collaboration with the EU, climate change would be a good one. The existing EU-US summit statements provide an easy starting point. ■

CLIMATE CHANGE BACKGROUND

In 1992 the UN Framework Convention on Climate Change (UNFCCC) was created to mobilize global efforts to voluntarily cut greenhouse gas emissions. Delegates at the 1997 UNFCCC conference in Kyoto reached agreement on a protocol that aimed to reduce by 2012 the amount of greenhouse gases emitted by developed countries by 5.2 percent of 1990 levels. With the Kyoto Protocol’s expiration fast approaching in 2012, international negotiations are underway to define the next international framework. The annual UNFCCC meeting held last year in Bali discussed formulas for a new comprehensive treaty to follow Kyoto.

Negotiations in Bali were fierce. Tension was particularly high between the US and Europe. The Americans explicitly rejected the EU’s 2020 targets and resisted any binding commitments on targets and timetables. The trans-Atlantic

fissure provided an opening for counterproposals from developing nations. In the end, the US isolated itself. Eventually the US agreed to a roadmap for the way forward based on “deep cuts in global emissions.” This salvaged the UN track and locked in US support for a new global UN-sponsored agreement. But no consensus on specific, global targets or timetables was reached. A formula for equitably sharing the burden between developed and developing economies remains an unresolved issue. And a number of countries disagree whether to use 1990 or a later date as the baseline standard for comparison. The Danes, who will host the key UNFCCC negotiations in 2009, have floated the idea of a formula based on per capita emissions.

The Bali roadmap envisions an international framework agreement ready for signature at the 2009 UNFCCC meeting in Copenhagen. This is

an ambitious goal since wide gaps between negotiators persist. The G8 track has been a useful format to continue smaller-group discussions on climate outside of the UN track. The G8 meeting in Japan, following the UN Bali negotiations, succeeded in gaining agreement from all G8 leaders to halve CO2 emissions by 50% by 2050.

The Dane’s agenda for Copenhagen includes five goals: 1) achieving agreement on reducing emissions by 50% by 2050 (from a 1990 baseline); 2) achieving medium term commitments from all industrialized countries, including balanced participation of major emerging economies like China based on their level of development; 3) a global collaborative effort on green technology; 4) an adaptation component for vulnerable developing countries; 5) a financing strategy. ■

Middle East Peace Process

FIRST ACTION ITEMS

- **Israel/Palestine:** Keep the door open. Make an early public commitment to continue negotiations when the parties are ready.
- **Israel/Palestine:** Use the time while awaiting leadership changes to consult with Quartet partners about picking up on Annapolis or otherwise re-opening talks. Identify quick-impact initiatives that can affect daily lives and bring them to the table.
- **Syria/Israel:** Engage Europeans early in expert-level conversations to about Syria. Don't miss a window of opportunity on the peace track if one presents itself.
- **Lebanon:** Make a commitment to continue support. Work closely with invested European partners.
- **Regionally:** Break the ice on talking to Europeans about bilateral relationships in the Gulf.

State of play

The Middle East is a region with some of the most complex foreign-policy challenges, including Iran and Iraq, that the new president will need to address immediately. But the incoming administration will also inherit Israeli-Palestinian peace negotiations, indirect talks between Syria and Israel, tension between Lebanon and Syria (as well as within Lebanon itself), and outstanding territorial disagreements between Lebanon and Israel. In the last two years there has been more movement on some of these tracks than there has been for a while.

But much is in on the back burner at the moment. The resignation of Israeli Prime Minister Ehud Olmert has opened the question of leadership succession and complicated negotiation efforts. Contentious elections are expected in Israel in February 2009. Palestinian President Mahmoud Abbas also faces his term of office technically expiring in January. With transitions ahead in the region and in the US, the state of the negotiations a year from now is uncertain. The Annapolis dialogue set an ambitious goal of an agreement by the end of 2008, which will pass without conclusion. Outgoing Secretary of State Condoleezza Rice has emphasized that she will push the Israeli-Palestinian track until her last day in office. But already teams are talking about how to move the talks forward as far as they can be moved, while finding a way to preserve the process for handoff to the next administration. In the coming days, outgoing Secretary Rice is due to present an update and recommendations for going forward to the Quartet in Sharm el-Sheikh.

Elsewhere, Syria is now engaged in indirect talks with the Israelis, facilitated by the Turks. The activity on the Syrian track seems most promising for pick-up in early 2009. Lebanon has finally reached a governing coalition agreement, after being long divided. Syrian President Bashar al-Assad pledged at the EU-Mediterranean summit in July a new relationship with Beirut, including the re-opening of diplomatic relations. Hardline parties such as Hezbollah and Hamas, rooted in strong popular support, have grown more powerful and have complicated diplomatic engagements.



Meanwhile, there has been growing activity by regional actors. Saudi Arabia and Egypt have stepped up their role as brokers. New players such as Qatar and Turkey are acting as serious intermediaries. Regional developments in Iraq are closely monitored by neighbors such as Iran, Syria and Jordan. As the US pulls out of Iraq, neighbors will be looking for ways to cement influence. Meanwhile, neighboring Gulf states are keeping a close eye on the growing power of Iran and a potential confrontation between Tehran and Washington. There is nervousness across the region that Iranian nuclear proliferation could set off a new regional arms race. And speculation that Israel may act on its own to militarily strike Iran's nuclear proliferation sites has created worry of a string of retaliatory acts.

There is high anticipation that a new US president will also re-shape relationships throughout the Middle East. Longstanding US policies to avoid direct engagements with states identified as sponsoring terrorism (including Syria and Iran) have been questioned in the last years, especially since this was raised as a core recommendation of the high-profile Iraq Study Group report of 2006.

SET THE TONE

Recognize Europe as a player as well as a payer.

Explicitly welcoming Europe's increased work on the Middle East can serve as a confidence-building measure to European capitals. Europe has become increasingly active in the region in the last few years.

The US is still the key broker in the Middle East due to its close relationship with Israel and its unique role as the leading external broker. Washington could deliver significant hard security to guarantee a peace agreement. Its leadership role is recognized by parties in the region and in multilateral groups such as the Quartet.

This role in the Middle East will continue. However, as America's stature in the Arab world has diminished over the last several years, Washington might find it useful to work closely with European colleagues who have maintained on-the-ground engagements. Europeans can offer real-time insight into internal developments in states where US reach is limited (such as Syria and Iran) and provide additional perspectives on other countries in the region. Washington has, and should continue to, recognize the value of this asset. ■

The European perspective

The Middle East is an issue of concern to governments and publics on both sides of the Atlantic. Europeans are concerned with issues of terrorism and security, the potential spillover of regional conflicts, the impact on migration, and the potential to disrupt energy supplies. There is also a strong emotional and historical connection underlying European commitment to the region. It is not difficult to convince European governments of the need for involvement in the Middle East, although capitals tend to have particular countries and areas of special interest.

Many of the overarching priorities for Europe in this region match closely with the strategic interests of the US. Yet even with common goals, the US and Europe often still disagree on areas of priority or tactics on how to best engage in the Middle East. Underlying preferences for carrots versus sticks often play out between Europeans and Americans discussing this region. Trans-Atlantic governments work together on specific issues in the neighborhood, particularly the Israeli-Palestinian peace process, Iran and Lebanon. But they have not yet managed to engage productively on a more comprehensive agenda. In the stereotypical view, the US is perceived as too biased towards Israel and unnecessarily confrontational with other regional players such as Syria. The

Europeans are perceived stereotypically as too soft, with only limited leverage with regional states (mostly economic interests that they are cannot realistically divest). The reality is more complicated.

European states have been particularly active on the diplomatic front in the Middle East peace process over the last few years. They have stepped up to the plate not only as payers (with development assistance) but as players (on the diplomatic track). Berlin and Paris have pushed new initiatives to engage Damascus. The French were heavily involved in trying to broker a power-sharing agreement to stabilize Lebanon. Former British Prime Minister Tony Blair became an envoy representing the Quartet, the multilateral group of actors working on the Israeli-Palestinian track. In the war between Israel and Lebanon in 2006, Germany broke with long-time sensitivities and took on a new peacekeeping role in the region (for the first time placing German soldiers in a sensitive position vis-à-vis Israel). Paris has stepped up to offer peacekeeping forces in the Syrian-Israeli talks, if needed to secure a peace deal. European are also involved in the G8's Broader Middle East and North Africa initiative launched in 2004, a project to foster political and economic development in the region. Results from first projects in this initiative are spotty, however, and wide gaps in project emphasis and follow-through remain.

“European states have been particularly active on the diplomatic front in the Middle East peace process over the last few years. They have stepped up to the plate not only as payers, but also as players.”

The EU as an institution also stays active on the Middle East peace processes. This is an area of particular interest for the EU's foreign-policy circle. The

EU is a key player in the Quartet, alongside the US, Russia and the UN. The EU is also the largest donor to the Palestinians and has taken on a particular role in supporting the institution building and reform program for the Palestinian Authority. In 2007, the EU provided €550 million to the Palestinians (or nearly €1 billion including bilateral assistance from member states). The EU is also one of Israel's leading trade partners, and both sides will watch their key trade relationship as they proceed into an economic recession.

In general, the European perspective is that work must continue on the Israeli-Palestinian track without hesitation specifically due to the impact it could have in the neighborhood. Without a peace initiative continuing next year on these existing tracks, there could be more conflict in the region. While their strategies differ, the EU and the US have common interest in maintaining Israel's security and other concerns such as the safe flow of petroleum. Disagreement exists on a number of strategic issues such as the use of military force against Iran.

Recommendations for the 2009 transition

FIRST ACTION ITEMS

Israeli-Palestinian negotiations

- 1. Use the time while awaiting Israeli and Palestinian leadership changes. Consult with Quartet partners about picking up on Annapolis or otherwise re-opening talks.**

The talks at Annapolis in November 2007 brought Israelis and Palestinians back to the negotiation table. The process is on hold for a few months while the Israeli elections are underway and Palestinian

leadership changes hands. And questions remain about the results possible from the structure of the Annapolis process. Quartet partners could use this time window to begin internal consultations on how to pick up from the Annapolis process or how they would otherwise advise to carry on the Israeli-Palestinian negotiation track next year.¹³

2. Don't lose the momentum. Keep the door open. Make an early public commitment to continue negotiations when the parties are ready.

There is not much expectation of movement on the Israeli-Palestinian track for the coming months. The parties are not in a position to move much further and are awaiting consolidation of leadership. Outside players cannot push the parties to the table unless the parties are ready. But on the other hand the international community should work to retain what momentum has been built recently. Concerned states of the Quartet should send signals emphasizing the importance of continuing negotiations. Many eyes will turn first in 2009 to Washington, to try to read the intentions of the incoming president and his team. There is still a strong memory of the US presidential transition in 2000 and the lack of engagement on the Israeli-Palestinian negotiations which followed for years. Even if this is not the intent of the new Obama administration, some analysts worry there will be so many urgent items on the incoming president's plate

that realistically he could end up with little attention for the Middle East during his first year in office. Stakeholders who have been working intensively on this over the last two years do not want to lose the momentum that has

“There is not much expectation of movement on the Israeli-Palestinian track for the coming months...[but] the international community should work to retain what momentum has been built recently.”

just been regained. The new US president could simply include a strong statement in an early speech reaffirming his commitment to keep dialogue channels open and to support the resumption of negotiations when the parties are ready. It may seem obvious, but it could help to assuage nervousness by parties in the region and international partners invested in the peace track.

3. Support the joint EU Action Strategy: “State-Building for Peace in the Middle East.”

The European Union has taken on a growing role in the Middle East over the past years. The EU acts as the junior partner in the process, concentrating on state-building and economic reconstruction efforts in the Palestinian territories. Although the EU is still developing the role of full representation of the 27 in the Middle East peace processes, they have become increasingly active in the state-building process in the Palestinian territories. If the US were to utilize an active dialogue with the Europeans on the negotiation process, Washington might find further ways to integrate the state-building process with the political talks.

¹³For more information about Europe's role in the Annapolis process see “After Annapolis: What is Europe's Role in Facilitating the Implementation of the Two-State Solution?” by Christian-Peter Hanelt in *Bound to Cooperate: Europe and the Middle East*, (Hanelt and Moeller, eds.), 2008.

Meanwhile, the EU has been moving towards stronger common positions on the Middle East. Last November (2007), the EU agreed after long negotiation to a roadmap for deeper engagement in the Israeli-Palestinian conflict. The common EU position vowed strong support for negotiations and also substantive support to assist building an independent, democratic, and viable Palestinian state.

The US can acknowledge the EU common position as a floor, not a ceiling of maximum European activity. It required significant effort and time to get this EU Action Strategy approved by all 27 states. The US should seek to keep the momentum moving, and welcome the EU's contributions in practical areas. Bilateral European contributions can be added on top, and likely will be useful with leverage on the political track, but the EU's joint work on the Middle East can be welcomed as a baseline.

4. Identify quick-impact initiatives to bring to the negotiation table which can “alter the realities of day-to-day life for Palestinians and Israelis.”¹⁴

Until Israeli and Palestinian publics have confidence that the peace process negotiations can create real results that improve their lives, the peace process efforts will continue to be at risk of a skeptical domestic audience. Security remains a dominant concern for Israelis and the Palestinian economy is still in shambles (per capita income has dropped more than 40% since the beginning of the intifada in 2000). It will require creative proposals for incremental steps that could bring real results to day-to-day lives of Israelis and Palestinians. Ideas should be brought into the peace process circuit so that their publics see real results coming from the resumption of peace talks. MEPP watchers in Europe and the US should look for resources and proposals that could help.

“The contrasting US and European policies on Syria and Iran have come to symbolize the debate about the utility of talking to one’s enemies.”

Syria and Lebanon

5. Engage the Europeans early in expert-level consultations about Syria. Don’t miss a window of opportunity on the peace track.

European governments have maintained a channel of dialogue with Syria distinct from the American position. While not condoning Syria's repressive acts, disruption of regional activities, or links to terrorism, European governments have maintained their regular interactions with Damascus. The contrasting US and European policies on Syria have come to symbolize the debate about the utility of talking to one's enemies. As a new administration comes to Washington with a fundamentally different approach on engagement, the Europeans will see opportunity for potential collaboration. Syria would be a ripe topic for early discussion with Paris, Berlin, and London. “Conflict resolution with Syria could contribute to détente

¹⁴ Dennis Ross emphasizes the importance of initiatives to change the skepticism of Israeli and Palestinian publics cynical of the potential for peace in “Statecraft in the Middle East”, Washington Quarterly, Summer 2008.

¹⁵ Hanelt, Ibid.

in Lebanon ... and create positive dynamics in the Middle East in general.”¹⁵ The Syrian-Israeli talks already underway offer an open channel in which the US could engage, with perhaps early payoff. As with the other tracks, progress will await a new Israeli government, but it is a topic that the US and committed European governments could find useful to jointly prepare.

6. Make a commitment to continue support for Lebanon. Work closely with invested European partners.

Years of efforts to support Lebanon’s stabilization after decades of war have slipped recently. Lebanon remains fragile and will need attention in the coming years. The Qatari push for a political settlement this past summer provided quick stability but not necessarily a positive momentum. The reconciliation pledges between the Lebanese and Syrians at the EU Mediterranean Summit in Paris in July opened the door for some political movement, but implementation is already slow. Lebanon may remain in a rocky political and security situation for the near term, and should not be forgotten. Elections in Lebanon are possible again next year. This is also a particular area of interest for Europeans, because of the presence of their troops in the UN peacekeeping mission for Lebanon. Strategically, the sooner Lebanon stabilizes, the sooner troops can come home.

Regionally

7. Break the ice. Begin to talk with Europeans about bilateral relationships in the Gulf and their growing interest.

A recent paper by the Bertelsmann Foundation discusses the growing importance for Europe of the Gulf region due to its energy supplies (at a time when Europe is diversifying energy resources), its market for European products, and its role as an international investor.¹⁶ The economies of the Gulf are growing, and European trade in the region is expanding. In fact, the EU is working to conclude a free-trade zone agreement with the Gulf Cooperation Council (GCC). Individual European member states have also been expanding their work in energy, with new projects for the civil use of nuclear technology. With Europe’s growing interest and political investments, and America’s long-standing bilateral relationships in the region, this is an area ripe for new exploration in trans-Atlantic conversations. To date it has largely been deferred to bilateral channels, but with the importance of key Gulf states on global economic and energy trends it is an important time for trans-Atlantic partners to talk with each other about goals and objectives in the region. As Europeans and Americans look to their security objectives in the area and the activity of regional actors continues to grow, trans-Atlantic capitals may find it useful to discuss openly how they can maximize relationships in the region for common goals. ■

¹⁶ “Security Situation in the Gulf Region Involving Iran, Iraq and Saudi Arabia as Regional Players: Policy Recommendations for the EU and the International Community”, by Michael Bauer and Christian-Peter Hanelt, 2008.

Managing Expectations and Priorities

FIRST ACTION ITEMS

- **Identify early symbolic gestures.**
- **Build confidence.**
- **Don't equate European enthusiasm with complacency.**
- **Ask, don't demand.**
- **Consider give and take tradeoffs.**

The administration's first six months will be a narrow window of opportunity for beginning to address so many pressing policy issues. As the incoming team knows, the new American president inherits two wars, a weakening economy, jittery financial markets and brewing hotspots. The challenge for the incoming foreign-policy team is to juggle these issues (and more) while personnel assignments and transitions are still underway. Priority will go to the issues that demand immediate attention and cannot wait even a few months. But there is only so much capacity and bandwidth. In many cases, six months will just be enough time to launch a new initiative. In other cases, it may take longer to conduct a policy review on the issues on which the new administration wants to take stock before acting.

Expectations will be extraordinarily high. At home, President Obama's constituents will expect rapid results and close attention to the sliding economy. This will have to be priority number one. Abroad, he will face high hopes of rebuilding partnerships after eight years of eroding American credibility, and will have the challenge of linkages between the global and domestic economic crisis.

Obama has already committed himself to close consultation with European partners. He emphasized this during his visit to the continent last summer. Consultation and cooperation will also be sought early on from the European side. European working-level officials were in contact informally with both presidential campaigns from the early phases and closely followed the candidates' foreign-policy statements. European practitioners will be ready for timely and practical consultation as soon as Washington is. For months, they have been pre-positioning possible ideas for working with the next US administration to come.

One of the things Washington can do in this exceptionally short and overloaded period is to at least reach out to its allies with an offer of frequent consultation. Working with Europe these days is as easy as a conference call. The new team could early on establish standing working groups for key transition portfolios or particularly sensitive topics. Washington could also use as side channels the numerous gatherings in which European and American diplomats regularly meet. Such efforts could produce fresh ideas while policy reviews and brainstorming are underway.

President Obama will undoubtedly enjoy a honeymoon period in his first few months in office. World leaders may flock to Washington with open arms, seeking a new chapter in their own bilateral relations and close connections with the new powerbrokers. The small incoming team's dance card will fill up quickly as leaders from European countries as well as Iraq, Afghanistan, India, China, Japan, Israel, Canada, Mexico, South Korea and others seek their first consultations with Washington. No doubt they

will offer enthusiasm and goodwill in their initial meetings. But Washington still needs to watch how they set the tone in these first engagements.

European leaders will come with smiles and warmth, hopeful of establishing a close relationship with the new president and pledging partnership. Practical coordination among trans-Atlantic governments will not need to start from scratch, since the second-term Bush team gradually reached out to work with their European colleagues. But Europeans still anticipate major policy shifts from Bush's successor, and a wave of popular enthusiasm has washed over the continent. "Obamamania" in Europe grew throughout the presidential campaign season. But with expectations so high, there is a risk of great disappointment.

An efficient and successful management of expectations on both sides of the Atlantic will provide a multi-level playing-field for juggling such a full agenda in these busy months ahead. To help manage expectations and balance priorities during this brief time window, some recommendations on tone and tactics may assist:

FIRST ACTION ITEMS

1. Identify early symbolic gestures.

European leaders have been brainstorming about gestures that Washington could make quickly to improve its image and demonstrate confidence. The closure of the Guantanamo Bay prison and a renewed US commitment to adhere to the Geneva Conventions would be positive steps. They are also plausible, given the strong campaign pledge by President-elect Obama to do just that once in office. There are complications on the legal side with internal disagreements over how to best accomplish these goals, so it may take longer than expected. But they would be helpful gestures for gaining the respect of European publics long-focused on this theme. European capitals have also been speculating about other international treaties or protocols the US could quickly execute to demonstrate a strong commitment to international law. Passage of the Comprehensive Test Ban Treaty (CTBT) has been suggested, although this doesn't look likely to make it through Congress anytime soon. Returning to participation in the UN Human Rights Council also been mentioned.

2. Build confidence.

Symbolic steps will be a promising start, but Washington should not take for granted the first burst of European enthusiasm. The real challenge for the new president is to maintain the goodwill he inherits and to create sustained confidence. Europe's enthusiasm is rooted in a thirst for a new direction in American foreign policy. According to a summer 2008 poll by the Pew Global Attitudes project, majorities in France, Spain, Germany and the UK expressed confidence that the "new US president will change US foreign policy for the better."¹⁷ The trans-Atlantic relationship has a lot of baggage: Perceived American dominance, American militarism and American self-interest at the cost of global needs have created

¹⁷Note: India, Australia, South Africa, Tanzania and Nigeria rounded out the list of countries in which majorities expressed this sentiment. Deep seated reservations about America and its role in the world still prevailed in Jordan, Egypt, Lebanon, Pakistan and Turkey, among others.

much distrust. America's reputation for dismissing international institutions and international treaties such as the Kyoto Protocol and the International Criminal Court created deep-seated skepticism. This has been brooding for eight years and won't disappear overnight. It will take a combination of bold symbolic initiatives, a genuinely consultative style and significant policy shifts to meet Europeans' high hopes and begin to earn back their confidence once the initial enthusiasm ebbs. Visible policy changes to end the war in Iraq, to engage seriously in the Middle East and to maintain a multilateral effort on Iran would help to maintain confidence.

3. Don't equate European enthusiasm with complacency.

Europeans and Americans have different national interests on many policy issues and, over the last eight years, have followed their own agendas. Europeans will now be eager to have the new US president on their side on some of their principal issues (e.g., Iran and climate change). Europe wants to be consulted, but is also wary of a strong America stepping in and taking over the lead. European governments will want to be a close partner of President Obama without being dictated to by Washington. The continent will balk if it senses that the US is unilaterally pushing agenda items.

President Obama will certainly need to come to Europe with new demands to show his domestic constituents that alliances and partnerships deliver real results. He may achieve some early success simply because he is not President Bush. But Washington should be aware that enthusiastic European governments could quickly lose their zeal if they feel Washington is demanding burden sharing on issues driven only by America's objectives. Burden-sharing has become an unpopular term in Europe, perceived as an excuse for Washington to drive policies and then dump the burden on their European allies. Washington should instead work with Europe to shape joint policies and balance decisions on resource allocation.

Washington may be skeptical of making the effort. But if America wants to share the burdens over time on a range of foreign-policy tasks, investing in long-term collaboration is worthwhile. This holds true especially at a time when US resources are overstretched and the American economy is strained.

4. Ask, don't demand.

The incoming president has frequently stated that America cannot solve its problems around the world alone. In Europe, as elsewhere, President Obama will want to listen and carefully consider the views of America's partners. That demeanor alone will go a long way to restoring and bolstering America's long-term credibility; it will help to cement the break with the Bush era. Obama may already be planning to convey this tone in his early speeches. But it should also be a style that permeates diplomatic engagements across levels of government. At the expert level, an open ear from American officials toward their European counterparts could open opportunities for brainstorming new and creative policy proposals. For example, Europeans have their own bilateral relationships with complicated states such as Syria, Iran and Russia, as well as their own commercial relationships in many delicate regions demanding attention. These are resources and insight that could be helpful to experts conducting some of the many policy reviews expected in 2009. Seeking early consult with European regional experts

would be another confidence-builder and could provide practical value in the policy-formulation stage early in a new administration.

5. Consider give and take tradeoffs.

Finally, some European observers in Washington have advocated a grand bargain as the best way to kick-off new discussions with Europe. They argue that the credibility in the trans-Atlantic relationship can best be restored if each side demonstrates that it will take the other's priorities more seriously, and make sacrifices to prove it. Advocates of a grand bargain argue that Americans could earn goodwill from Europe with a more flexible approach to climate change. Such goodwill might help yield, for example, a more flexible European policy towards Afghanistan in return.

Such sequenced tradeoffs in a grand bargain would be difficult to achieve. The issues at hand are complex and fluid, and the overall agenda is frequently in flux. Moreover, leaders can drive through large compromises only when general publics are convinced that such moves are in their national interests. For a successful trans-Atlantic initiative, both sides need to be genuinely committed and invested, and fundamentally believe that it helps them achieve their national-security goals. But even if these moves cannot be perfectly sequenced, a give-and-take among partners should be fundamental for trans-Atlantic leaders in the years ahead.

A Special Note on The Long-Term Agenda

This briefing book is devoted to issues that require the most urgent attention. In choosing from the long list of potential items, this briefing book emphasized only that which must be addressed in the first six months of 2009. The authors of this list recognize that we are excluding a number of important issues. This is not intended to diminish the weight of those issues.

There are a number of long-term foreign-policy challenges that the US and Europe will find valuable to discuss in the coming years. Leaders are faced with serious global challenges beyond individual hotspots. This briefing book has referenced some of these cross-cutting global concerns. We discussed, for example, climate change, but primarily because policy decisions on this issue are needed before the December 2009 UN negotiations in Copenhagen. The broader energy-security agenda was excluded, as were bilateral and multilateral relationships with China, India and Latin America. Initiatives to fight the proliferation of weapons of mass destruction, to re-evaluate and re-vamp international arms-control regimes, and to look at new technologies and emerging threats such as cyber-warfare were also absent, as is the long and ongoing global fight against terrorism and extremism.¹⁸ Topics were not dismissed because they are unimportant, but due to our focus on the first half of 2009. The transitioning US government will have limited bandwidth for first initiatives, especially with major global economic concerns on top of it all.

¹⁸ Please note that while the book covers a number of immediate hotspots it also does not include them all, leaving out for example real security concerns with North Korea. These issues certainly matter but Europeans are not involved in the key consultations on this topic.

Where these larger issues arise, they will likely be bilateral considerations before becoming trans-Atlantic issues. An unexpected crisis, however, could bring any of these topics to the forefront.

Allowing these caveats for the immediate first months of 2009, it is important to note that these challenges are not abstract or distant concerns. In fact, President-elect Obama has emphasized that these interconnected global challenges form a foundation of his foreign-policy vision. The incoming team knows this well. In his campaign, Obama spoke of the importance of security and development in the long-term fight against extremism, the national-security implications of weak states and global poverty, cross-border threats such as energy security, climate change and health pandemics, and the link between global and domestic economies (especially in this time of economic uncertainty).

Juggling the immediate and the urgent, against the backdrop of a recession and domestic considerations will already be a sufficient challenge for trans-Atlantic capitals. But both sides would be mistaken to push long-range global topics to the back-burner. They would also err if they allowed the trans-Atlantic agenda to ignore these themes. US and European diplomats tend to spend much of their time on hotspots, with little time remaining for collaborative work on bigger-picture items.

But these broader global challenges are ideal areas for trans-Atlantic collaboration for practical reasons:

- **They are priorities now in Europe:** American leaders are well aware that these issues matter to Europe, but they may not appreciate how much the foreign-policy paradigm in Europe has shifted to these themes in the last two years. Global challenges are the hot topic in Europe today. It is well known that European governments place great priority on global topics such as climate change, energy security and the reform of international institutions. But Washington may be less cognizant of Europe's increased attention to bilateral relationships with emerging powers such as China and India, and countries in the Gulf and Latin America. The concept is not surprising, but the volume and depth of global outreach is a new trend. European capitals have also come to realize that they will not be insulated from the US financial crisis. Leaders are attentive to structures of the global financial system and interconnected economic vulnerabilities.
- **They are areas where Europeans want to contribute.** Europeans have a strong commitment to multilateral institutions and multilateral solutions. They are heavily invested in the international system and hold a proportionately strong voice in most international organizations. They have long supported international law, arms-control regimes and organizations such as the UN. European governments long ago learned that in some cases they can best achieve national interests by investing in international interests. The project of building a unified European Union is just one example of this. European governments will want to take part in discussions which grapple with how the international institutional order may be reshaped to match today's global needs and global partnerships. The EU 27 have already identified this as a top priority for their trans-Atlantic agenda.
- **Europe has invested in many of these areas for their own national interests.** European governments have pursued these issues for their own reasons over the last years. And they have developed tools and resources that the US could find valuable. On climate change, for example, the US is still

discussing its domestic policy approach. Debate still rages on how to structure emissions limits with cap-and-trade or a carbon tax. But the EU was a trailblazer in establishing a multi-state cap-and-trade system. The US could likely learn much about this system from its European practitioners. The growing field of state-building and stabilization work presents another area for collaboration. The EU and its member states have become increasingly involved in this work, which they have overseen in the Balkans, Afghanistan, the Palestinian territories and Iraq. The EU's common security and defense program has grown steadily and is often measured in hard defense contributions. But the growth of a strong civilian component should not be underestimated. Washington should exploit Europe's resources and experience, especially now that the US spends increasing amounts of time and money in capacity building. US government crisis-response experts should develop a direct link to their counterparts in Brussels. Recent cases in Iraq, Afghanistan and the Balkans hold sobering lessons that need to be evaluated and should be of common concern. A joint US-European assessment project on state building and democracy building could be of practical value before the next crisis arises.

- **Recognition of each other's bilateral relationships with emerging powers is long overdue.** Given shifting power dynamics in the world, the US and Europe are each deepening their own bilateral relationships with emerging powers. This is another area in which trans-Atlantic allies could benefit from consultation. The US and Europe could well find it useful to cooperate on issues of mutual interest with China, for example. It's in Washington's interest to work with its European partners that offer Beijing investment in clean-coal and other green technologies. This also holds true for a wide range of other issues including German economic initiatives for Russia, French involvement with nuclear energy in the Gulf, and UN Security Council efforts to pressure the African Union, the Arab League and China for action on Darfur.
- **Europe has taken on the counter-terrorism agenda.** Terrorism and the growth of extremism have become a core national-security priority as countries throughout Europe have come to face direct attack. The issue itself is not new, but it has slowly moved from a primarily domestic portfolio (usually led by the interior ministry) to a comprehensive concern involving the foreign and defense ministries as well. Europe and the US have also built layers of functional cooperation on counterterrorism initiatives. The US will want to maintain this work, including intelligence sharing and consolidation of security protocols for travelers.

These are but a few agenda items on which the US and Europe can continue to increase collaboration. Hotspots will always require urgent attention. But the US should not forget the value of close collaboration with Europe on important long-term issues. ■

From Alliances to Networks

In today's world of networks: Pragmatic partnerships

This briefing book has repeatedly emphasized areas for practical collaboration with invested partners. The intention is not to dismiss the importance of standing alliances or longstanding cooperation among “like-minded” states. But the reality is that today's world is fast paced and interconnected. Leaders, including the incoming president, speak frequently of national-security threats that transcend borders. These include topics such as climate change, energy security, pandemic disease and terrorism. Meanwhile, our international institutional architecture is stale and frequently doesn't match the pace of emerging crises. Policymakers face innovative and rapid information flow, and the devolution of power from state to individual in new ways. They are constantly adapting to today's interconnected world. Governments are trying to take on an ever-growing agenda because almost everything, everywhere, somehow now relates to their constituents.

States also rapidly shift relationships and try to juggle it all, keeping pace with economic trends and political upheavals. Alliances are no longer static. They have become platforms for regular interaction and tools for rapid response. But allegiances are more fluid in today's globalized world. States develop issue coalitions based on partnerships rooted in common purpose. The depth of partnership varies on a case-by-case basis. Often, ad hoc coalitions of deeply invested countries and geographical neighbors can find practical value in coming together for short-term needs, usually for a few years at a time. The trans-Atlantic partners have moved away from a world driven by codified alliances. Even NATO, a particularly effective and longstanding alliance defined by a dedicated Article 5 security pact, faces the challenge of defining the boundaries of its scope and mandate now that out-of-area operations have opened a world of possibilities. Governments will be challenged to try to codify the NATO relationship again as the organization seeks a new strategic doctrine. The 2009 Strasbourg-Kehl summit will likely task staff to prepare a report only for the following year.

In a world of networks, allegiances do matter. Leaders build networks with states with which they have been long familiar and which can further their own nations' goals. Networks are also multi-dimensional. Different groups of stakeholders across government, civil society, business and media can develop useful exchanges of information and ideas for foreign policy. Partnerships develop among stakeholders within a geographic region or with a common interest. Pragmatic partnership is not an unfamiliar concept. But with the pace of events, it is ever more common to see capitals direct their foreign policy through this style.

Include, don't exclude

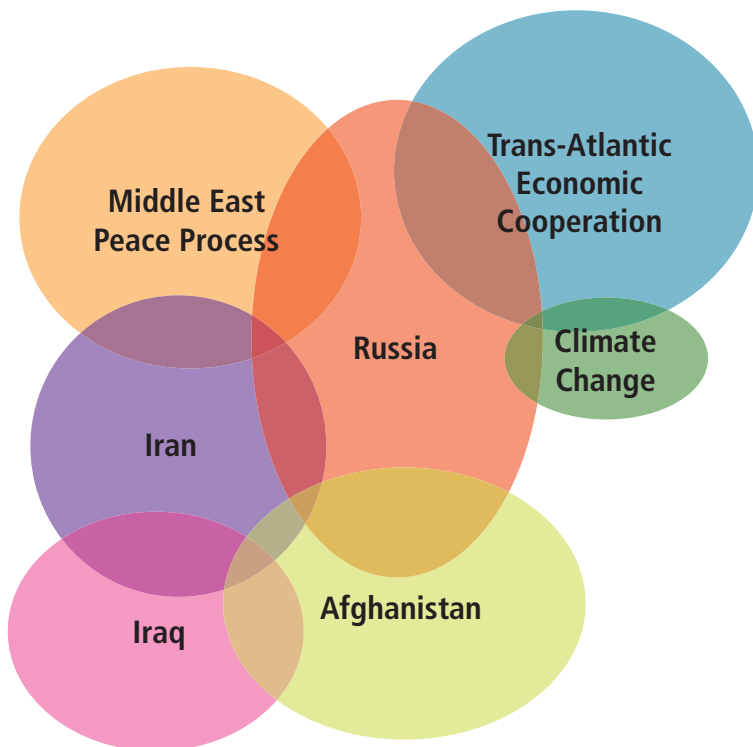
A critical ingredient for the success of ad hoc networks is trust and confidence in a common partnership. Parties need to believe that they are equals in a partnership, even if that partnership is limited to a narrow set of common interests or a short-term initiative. They need to believe that they are respected and

listened to. It is valuable for strong leaders to develop and manage a wide set of networks so he or she can have a strong toolbox of options. But as the last eight years have demonstrated, relationships that demand only loyal allegiance without exchange are unsustainable. Rather, leaders should be inclusive in their partnerships. The door should remain open even for those leaders who do not see reason for collaboration or are outright combative. Russia and China frequently may not agree with trans-Atlantic partners in small-group formats such as the P5+1. But they should be included in those formats, and their contributions should be considered. It is better to have them in the tent than outside it.

Consider new stakeholders and innovative tools for engagement

Governments have been working to recognize the role of emerging non-government actors for years. There continues to be a growing role for direct public engagement in formulating foreign policy. We have seen recently a spike in the growth and effectiveness of issue campaigns. The non-governmental divestment movement, for example, has arguably had more impact on shutting down investment in spoiler states than government sanctions have. Media has moved from “the CNN effect” of the early 1990s to a battlefield of competing narratives in war and peace. The internet and public-diplomacy tools are increasingly used by all sides to mobilize public attitudes. In fact, extremist groups have adapted even more quickly to using these technology tools to get their messages out. In Afghanistan, NATO representatives have expressed concern that they are losing the public-information battle; the international message is not as effective or as timely as that of the insurgents. By the time NATO gets out to the public to make its case, it is already on the defensive.

Overlap and Linkages in First Trans-Atlantic Priorities



In the private sector, other trends are underway. So governments find it helpful to create new mechanisms for formal consultation between private- and public-sector stakeholders. But there is still work to be done to expand the role of outside stakeholders. Those that become invested in dialogue can provide effective early warning or a reality check on issues that may not yet have caught the government’s eye. They can also become useful validators once a policy is announced if they had a role in shaping the policy.

Recognize that agendas are linked

Many foreign-policy issues confronting the incoming president are interconnected. US relations with Russia, for example, have soured recently. This complicates efforts to preserve Moscow’s cooperation on a unified P5+1 policy toward Iran, although containing Tehran’s nuclear proliferation is of mutual

interest. So a decision on policy towards the Russians cannot wait long if the US wants to have practical consultations with them on Iran or other topics such as Iraq (for which the US may need Moscow's support in the Security Council) and Afghanistan. Before launching a new Russia initiative, Washington may want to consult with European partners for all the reasons described earlier in this briefing book. These partners would certainly include the EU president in early 2009, the Czech Republic. Prague may then raise the prickly issue of NATO's missile defense project in central Europe, which Washington may wish to delay. But if the US were to try to de-link foreign-policy issues involving Russia, Washington might encounter stiff resistance from Moscow. Russia doesn't traditionally give up any tactical leverage and seek to simplify the US agenda.

Other issues are also full of linkages. Washington's policy towards Iran will depend on Tehran's attitude towards Iraq, which will gear up for parliamentary elections in 2009. Iraqi politicians will jostle for power as the US and Europe watch closely. Iran will be looking for opportunities to expand its influence over Baghdad, as will Syria and other powerful states such as Saudi Arabia. Europe will look at any power shift in the region as it formulates its own policy towards Tehran and Damascus – another reason for Washington to engage in trans-Atlantic discussion on these issues.

Properly sequencing such interconnected policy issues is rarely possible. It is even more difficult in the first months of a new administration when short-staffed teams and subject experts work in isolation and neglect linkages. Given Europe's diplomatic activity on many of these issues, close and frequent trans-Atlantic, working-level dialogue could spur effective action in the busy period ahead.

Approach Europe with a problem-solving approach

A pragmatic approach is a reality for today's complicated agenda. A "cookie-cutter approach" doesn't suffice. It would ignore the role of non-traditional actors. It would ignore regional dynamics and global power brokers. And it would diminish the flexibility for rapid response, which today's political leaders need to keep pace with events. International organizations and standing multilateral alliances have the same need. They can be useful channels for maintaining regular dialogue and familiarity, and for assuming responsibility for global security challenges that require a worldwide response (such as climate change). Europeans are inclined towards such a world view. Washington may find it particularly valuable to approach them with a spirit of pragmatic partnership that can address issues of common concern. Style and tone will make all the difference. European countries have real contributions to make. ■

TIMING AND TOPICS

SOME UPCOMING EVENTS

	January	February	March
	<ul style="list-style-type: none"> ■ US presidential inauguration ■ Czech EU presidency (6 mo.) ■ Italian G8 presidency (1 yr.) ■ French UN Security Council presidency (1yr.) ■ World Economic Forum Annual Meeting ■ Iraqi provincial elections ■ Palestinian Authority leadership change possible* 	<ul style="list-style-type: none"> ■ Munich Security Conference ■ Israeli elections anticipated* ■ US Budget discussions anticipated* (FY09, FY10) 	<ul style="list-style-type: none"> ■ EU Summit ■ IAEA Board of Governors Meeting
Afghanistan	★	★	➔
Iran	★	★	★
Economy	★	★	➔
Iraq	★	➔	➔
Russia	➔	★	➔
Middle East Peace Process	★	★	➔
Climate Change	➔	➔	➔

★ IMMEDIATE ACTION OR TRIGGER POINT ➔ ONGOING ATTENTION

April	May	June	Pending
<ul style="list-style-type: none"> ▪ NATO Summit ▪ World Bank & IMF Spring Meetings ▪ Anticipated US troop reduction in Iraq* 	<ul style="list-style-type: none"> ▪ Russian UN Security Council presidency (1 mo.) 	<ul style="list-style-type: none"> ▪ Iranian presidential elections ▪ US/EU Summit ▪ EU/Russia summit 	<ul style="list-style-type: none"> ▪ Ongoing economic summits on the financial crisis* ▪ Quartet meeting on MEPP in spring anticipated*
★	→	→	
→	→	★	
★	→	★	
★	→	→	
★	★	★	
→	→	→	
→	→		
			Still to Come
			<ul style="list-style-type: none"> ▪ Elections in Afghanistan, fall 2009 ▪ German parliamentary elections, fall 2009 ▪ Rotation of European Commission, November 2009 ▪ UNFCCC climate negotiations in Copenhagen, December 2009

*Exact dates to be determined. Timing could fluctuate.

For More Information

Want to learn more? For further coverage of the trans-Atlantic agenda items discussed in this briefing book, please see the following publications produced by the Bertelsmann Foundation:

Bertelsmann Transformation Index 2008: Political Management in International Comparison.

The BTI offers an ranking of 125 developing and transition countries based on 6,500 scores. An online interactive application visualizing the BTI results can be found at:

<http://www.bertelsmann-transformation-index.de/atlas.0.html?&L=1>

Bound to Cooperate – Europe & the Middle East II, Christian-Peter Hanelt, Almut Moeller (eds.)

Including chapters on “*After Annapolis: What is Europe’s Role in Facilitating the Implementation of a Two-State Solution?*” by Christian-Peter Hanelt

“*Syria’s Role in the Middle East: Spoiler or Stabilizer?*” by Murhaf Jouejati

“*The Crisis in Lebanon: Some Thoughts on How to Overcome It*” by Ziad Majed

“*Scenarios for the Future of Iraq and the Role of Europe: How Will Europe Engage?*” by Daniel Serwer and Megan Chabalowski

“*The European Union and the Middle East: Coping with Challenges, Seizing Opportunities*” by Almut Moeller

Beyond 2010: European Grand Strategy in a Global Age, a report of the Venusberg Group, compiled by Stefani Weiss, July 2007.

EU-Russia in the Aftermath of the Georgia Crisis: Back to Normality? by Cornelius Ochmann and Andrei Zagorski, November 2008 (forthcoming).

Solidarity in the EU by Joachim Fritz-Vannahme, October 2008.

Frozen Conflicts: Kant Reloaded by Stefani Weiss, August 2008.

Prospects for a new EU-Russia Agreement by Piotr Buras, Fraser Cameron, Cornelius Ochmann, and Andrei Zagorski, July 2008.

Breaking the Stalemate: The EU and Russia in 2008 by Cornelius Ochmann and Andrei Zagorski, January 2008.

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