

# Wider Europe and the Transatlantic Link

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## Panel 2: Atlanticism in a Wider Europe

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**Alan Charlton**, Embassy of the UK to the U.S.

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## Conclusions

**Janusz Bugajski, CSIS**

**Janusz Bugajski:** Okay, I'm not going to make very long introductions, to maximize time. Let me just say that the purpose of our discussions in the second panel is to try and consider for the most part, the position or positions of the European Union and some of its member states, specifically on the enlargement question, the NATO question, the transatlantic question, but particularly what are the realistic prospects for countries that we discussed this morning, in other words Ukraine, Turkey, Moldova, Georgia, and others, in becoming part of an institutional Europe.

And I'm not going to introduce the panelists to any great extent, because we have the bios that we distributed already. Let me just -- very briefly, who they are and the order they will be speaking, which is according to institutional protocol, I suppose.

We start with, on my left, Angelos Pangratis, from the delegation, he's DCM from the Delegation of the European Commission, here in Washington. Second we have Alan Charlton, DCM at the UK or British Embassy here in Washington. Thirdly, Ambassador Eva Nowotny, from the Austrian Embassy. Fourth, John Van Oudenaren, from the Library of Congress, one of our leading authorities on European Union. And last, fifth but not least, Vladimir Pasti from the Chamber of Commerce and Industry of Romania. So we start with Angelos.

**Angelos Pangratis:** Thank you for this introduction. Ladies and gentlemen, good afternoon. I understand we are under strict rules of timing. We have a huge subject, so we have to, I have to be selective. Between the two parts of our title, transatlantic links, and The Wider Europe, I would rather concentrate on the wider Europe aspect.

Gunfreid (?) said that the basis of our transatlantic link is the common civilization based on key common values: democracy, rule of law, human rights, free markets. Well, what I would try to do in a few minutes is say, explain in some aspects, at least explain some aspects of what the wider Europe means for the advancement of these key values.

And I understand very much that this advancement of the key values, that this is the basis of our transatlantic relation, must in a wider sense or despite the difficulties we can have on a specific moment or on specific issues. Talking about wider Europe, the first of course dimension of, or aspect of, the wider Europe is, what is the enlargement. I think it's important to understand what it means, what the enlargement meant for the countries that entered the community or are entering now the European Union, and I just want to mention a few aspects of it.

Of course the enlargement, I think it's understandable by everybody, is the promotion of the market economy, the promotion of democracy, of human rights. It's part of the Copenhagen criteria, it's part of the conditions to enter the negotiation and it's the basis of our whole system.

One element that I would like to underline is that the EU has been, the membership to the EU has been a formidable pro-growth mechanism for less developed countries. If we think of the less-developed current member states, or which were less-developed when they joined the EU including Ireland, Spain, Greece, and where they are now, if we see the new member states, we see that this membership process and effect of membership had a widely very positive and very important impact on economic growth.

Many will argue that this is because of the solidarity aspect of the European mechanisms, the original aid, the transfer of funds -- of course it's important in some cases, it's a few percentages of the GNP of the country concerned, but I argue that it's not really the main element of the main impact, and not necessarily the main impact, and we can see the differences among the countries which have benefited from comparable assistance from our point of view.

I think it's obvious that membership to the EU, the process and the effect of membership has a formidable impact in terms of mobilization of the economy and the political life of the country concerned, the Achi(?) as we call it, from the EU, it's not something only technical and technocratic, it's something that has a profound impact in terms of the political and the economic life.

So this movement to membership, it's an obvious pro-reform mechanism, fantastic mechanism, that makes reforms that we all know are necessary, possible with this unique concept, you know where the country, the political leadership, the public opinion accepts a target which is shared, which is accepted by all levels of society, and, I repeat, the public opinion, and then reforms that were not possible become possible because of this acceptance. From some point of view there is this unique mechanism, I don't think there is anything else in recent history that is comparable, where a country accepts democratically some objectives that then become an obligation, and then become an obligation that is accepted by the stakeholders, and that's the moving towards the EU, it's a formidable machine of reforms that would not be possible otherwise.

But the EU has been also a formidable machine, pro-growth despite what one can argue, for everybody else including the original member states, through another I think very important, mechanism that needs consideration, which is the liberalization of the markets.

If you look at the economic history of the EU, you will see in many areas the same process. Creating our internal markets has always been a huge profound liberalization for the member states concerned.

This internal liberalization comes quickly to a stage where it needs to be exported; we project it, you know, external relations, on a multi-lateral level. Look now, I think an example of what we are doing now, the negotiations that we are having on the aviation sector, the aviation area we want to create.

The '80s, '90s we liberalized completely, we created the free area. We created an area of free investment, free movement of factors of production, free internal market, and now we are trying to project that and to expand that and to include in this liberalization process our relations, our Transatlantic relations.

There are many examples really - issues like public procurement, money transport, safety rules, and many aspects of the WTO; in fact, the EU has been a formidable machine - a laboratory - for multi-lateral liberalization. So, I think it is important to see in the process of enlargement, this formidable reform machine, reform machine for political reforms but also for the economy.

Now, of course there is a limit to this success, particularly if we talk about growth. And I make this point before the doubt is expressed by anybody, there is a limit to, it's not because you belong to the EU that we get automatically high growth forever, and we have this problem with growth now. But the limit is, where we are now, is the limit of the current stage where the key reforms that are needed like pension systems, like labor markets, our Lisbon agenda is very much, depends very much upon the competence of the member states. It's not an EU direct competence. We have to contribute, but it's not an EU direct competence for the main parts of it.

So, I think it's important to see that and when we talk about Wider Europe, I think it's important to see the projection of those values; not only the geographical limits of the EU, but the projection of these values to the member states, to the future member states and to many around us where our policies, our [unclear], our relations allow us to project those values.

And I think it's in that sense that we need to understand the concept of wider Europe, it's in that sense that we can understand what President Barroso said last week where he said that the EU constantly has the choice between exporting stability or importing instability.

Now having said these few words about what I think are key mechanisms and key dimensions that we need to keep in mind, although [unclear] and of course in [unclear], there are many other elements in what the enlargement process is I'd like to mention briefly the three points leading to the future, which I think are the more important aspects of this Wider Europe; first, of course, the further enlargement: Bulgaria, Romania, Croatia, Turkey, I think Turkey was mentioned extensively this morning. I will only say

that obviously it's probably the more challenging of the countries I mentioned.

The EU honored its commitment and I think if we see this process of projection of values and reforms, I think one sees immediately the wisdom of the decision taken to engage in the process of enlargement negotiations, of membership negotiations with Turkey.

The other key issue, I think, in terms of action towards this projection of values and challenges for the EU is, of course, the big theme of the Western Balkans. I think it's obvious that this is a key remaining challenge in the European heartland in terms of stability, and the whole process there is stability, association and prospective of membership.

You know we are committed to different degrees with all the countries of the region. I just mentioned, of course, Croatia, the state of play with the key countries, with the countries of the region. Of course Croatia is a candidate country. [unclear] Macedonia, we have a stabilization and association agreement, and there is an application for membership, and the opinion of the commission will be delivered next year. Serbia and Montenegro, we opened negotiations under the dual track approach. Bosnia, we are close to open negotiations. Albania, we have negotiations underway, with slow progress.

I would add that it's very important in everything that is happening in the Western Balkans, that EU and U.S. are together, appear to be together, and are seen to be together, and this is certainly a very important factor in moderating, in promoting moderated behaviors as they are very much needed in that part of the world.

Final point, the protection of what we consider important around us, around the EU, around further than the countries that have the prospective of membership, is done through our European Neighborhood Policy. Just a few words of what this is, I think this is extremely important. There are a lot of technical details. The principles of it are very simple; so allow me just to mention the two or three key points of what this policy is. The idea of course is that, after the enlargement of 2004, we don't want to see new dividing lines, dividing Europe, or dividing Europe from other parts of European countries or our neighbors.

So, the idea is to expand our system, to expand the values that I mentioned, and others expand - it's not only the values, it's also the model, you know, the model, the European model, if we can call it modeling, that includes the concept of original governability, original interdependence, a concept of relations among nations, the concept of some degree of sovereignty at least within the borders of the EU, the importance of the regional and international law, the institutional arrangements of the EU.

If we see all this together, I think all these are the hard core of the European Neighborhood Policy. What we do there, we have basically two, you can call them simple objectives. One is to promote, to deepen the political integration between those countries and the European Union. This is done through an intensification of high level political dialogue. A strengthening - a particular effort in strengthening institutions within the countries concerned, institutions relevant to protect democracy, to promote the rule of law, the human rights.

Certainly a huge effort, a big effort to associate these countries with our common foreign policy agenda on key issues like fighting terrorism or the proliferation of weapons of mass destruction, etc. So there is a political chapter and there is an economic chapter.

On the economic field, we want, of course, to promote, and we are promoting through this policy, preferential trade relations. We increased considerably our financial and technical assistance. We want these countries to participate to the extent possible to EU's programs, policies, and activities. We promote, of course, appropriate legislation and gradual integration in the networks, in the EU networks of transport, energy, telecom, etc.

Now to achieve all these objectives there is a very simple, straightforward strategy which is, first, we want with each country we have, with almost all the countries involved now, a European Neighborhood Policy action plan. This action plan promotes both the political and the economic agenda. Then we define the support that we give to this reform agenda, with the same logic that reform is the key, I think the key dimension in that effort.

We have, for example, if we look at the financial dimension of that effort, we have planned for 2007 to 2013 to double the amount of money that this country were receiving from the EU. We are talking about something like \$15 billion Euros for the period concerned in support of reforms, in support of this process of linking this country close to the EU.

I think those are the remarks that I wanted to make. I understand that I'm basically respectful of the time that was given to me, more or less. Let me just end with a reference to what Dan said, he said that we have a lot to do, EU and U.S., around the world and there is a lot that we can do. I must say that is the feeling that we share very much from the point of view of EU and particularly the European Commission in our effort to promote democracy, to promote reforms, to promote rule of law, human rights.

The EU invests really a lot of resources, and we have the feeling that there is out there, a lot of common ground. We have, and I repeat the words of Dan, we have to select our common actions carefully in order to give them the best chance to have concrete results, because what we need as the EU and what we need as the Transatlantic, common action around the world if we have some, is, of course, reaching results. Thank you for your attention.  
[Applause]

**Janusz Bugajski:** Given the football motif, this is why Greece won the European Cup last year - stick within the rules. Next we have Alan, please.

**Alan Charlton:** Well, thank you very much Janusz. It's great to be back at CSIS. CSIS and the British Embassy teamed up last month for a seminar on Transatlantic relations, a slightly wider canvas than this, which I think was a successful event, and I want to thank CSIS for its interest in this theme.

I first of all want to start out by echoing what Dan said about the administration's reaching out. There is no doubt that from a European perspective too, that President Bush's visit to Europe in February was a powerful reaffirmation of the shared values and common aspirations shared by the EU and America, and of the importance of defining and taking action on a common agenda. In other words, 'doing' transatlantic relations, as Condi Rice has said, rather than just talking about them. And a very important part of

this common agenda is certainly Wider Europe.

Both the European Union and the U.S. want democratic, stable, tolerant and prosperous partners. That we can work together was shown in what we did last year during the peaceful revolution in Ukraine. Action by the European Union, particularly through Javier Salona, and by key member states, notably Poland as Stan said, and action, of course, by the U.S. administration.

Let's just break down that concept of Wider Europe a little bit. It comprises a range of countries, which differ from each other and present us with different challenges. I think Belarus is one particular kind of challenge; perhaps an extreme case where there is a long, long way to go. Ukraine and Georgia, on the other hand, have emerged from quite dramatic revolutions and are now facing up to the daily challenges of transforming their past into a better future.

In Moldova and the Caucasus, frozen conflicts put a break on progress. In the Western Balkans a lot has moved forward over the years, but there remain major unresolved issues such as the status of Kosovo, which require concerted U.S., EU, and international help. In all of these situations, in all these different countries, we need to be clear about the instruments at our disposal and how to use them.

But I want to say a little about these instruments from a European prospective. First of those, as we've talked about already, is EU enlargement, and I won't go into the technical side, which Angelos has done extremely well. But to put this in a more political way, I think this has been one of the most powerful forces promoting democracy and prosperity in history. Both the prospect of membership and its reality have been motives for change; self-evident when you look at the transformation of Spain, Portugal, Greece, for example, to successful democracy. The transformation of a country like Ireland, too, a huge success story.

Transforming relationships, obviously between France and Germany, but from my perspective in the U.K., actually also between Ireland and the U.K. too, from the shadows of the troubled past to strong cooperation nowadays between equal partners. So this is a huge story of great importance, which is continuing.

I thought I might just put a personal element into this and say, give some personal experience of the EU enlargement in four short, little episodes. The first one, in 1971, I went to work in Munich, in Germany. Now for those of you who are conscious of EU history, that was before the United Kingdom acceded to the EEC, as it then was, and I remember enduring a labyrinthine process of applications for my residence and work permits, standing in line with others from all over the world, on one occasion spending a whole day in line without getting to the official I needed to see to get the stamp I wanted.

The next time I came to work in Germany was 1975 to 1977, a totally different experience. The U.K. was part of the EEC and it felt like being part of the family.

Chapter three, again in Germany, this time in the British Foreign Service from 1986 to 1990, Cold War, fall of The Wall, and then German reunification. I certainly won't forget the joy of Germans in the East when at

last they could travel and enjoy democracy. And of course it wasn't only East Germany at that time which came in from the cold, but the whole of Central Europe.

And then, briefly, chapter four, in the 1990s when I was back in the Foreign and Commonwealth Office dealing with the Western Balkans. I remember feeling the pull of the European Union to those countries emerging from conflict in Southeast Europe. I can recall in particular sitting with the then British Foreign Minister Douglas Hurd, saying to President Milosevic that the youth of his country would not accept continuing along its path of that time, as they, like others in Europe, wanted to join the European mainstream. Now President Milosevic was, and I think still is, a very strong debater, and didn't concede the point, but I could see in his face that this point had struck home.

I say all of this because it is important to understand the extent of the impact enlargement has had and continues to have, not only on structures in countries, but on the lives of so many Europeans. And looking today at enlargement, we can see the transformation in many countries which are moving towards enlargement. We have, as I say, the countries of the Western Balkans; in Bosnia now, ten years after Dayton, it's now moving to the position where we can start discussions on a Stabilization and Association Agreement.

Now looking to the future, it's well known there are constraints on enlargement. One is the obvious requirement, and Dan mentioned this, I was very glad he did, the requirement to meet the necessary standards. Countries wanting EU membership, both current candidates and those seeking to become candidates have a great deal to do. The very strength of the accession process, which the European commission operates, is that it is rigorous.

Second, there is enlargement fatigue. You all will be aware of this; that played a role in the failed referenda in Europe this year. It is a political fact which has to be recognized. And third, linked to this second point, there is the question of the EU's absorptive capacity - at least in the short to medium term.

There are currently four candidates, four more countries in the Western Balkans with a prospect of membership, and four remaining EFTA countries. That is an extra twelve, which would mean if all came in, an EU of thirty-seven; and we obviously have some way to go to think through what that would mean. And yet Article 49 of the Treaty on European Union does offer the possibility of membership to any European state. The EU is held together by its values as well as geography. The prospective of membership, including the reminder of these common values holding the EU together, I think is an essential guiding light for countries currently on the margins of the current EU.

Now the second instrument I wanted to touch on, and I won't go into the details, Angelos has done that, is the European Neighborhood Policy. Why do we have this? It was designed, learning from previous enlargements and the experience of previous EU policies towards states on our periphery. It is an attempt to develop a new tool to work alongside enlargement, offering a pathway to membership or an alternative to it. The European Neighborhood Policy offers the incentive of closer cooperation in areas of mutual interest in return for political and economic reform. Putting it more simply, the EU will provide assistance, trade and other help in exchange for political and economic reforms and the adoption of EU standards.

Now as Angelos said, the ENP was the product of a view that we needed to be proactive in Europe to avoid new dividing lines and to find new ways of promoting reform. And this is already a work in progress. The EU and Ukraine, for example, concluded negotiations on an action plan last autumn. Moldova launched its action plan early this year. Of course, this is a fairly new instrument and we need to develop it, but it has a great deal of promise.

The third instrument, and I'm sure you've talked about this previously, is NATO enlargement. NATO membership is a powerful incentive for reform in many of the same ways as the EU enlargement or the European Neighborhood Policy. It is also, of course, a fundamental security guarantee. Any European country in a position to further the principles of the North Atlantic Treaty and contribute to security in the Euro-Atlantic area can become a member when invited to do so. And as you will know there was a lot of interest in the Western Balkans and to the east of the EU.

The door, as Dan said, is open and I'm sure there will be further enlargement as long as the applicants themselves deliver the reforms required. But, and then this is crucial, even before membership, NATO is working together with applicants, for example in Afghanistan and elsewhere.

Fourthly, just to touch on it, there are other instruments of course, and I grouped them together simply for convenience. Most importantly, of course, the OSCE, which as we said already earlier on, has had a crucial role in promoting progress, both in the Western Balkans, earlier in central and Eastern Europe and now to the east. It has also shone a light on failings. The OAC's Office for Democratic Institutions and Human Rights laid bare the flaws in the constitutional referendum and parliamentary elections in Belarus last year. The OAC played a crucial role with different consequences, of course, in last year's Ukrainian elections.

And in Moldova, Odi(?) has said that the elections there were generally in line with international standards. All these judgments have been very important. There is also the Council of Europe membership. This distinguishes between states, for example between Belarus which is not acceptable for membership in its current situation, and states like Ukraine, which are. And let's not forget WTO membership. In Ukraine a key priority is to deliver economic reforms and practical benefits, and WTO membership is a crucial element in that regard.

As one says all of this about OSCE, Council of Europe, and WTO, the question arises which Dan dealt with about Russia. Of course, Russia is a key factor as a Wider Europe is constructed. Euro-Atlantic institutions need a constructive relationship with Russia. I think in that regard, the recent EU-Russia summit was positive. There was progress, in particular on the four so-called common spaces. We have to reassure Russia that we're not involved in the zero-sum game to which Dan referred.

The issue can't be whether a particular country is for or against European institutions and therefore against or for Russia. Wider Europeans require good relations with transatlantic institutions and with Russia, and equally it must be in Russia's interest that its regional partners do not become havens of instability, both political and economic.

Just to pull this together, the United States and the European Union, as we deal day to day with the issues of doing transatlantic relations, we must

not lose sight of the fact that although we increasingly focus our attention on parts of the world quite far beyond our borders, such as the Middle East, that Europe itself and its neighbors is not yet whole and free. There is still work to do, for example in the Western Balkans, the countries of the former Soviet Union, working together with Turkey.

For a European the prize is truly momentous, namely a wider Euro-Atlantic partnership which will strengthen our combined efforts, as the 21st century progresses, to promote security and prosperity throughout the rest of the world. Thank you. [Applause]

**Janusz Bugajski:** Thanks very much, Alan. Eva, you're next.

**Eva Nowotny:** Thank you very much, and thank you also for the invitation to this day of reflection and day of conferencing on an issue that is very important. I'm only afraid that as the day progresses, and one speaker after the other addresses you, that you will now get a little bit more of the same, because the issues that are here are very similar and the perspectives are very similar and I don't think that I will have to contribute anything to the debate which is really breathtakingly new and fresh.

I wanted to start out by making a reference to something which I saw recently, and that was a map of Europe that has been drawn up by a young French historian, and he took the trouble and put in a map of Europe, all the border changes that had occurred in Europe since the end of the Middle Ages. And this was fascinating to see because just by looking at it you could see that in Europe, only the heartland of France, the heartland of Great Britain, and the heartland of the Iberian Peninsula were spared any kind of border changes. Even there they occurred on the fringes, but not in the central heartland.

The rest of Europe looked like a million-fold splintered mirror with cracks and fissures all over the place. And I said to myself looking at that map that this is the best argument that I've ever seen for European unification, for a strong and a united Europe, and finally also for European enlargement. Just by looking at it, no more argument needed to be presented.

At the same time, I think we have to be very conscious that in the European Union -- and the European Union is the driving force and the engine and the motor of this kind of European unification process and integration process -- we have very consciously avoided a debate about the frontiers of Europe, and probably wisely so because such a debate could very easily have led us into the situation of the famous centipede who starts worrying with which leg he starts running, and then finally is totally paralyzed and can't move any more.

We have tried to circumnavigate this issue very cleverly by the so-called Copenhagen Criteria. That you set up a list of requirements and criteria which an applicant country interested in joining the European Union has to qualify for. But we have never said sort-of here is a frontier, and Europe does not go beyond. When I was in school, the question was easier because as I learned it in my geography lessons, the border of Europe was the Ural Mountains and that was it, and the political issues was one that did not enter into the discussion. Now, of course, this is completely different and we are talking about Europe in many different configurations which are not all convergent. I mean a few of them have been mentioned already.

We have the Europe of the Council of Europe, which is in its membership different from the other concepts of Europe that we are talking about, but very important because the Council of Europe is, after all, the sort of the sign of approval of parliamentary democracy, respect for human rights. And also an important notion for the acceptance of supra-nationality that we accept, for instance, in the Council of Europe a supra-national jurisdiction through the European court of human rights, which is something, and I know that from many discussions, a very difficult notion for many American friends and colleagues to understand that you have a supranational court which overrides the jurisdiction even of your national supreme court.

And today, we have had a decision in the Council of Europe of great importance for the future relations of Romania, which will speed up, sort of the way of Romania into the European Union. We have the Europe of the OSCE, the Helsinki Process, the 30th anniversary we have been celebrating this year - and I'm very glad that you made a reference to it earlier because I think this is an organization that has been absolutely instrumental over the last 30 years in the whole freedom and democracy agenda in Europe, and in the transformation of central and Eastern Europe in the preparation of these countries for their finally successful revolutions and in preparing for the cracks in the wall over the years.

We have in addition to that a number of other Europes; we have the Europe of the UEFA, the European Football Association, which reaches out way beyond the Mediterranean, we have the Europe of the Eurovision Song Contest which even goes beyond that. So there are a lot of different Europes that we are talking about. But I think the main thing that we have to bear in mind is that Europe stands for openness, and this is the conclusion that I draw from that. There is an openness to the process and an outreach.

This openness and this outreach is reflected, in my opinion, very strongly in Europe's general relations to the rest of the world economically as well as politically. And it is also not surprising because every country that has joined the European Union over the years has brought, of course, its old traditional foreign policy orientation.

So we have a member country like Great Britain, now in the presidency of the European Union, that brings into the European Union the privileged relationship to the Commonwealth Countries. We have France with its outreach into Africa. We have Spain and Portugal with the outreach into Latin America. All of these are issues that open Europe up to the world and to the relations to other countries.

And in this respect I think we also have to see the debate about the Wider Europe, and we have now, in the discussion, been mainly looking, sort of towards the European east and southeast, but the Wider Europe framework or structure goes, of course, way beyond that; it comprises the countries of the Mediterranean, it comprises in the Barcelona countries, in the Barcelona process, a set of policies towards the countries in the southern rim of the Mediterranean, it reaches into the Caucasian region in the meantime. And it is a result of, in a way also a result of the last enlargement of the European Union because by bringing the countries of central and Eastern Europe into the European Union it became very clear that we would have to reach out also to other neighboring regions of the European Union, and the

Mediterranean is of course a neighboring region of the European Union, as well as into the European east.

In our view, the specific charm and advantage of this Wider Europe policy is that it is not a centrally devised policy that has been sort of put on paper in Brussels offices and is now sort-of being proposed to the world. There are policies and programs that are tailor-made for each participating country and correspond and respond to their specific needs.

The program in the action plan for Ukraine is very different from the one that we have devised now for Moldova, and they again are very different from what is happening in Southeast Europe with the stabilization and association process, or what is happening in the Barcelona process in the Mediterranean Basin.

Let me add one more remark about the Barcelona process which is, sort of, has been established in 1995 and thus we have already quite a good period of time to look back on the results, and I would stress particularly in the present circumstances that here we have a forum which offers also a unique chance to discuss cultural and civilizational questions, and that has been a very important tool, especially in the recent political problems that we have had with this region of the world and has made for a better understanding and a better comprehension also of processes that are going on.

As you know, Austria will assume, in our system of rotating chairmanships, the presidency of the European Union coming January, for the next six months. It is considered very bad form to talk about one's own plans for the presidency while still another country is running the show, and we are still in the capable hands of Alan and his team here. But it has been one of the recent developments that the European Union increasingly starts working with rollover work plans, so that you make longer-term working plans and agendas that cover three-year periods. And we know already, without sort-of infringing in any way on the British Presidency, that there are certain issues which are coming into our six-months watch, which are particularly relevant when we talk about the Wider Europe agenda.

We will have to do the first review with the Ukrainians about the implementation of the plan of action, for instance. In our six-months period will fall a very intensive period of status negotiations for Kosovo, for instance. We will have to start the accession negotiations with Croatia. We will have to lead on the stabilization and association agreement negotiations with Serbia and Montenegro. So there are lots of issues that by sheer coincidence and timeframe and planning, are coming into the six months where we will be in charge of the European Union.

Let me conclude by one remark, very quickly, about the transatlantic link. If I go back to what Dan Fried said in his remarks, that the main objective is a fourfold one; that you have consolidation of democracy, economic stabilization, increasing prosperity, support for the forces of reform, and building up civil society, I think that you will have really very congruent objectives and very congruent ideas and visions between the European Union, the United States, and also those countries that are recipient of our policies and our projects, because the interests are convergent and very much alike and the objective is there. And I think that by joining forces and cooperating between ourselves and establishing a very good cooperative

base in our negotiations, or in our dealings with third countries, it will be all the better. Thank you. [Applause]

**John Van Oudenaren:** Well thank you Janusz, for this invitation. It's quite an honor to be speaking after an entire troika of EU official representatives here. It is, as Ambassador Novotny said, it is rather difficult at this time in the conference to say something radically new, but maybe I will at least try to do so by focusing a little bit more on the title that Janusz gave us, which was Atlanticism in a Wider Europe - and maybe focus a little bit more on Atlanticism, because we've heard a lot about Wider Europe, all of which I understand and can endorse because I do specialize in the European Union and have worked on the whole Wider Europe concept following that policy. But we haven't heard a whole lot about Atlanticism, so maybe I'll just say a little bit about how I see that fitting in.

Now Atlanticism can be defined loosely or more tightly; loosely, I think it simply just means it's viewed as being favorable or closely to the United States, as opposed to an alternative view which is more favorable to the idea of minimizing the U.S. role in Europe.

And this is an old, old debate that goes way, way back to the early '60s, if not before. But I would like to sort of take a somewhat tighter and more systematic view, and talk about Atlanticism maybe in the context of the debate about multilateralism that we often have with our European friends and also among ourselves, and sort of remind us that there are parallel, competing, convergent multilateral systems out there. There is no one multilateralism.

There is a global multilateralism which really goes back to the heady days of Franklin D. Roosevelt, which is based on concepts like most favored nation status in trade and the sovereign equality of states, and it's embodied in institutions like the IMF, the World Bank, the U.N., the WTO. This system is still with us. It has a global importance, but also has a specific importance for Europe. If you talk about moving Ukraine, for example, along on the path toward integration in and with Europe, one of the hoops that you want to go through or one of the tools that you want to use is WTO accession. The same is true for Russia. Even in places like Kosovo, the U.N. Security Council Mandates matter to this day in terms of what we do with Kosovo. So the global multilateral system has an ongoing relevance for Europe and U.S.-Europe relations.

Then there's a second multilateralism and that's the Atlantic multilateral system which gets started a little bit later. I identify that much more with the Truman administration, and that gets started with the Marshall Plan and NATO; it's more a late '40s as opposed to a mid-'40s thing. The key to Atlantic multilateralism is transatlantic solidarity, both economic and political. And that of course is still very much with us, mainly in the form of NATO, that's its main institutional form, but it has other looser manifestations in our language and concepts that we use about the Atlantic community and so on.

Then there's a third multilateral system, which is the European multilateral system which gets started a little bit later, and this goes back to Jean Monnet and Shuman and so on, and this is a specifically European multilateral system. It is more limited geographically than the other two, and it has certain particularities such as supranationality, and it is focused more on the concept of supranationality, European preference, a European role, not

necessarily against the United States, but independent of the United States.

Now I would submit, and I've written this elsewhere, that as we move into the 21st century, global multilateralism is flourishing, European multilateralism is also flourishing, flourishing so much that it has problems where to stop both geographically and functionally - what are all the things that are going to be brought into Europe - but that Atlantic multilateralism is progressively being squeezed out of the picture. I don't necessarily see this as a bad thing. I'm not Dan Fried, I don't have to stand up here and talk about the importance of NATO and why Atlantic multilateralism will go on and on forever. I do not have an official role so I don't have to say that.

But I do think that there is a trend here for Atlanticism in a Wider Europe to be squeezed out because I think Atlanticism in general is, I wouldn't say necessarily in trouble, but there's a question about what role it arguably will play in terms of organizing the transatlantic relationship in the future. We can talk about a U.S.-EU relationship, or, alternatively, you see in some of the things Dan Fried said, you see where U.S. policy toward the Euroatlantic community becomes so diffuse and so wide that it basically shades into a general community of democracies.

I mean the Atlantic gets stretched to Mongolia and beyond - well you might as well stretch it further south and so on to the Barcelona countries and so on and so forth. And so you simply end up with nothing more than U.S. support for a community of democracies working through and with Europe as a kind of an instrument.

So I think there is a real question about what the role of Atlanticism in a Wider Europe is. And that's from the American point of view. I think by using the phrase Euroatlantic this, Euroatlantic that, that's a kind of jargonistic term that came into use in the 1990s that attempts to blur the distinction between an Atlantic order and a European order, but I think ultimately there are some decisions there that need to be made there about how we organize transatlantic relations. So I think there are real contradictions, unresolved issues on the U.S. side.

Now on the European side, I also see, I see some dilemmas that need to be faced, and I think Ambassador Nowotny has already touched upon these. New Neighborhood Policy is a wonderful thing, I think it may be the most bureaucratically complex set of policies I have ever seen the Commission devise, and the Commission is rather good at devising such things. It is layer upon layer upon layer of, you have the PCAs which still exist, and you have the common strategies which still exist - I'm leaving out the Mediterranean countries - and then you have country reports and strategy papers, draft action plans - and these are bilateralized and these are in agreement - and then you have an ongoing process, conditionality is sort parsed out to a kind of tactical level that I've never seen it parsed out, you know, moving from a draft action plan to an action plan requires a sort of a conditional process of jumping through certain hoops and so on and so forth.

It is extremely bureaucratic, it is extremely complex. And I don't necessarily blame the Commission for that, I think they are trying to deal with a difficult situation - how do you come up with something new after 15 years of trying to do something about, with and for Ukraine. What do you come up with that's new? And this is an attempt. But whether it's going to be successful

or not, I think is another question.

The other issue, and this is the bigger one, is it completely sidesteps the issue of ultimate borders. And it attempts to tackle that question by saying, well sooner or later somebody to the south and to the east is not going to get into EU and they better start thinking about that and here's an alternative path to follow. But I'm not sure that that message has really percolated to the countries. I think most of the partner countries that participate in New Neighborhood Policy are going to be thinking of it as a kind of way station to ultimate EU membership, and that may not actually be a bad thing, but I do think that it just kicks down the road the issue of deciding ultimate borders - which has to be done sooner or later by somebody in the EU for it to accomplish its other objectives.

So I do see, I mean just to summarize, so I see difficulties on the U.S. side in terms of how it injects Atlanticism into what is becoming an increasingly diffuse community of democracies in the Northern Hemisphere policy, coupled with sort-of NATO as toolbox approach. And then on the EU's side I also see great difficulties with a policy that doesn't tackle - for good reasons admittedly - doesn't tackle some of the key issues of ultimate borders. There's also very little role, place, in EU thinking for Atlanticism; even less the case than on the U.S. side. There's talk about cooperation with the U.S. There's talk about we'll both want the same things, we ought to work together and so on.

But there's a sort of studious, careful avoiding, I think, of a difficult question of, well, what does one want the ultimate role of the U.S. to be in Europe, because I think partly it's a hypothetical question, but also because there's probably not uniform agreement on that issue within Europe.

So, I think we're headed for an interesting period in terms of Atlanticism in a Wider Europe, if we can talk about such a thing. I think there's going to be a tendency on the U.S. part to endorse New Neighborhood Policy and enlargement, both enlargement and New Neighborhood, but just as the partner countries are going to be thinking of it in terms of ultimate membership, I suspect that that will be the U.S. approach as well, with the U.S. being committed to open-ended and indiscriminate EU enlargement, provided the criteria are met, with I think more and more pressure on the European side to come to some ultimate definition of borders of the European Union and therein will, out of that, those two alternative views, may well come further pressures on what I call the intermediate Atlantic order which, as I said at the beginning, I think is under a certain strain to begin with for historical reasons. I'll stop there. [Applause]

**Vladimir Pasti:** Thank you very much. It was already said at least twice that there's nothing new to be said any more. So I'm not trying to say anything new, I'm just trying to rearrange in a different way the things that were already said and to re-describe the same reality we are all looking at and trying to understand it.

Of course we can describe it using a two-term equation; having a transatlantic link, or in fact the United States and NATO is one term, and the Wider Europe is another term. We can put it in a system with three components: NATO, European Union, and the post-Communist country in transition which is the part that made the former old Europe wider now.

If we do like that, we can see that every element is strongly influencing the other two. I want to start by emphasizing that even that new part of Europe, the former communist countries, influence the way in which the European Union and the Atlantic Alliance restructured and reformed and reshaped itself. Now the emergence of the countries in transition in Central and Eastern Europe enhanced the need for unity in the Western Europe and contributed to the building of the European Union itself. The need to cope with new security problems that appeared as a direct result of the dismantling of communism, such as the Bosnian war and the ethnic conflict in Kosovo, also forced NATO to change its philosophy and its rules.

The enlargement of the European Union pressed for a better coordination of security issues with the integration objectives. We know that the political geography of NATO and the European Union are not necessarily the same in Western Europe. Some of the members of the European Union are not NATO members, and not all the NATO members belong to the European Union. In the Eastern country, a differential approach in the enlargement of European Union and NATO was not possible and so Wider Europe was a strong incentive for Atlanticism to restructure and rethink its objective and institution; in fact, a strong incentive for better coordination of policies and strategies for both NATO and the European Union.

On the other hand, of course, and it was already stressed, the enlargement of the European Union and NATO reshaped dramatically the transition in the post-Communist countries. The forms in which the former Communist countries recreated their political, economic and administrative institutions were strongly influenced by the prospective of the Atlantic integration.

Well, the general rule here is that the more remote were the prospectives of the integration, the stronger were the new institutions influenced by the characteristics of the past; and Romania, the country where I come from, has a significant experience in this respect. We had two clear stages in the Romanian post-Communist transition. The first one started right after '89 and consisted in building the basic institutions of democracy and market economy.

But in those first years, the prospective of Romanian accession in the European Union or in NATO were uncertain, and changes in the Romanian society were slow in the first decade after Communism. They accelerated dramatically after Helsinki in 1999 when Romania started negotiations for the accession in the European Union.

And a large number of reforms were implemented, and in many cases we had even to reform previous reforms that were not giving the best result or results that were satisfactory from the point of view of the European integration. And it's necessary just to read the reports of the European Commission on the progress of Romania to where it's a European Union to see how changes were accelerated because of this approach, of this prospective of integration in the European Union. So that the European Union and NATO, the other terms, were strongly influencing the Wider Europe part of the reforms that took place there.

So these three elements goes together. And each of them is creating changes, and each of them is creating prospectives, incentives, and

mechanisms that makes the other part to react and change itself, and so on and so on, so that instead of having more realities that are just linked between themselves, in fact I think we have to consider one single reality that is evolving and of course in a very complicated way.

The second idea I want to emphasize here is that this way is very complicated because this reality seems to have a logic of its own. Of course, on the one hand, there are the politicians and the think tanks who are making plans and drafting projects for the future Europe. On the other hand, every change that takes place generates new opportunities and prospectives and is forcing existing plans to adjust to new realities.

And it was already said here that politicians and planners were not, in fact, prepared for the dynamic that the reality had. I will not repeat the examples that were given; how we were all planning and thinking, or what kind of views and visions about the future we had 20 years ago, 15 years ago, 10 years ago, because it was already said. It appears then that the enlargement of the Atlantic community in Eastern Europe was a result of an evolution that was only partially planned and partially was imposed by the events and changes in the Eastern European societies.

This trend was so strong that it overcame the political theories and some of the political myths about borders; about historical borders, about civilization borders, about economic borders, and so on - linguistic borders sometimes. It raises a high probability, I think, that it will overcome even more such political and social myths, and so that I don't think for now that everybody that is trying to define a border for this process has a very solid basis to do that.

What happened is that to the extent the process goes on, other countries and areas are attracted by the prospective of becoming a part of Europe and of NATO, which was already said, and like in physics, big masses are attracting smaller ones, and the region of Black Sea is one of them, and the changing that (inaudible) now in the countries in the region are the result of the impact that the prospective of accession in the European Union and NATO opens for such countries.

And the main problem that appears, and this was already said, is the problem of the resources needed to enlight the European Union even more, and here we come back to the third element - to the transatlantic link. We may notice that there is a difference between the first stage of emerging and developing the Atlantic community and let's consider this one the second stage.

Because in the first stage, when Atlanticism was born it meant, among other things, common plans and united efforts from both the United States and Western Europe for reshaping the world, starting with Europe because Europe was the first focus in those years. The process started by putting together resources of both North America and United States and European countries, and it was successful. In the second stage, the stage that we can think started after '89 when the former Communist countries started to join the developed region of Western Europe, there was a different approach from Western Europe or the European Union and the United States. There was a shift in the United States strategy about building this new Atlantic world or enlarged Atlantic community, and the main characteristics of the shift is less

involvement in the economic development of the Wider Europe.

To some extent, the strategy of the United States seems to be, at least from Romania we can see it like that, being less committed to support the economic development of the Eastern Europe or Wider Europe, and seeming to think that the new Europe is the problem of Europeans. The resources, and this was also said, the resources of the European Union are limited. Should I rephrase now the first, the beginning of this presentation, is the question in discussion is, what should the Atlantic community do with the emerging Wider Europe? I think the answer is, it should help develop the common efforts of the United States and European Union. Thank you for your attention. [Applause]

**Janusz Bugajski:** Okay, thank you very much Vladimir and thank you to all our panelists. We've lost quite a few people - they've disappeared. It's getting like Belarus everyday. But we have a few people. I'll take a group of questions and then we'll turn to the panelists please.

**Question - Male Voice:** Well, I'd like raise an issue which has not been touched upon, but which I know Ambassador Nowotny expects - and one after an old time friend - and that has to do with the recent hiccup, if that's the right word, of an Austrian objection, I don't quite know what the right word for that is, in terms of the (inaudible) talks with Turkey. You spoke about openness as being the leitmotif, let's say, of the European Union, but I think that... and I'd like basically to have your explanation, in retrospect, of what happened.

But let me also suggest you might want to say a few, make a few broader remarks on two issues: one being the interplay of domestic politics, not just in Austria, but in European countries as a whole, with the enlargement issue of the EU, and the general direction of Europe. It's not only Austria that has domestic politics, all countries do, and for example the question of Turkey, domestic politics in Germany are going to loom very large, they have loomed large in France and Holland and other countries.

And secondly, perhaps you can give us your thoughts on how Europe has a serious but moderate debate, let's say, about the question of enlargement, in particular the question of Turkish entry. I noted that this morning, I think perhaps before you arrived, Professor Taspinar of the Brookings Institution who spoke on Turkey, sort of said at one point that many thoughtful Turks don't expect Turkish admission to the EU for a long period of time, if ever, and that privileged status would be a stage, which if not the last stage would be one that many Turks expect, and I personally think that perhaps the question of privileged status deserves a more enlightened debate, if I can put it that way, in Europe than it has received so far. But I would appreciate your thoughts on all that, particularly the Austrian exceptionalism.

**Question - Male Voice:** I guess I can now let the secret out and that is that when I wrote my little monograph on European-NATO enlargement three or four years ago, and referred to a high level person in the Austrian foreign ministry in some of the footnotes, as the source, I guess I can now say that it was Eva Nowotny who was that source - I hope you don't mind, Eva, if I let that little secret out - because I found her to be the most informed and the most level-headed and the most balanced person that I talked to in this part of the world when I lived in Vienna a couple of years ago.

And so I'd like to ask a question that's related to the previous one, and that is if she, and perhaps other of the panelists, can deal with some of the really hard issues here for which there are a lot of questions. The first one it seems to me complements my colleague's previous question, is the low level of socioeconomic development in much of the part of the world that we're talking about as future enlargement possibilities. Someone, a la Spain or Portugal or Greece, will have to lift these countries more or less up to some level that's close to the socioeconomic development of the rest of Europe. That will be enormously expensive in countries of 80 million people, let's say Turkey or the Ukraine. Who will pay for all of this?

The Americans and Dan Fried talk happily about open doors and that's all wonderful and we're all in favor of open doors, but I think the Americans expect the Europeans to absorb all of the costs through massive foreign aid programs. So that's one dilemma.

The second is there really is a cultural civilizational issue here. When I did my interviews, I won't bother to go through all of this, but one remark just struck out in, actually in Brussels, where one of the EU officials indicated his shorthand term for admission, which was Christian countries - yes; Orthodox countries - maybe; Islamic countries - no; and you still have to, at least at public opinion level, deal with this kind of civilizational cultural kind of issues in the sense that these are, quote, "different countries" in some way.

Then you've got the strategic issues. That is, how do you bring, with regard to NATO, how do you bring countries without very large military organizations or modern equipment, up to NATO kinds of levels where there are, in NATO terms, "net contributors" rather than negative?

And you've got, particularly in the Austrian case, and you're on the front lines - I remember in the earlier days Austria was surrounded by aspirant countries, as you put it - and is the European developed country that's closest to East European enlargement, so Austria has a little special situation in this regard. How are you going to deal with the problem of the free movement of labor after all, which eventually will have to be dealt with? Could perhaps you, Ambassador Nowotny and maybe some others, wrestle a little bit with some of these tougher issues.

**Eva Nowotny:** Of course I've been expecting such a question after all the turmoils of the last weeks that we went through. The way you put it Andrew, it's reminded me of what happened on the way to the forum, and on the way to the forum it seems to me that we were stabbed in the back for really no qualified reason whatsoever. We have had a very difficult patch in the press and in public opinion, and we've been called everything from unreformed racists to narrow-minded Alpine hobgoblins, it all was there [laughter]. But what's really happened were, we had two issues in our agenda.

The first issue was that we thought it legitimate to put a little bit more emphasis in this particular question with Turkey on the absorption capacity of the European Union, and address the issues that you have just mentioned. I mean if you integrate a country into the European Union where 35 percent of the population are still in agriculture, while the European average is about 3 percent, and is nevertheless an importer of food and agricultural product, you know that there's a problem. I mean these are just hard facts and these things have to be addressed apart from more important political issues, whether the

European Union is really prepared to take on an outside border with Iran, with Iraq, with Syria, with the Caucasian countries, in its present stage of military insecurity, policy development.

These are questions that are legitimate and we thought it was also, in light of the public debate that was going on in Europe, that it was best to articulate them and put a bit of focus on it.

The second thing, and this was really in... a bit also the outflow of our own experience, it was not too long ago that we were negotiating our own entry into the European Union and at that point in time - and there were many in Europe who were very much opposed to enlargement of the European Union and the slogan of the day was, I remember it from my time in France, [unclear - statement in French], and we have to deepen our corporation before we let in these dubious EFTA countries. So we were concerned because we were not sure about the outcome of these negotiations and this was the reason why, in parallel to our entry negotiations, we negotiated the European economic area, which then in our case was Sweden, Finland, and Austria did not prove necessary.

But, for instance, if you think of the situation in Norway where the referendum then went wrong, it proved to be a very interesting and worthwhile tool for their closer cooperation with the European Union. And we thought that, given the complexity of the issues, given the complexity also of the negotiating process itself, the details and the minutia of it are largely ignored here in the United States in the debate of these issues, that it would be wise and clever to pursue also another avenue at the same time.

It was in no way related to sort of a postponement of the negotiations or that Austria wanted to block the negotiations. It was also not involved to any kind of religious or cultural argument I have to say. We have, in Vienna alone, about 300,000 Turkish citizens living, they are living, working peacefully, doing very well. Islam has been in Austria as an officially recognized religion since the middle of the 19th century. We have invented Orientalism as an academic discipline in the 18th century; so all these are just facts, and these issues have not been in the debate. But that there are substantive questions, of course, on the table that are of a certain magnitude, I think, is evident by everybody.

**Question - Male Voice:** Not on that particular issue, although my question, if I could address it to the Europeans is, if you could stop being diplomats for a few minutes, what would you really like to see the United States do in the, kind of the, new countries of Central Europe; the countries that have not been brought in, the countries that are part of the Neighborhood Policy in Eastern Europe? What role do you see for the United States because I hear different things from different Europeans on that? Thank you.

**Alan Charlton:** I'll just say something about that. In Europe, Europe isn't a finished product yet and there is still a lot to do both in the Balkans and on the periphery to the east of the present European Union, also in the neighbors which Eva mentioned, in North Africa and the Middle East - these are our neighbors too. We want the United States to play a role. It's been referred to that there are some who think, well let the Europeans get on with this, we've got other things to do. But the role of the United States remains very important for us in Europe in these areas.

Take the Western Balkans for example. It's been a slow and hard process in moving forward at different speeds in various countries, the former Yugoslavia now in Albania, over the last 10 or 15 years. If you think back to the early parts of the 1990s, one of the big problems was, was that the Europeans and the Americans were not working in the same direction entirely on some of these issues and it produced a very, very difficult situation. The last thing we would want would be for Americans to say right now, we're not interested anymore in dealing with Bosnia or Serbia and Montenegro or Kosovo, we're just going to get out and leave the Europeans to it.

There really is a role for the United States still in finishing off - and it's not easy and it will take a lot of time with some of these issues in parts of Europe that we do see one day becoming part of the European Union, but have got a very, very long way to go.

I'd say secondly, on some of the more contentious issues, and Turkey is one of them, and Dan alluded to this a little bit, there have been times where the United States has found it kind of hard to restrain itself from, in a sense, suggesting to the Europeans how it plays its hand. And I understand where that comes from, but actually there's also a time when it's much better for quiet diplomacy, both with the candidates or aspirants themselves and with the European Union.

And I think, actually, to give them credit, that the Administration over the last year has done this actually rather well. But it is very important because there's always a risk that if the United States does say and do the wrong thing it can create a bit of a problem in Europe when dealing with some of these more contentious issues.

**Janusz Bugajski:** Sometimes we miss the opportunity to remain quiet, right. Two more people and whoever else can jump in, we'll take a bunch of questions and then throw it open to all the panelists.

**Question:** Vlad Spanu, Moldova Foundation: My question is about the OSCE. Quite a few panelists apprised the OSCE and when you asked those who were affected by changes of the OSCE over the last 30 years, you will hear quite different views, and I am speaking about both think-tanks in Eastern Europe and governments. They will not challenge what you said about the role of OSCE in monitoring elections and building democratic institutions, which is true. They would challenge you about the role of OSCE in frozen conflicts.

They would see OSCE as an inefficient mechanism to solve the frozen conflicts. And if so, my question is if you see it this way and if you do, why put so much functions on the OSCE's shoulders when solving conflicts in Georgia and Azerbaijan and Moldova? Why not put in these functions on other mechanisms, and there are other mechanisms, and the EU and U.S. just jumped in trying to solve this conflict? Thanks.

**Question - Male Voice:** In regard also to the European countries, if, again if you weren't diplomats but if you were asked what pressures are you feeling that you would like to see removed for easier transatlantic relations, would it be something to do with American policies and politics? Would it be something to do with the purchasing and transport of energy, gas, oil and so forth from the East and from the West? Or would it be something else? Is there something that you feel is the most significant issue to overcome?

**Janusz Bugajski:** Any more questions anybody want to throw in before we turn it back for a final round for the panel? Okay, where should we begin. Maybe Angelos.

**Angelos Pangratis:** Let me make a few comments on some previous questions briefly, mainly on European and EU aspects. On the question, the first question that was put on interplay between domestic policies and enlargement really, I think there is a key evolution. The world has changed; the EU world has changed from this point of view, since the two referenda of course. With the vote of the French and the Dutch and the fact that we will have referenda for approval of possibly of further, certainly, of further enlargements, I think there is a link, a direct link, between the public opinion of the existing member states and the enlargement. And so the link between domestic policies and enlargement is stronger than ever. I think we really changed something fundamentally there.

One comment also about the debate - when will we have a real debate about the enlargement to Turkey. Two comments for that; first of all we need to understand a little of the nature of the EU process really. First, if you see all the important steps of expansion, integration of the EU, you will see that there is never Plan B. We didn't have it for the constitution, there was no Plan B. We didn't have it in any significant step of the European integration.

When we started [unclear] with our currencies, we didn't talk about the common currency, it would have been a disaster. When we planned the large or the previous enlargements, the internal market and all important steps, every step is a challenge in itself. This is so important a challenge, and I would add that really for those who study the history of the EU, every step was an impossible step before it was realized, so having a Plan B would be an impossible strategy. So there again, there is no necessarily a Plan B ready, there is no Plan B ready and the process is step by step. There are things we'll deal with when we are there, so this debate will happen when the process is sufficiently mature and advanced.

On the point on the low socioeconomic development of the candidates; yes, well it's already the case. There are huge differences within the EU, there are huge differences between the member states within the EU. Who will pay? Big question. Pertinent question. But let's not forget, we're not talking about who will pay for the total development of the countries to the level of Germany or France or the UK or Ireland now, we're talking about the costs of the EU policies - there is a nuance which is important. You can have an EU space with very different socioeconomic states of development, and it's already the case, and it's already with this development it will certainly be more important the gap with the next development.

The same thing on the question of the free movement of labor. I think it's a very pertinent question. It's one key challenge that we are not there yet. I probably will limit myself to those comments.

**Janusz Bugajski:** Okay, two more diplomats. Alan, do you want to not be a diplomat for a minute?

**Alan Charlton:** I rather like being a diplomat, it is an honorable profession despite what some say [laughter]. Actually I was thinking of Lady [name unclear], I was looking at Eva, one of the lady diplomats I recall coming to Britain was Kathryn of Aragon who wanted to come and marry the then heir

to the throne and was extremely successful at it and started a tradition in our country. But going on to your questions, I would just like to say one thing about the freedom of labor point. And this exemplifies something that Angelos said, that European development is very much one step at a time, and if you looked at the whole possibilities, everyone would say well none of this could be done, this is all so huge how do you get from A to B? And the answer is you do it in a series of steps.

And free movement of labor has been an issue with every single enlargement, and there's been quite often transitional phases - there is with the present enlargement, with some countries are allowing free movement of labor, others are taking advantage of a transitional period. But it's all very clear, it goes there in the end, and it can be handled.

Looking at the questions that were thrown up later on, I'll take the second one first. What would make for better cooperation in Atlantic cooperation? Well I think actually it is the tasks of diplomats and administrations to focus not only on the things that are going very well, but the things which could go better, and it's no secret that there are some areas in Atlantic cooperation which are more successful than others.

I think, in particular, in my experience this year, over the British G-8 presidency. We chose two issues, climate change and Africa, which were not the most obvious issues if you were looking for immediate agreement on every single aspect between Europe and America, but they are two issues which are very important to both.

And I think we have managed to make some progress in creating more synergies over the year on those two issues without resolving every single issue that's between us. So, I think, what makes better cooperation is actually the, going back to the view that working together, the U.S. and the Europeans very often can achieve more than working separately. And I think that's precisely the starting point for the current Administration in the U.S., that they can achieve more in the world if they're working with the Europeans and vice versa, the Europeans with the United States.

And when asked to give an example of where this cooperation is working in practice, the one I always give nowadays because it's particularly close to my mind, is Iran, where the United States is taking the view that the European side, particularly the three European countries involved in the nuclear negotiations, should be taking the front role on that. And the United States has been extremely supportive. That wasn't necessarily going to be the case, say a year ago. It's been a matter of calculation and a lot of discussion between administrations concerned.

On the other point about why the OSCE is an instrument. The OSCE is one of the many instruments and it has had a lot of successes in the past. Of course it's self evident, one of its particular advantages is its membership. It has an inclusive membership including the U.S. and Canada and right over including Russia, and it's developed particular strong points in dealing with elections, democratic processes, transitional situations. Now, of course, as an organization it depends a great deal on consensus, and that's an issue obviously where there are going to be disagreements. But just because it's often very difficult doesn't mean it's not a good instrument, and sometimes it is necessary to mix instruments.

I think we've seen this in many areas, in the Balkans for example where the OSCE and the EU, and perhaps even NATO in some areas, have also been working together. So I think we have to see the OSCE as one instrument which is available, not the only one, but it had its particular strengths in the past. And I think it does so now as well.

**Eva Nowotny:** Thank you very much. I'm a very ambitious person. But one of the ambitions I've never had is to marry an heir to the throne [laughter]. In the years that I'd lived in London, there was still one available. But I'd never had that ambition. Otherwise, I agree completely with what Alan said, and I think if you look at the overall picture of relations between the European Union and the United States, even leaving aside some of my function as a diplomat, I think that in most areas it goes remarkably well. We have a lot of excellent cooperation in very significant fields where things develop without a hitch.

Of course, you get the occasional hiccup and that's not surprising because even among identical twins you can have the occasional problem, and we are after all different entities and different countries with different traditions and different viewpoints. So that's not necessarily, in my opinion, detrimental to finding a serious partnership and a good level to work from.

As far as the OSCE is concerned, I would say that the most important tool or instrument of power that the OSCE can bring to bear is peer pressure. And, of course, in every other respect they are completely powerless, but that they offer a forum where parties to a conflict can sit at least at the same table and occasionally talk to each or be talked to by others, can be already quite [unclear].

**Janusz Bugajski:** Thank you Eva. John and Valdimir, any last comments?

**John Van Oudenaren:** Well, I would just make one comment about, maybe it opens up too complex of an area, but I do want to get it on the table. I would be very cautious for the benefit of U.S.-European, U.S.-EU relations about going too far down the road of open-ended permanent privileged partnerships. I think countries, and it's almost going back to the old wisdom of the old GATT-47, countries either should be in or they should be out.

You know, we had the president of Bulgaria here last week and he seemed somewhat puzzled at the dismal state of U.S.-Bulgarian economic relations. Well, there's no mystery about it, because the reality is, is that under the Europe agreement what happens is you create a free trade agreement between Bulgaria and the EU as part of the transition process and you keep a very high level of Bulgarian discrimination against the rest of the world; which is fine as part of a 10-year or 12-year or whatever process of getting Bulgaria into the EU. But having countries half in and half out is going to be a recipe for nothing but trouble. Prody came out and said everything but institutions as if this was a good thing. It's a disaster.

It means that the countries that are out have taxation without any representation, they have to adopt the [unclear], but they have no share in making the [unclear]. They don't have recourse to the WTO or the various dispute resolution mechanisms, vis a vis the EU, you'll get these constant murky situations as we had on the ICC with Romania and Bulgaria as to whether these countries should be following the EU position or should be susceptible to U.S. pressures to follow another position. So I am very cautious

about going down this road of privileged partnerships.

I would rather say, have the EU say, okay these countries are going to be in, or this country is going to be in and it's going to take 10, 15 years, I think that's the absolute maximum, or they're not going to be in, in which case they fall back on other mechanisms - WTO, IMF, World Bank, NATO and so on. But combining the two is nothing but a recipe for trouble in U.S.-EU relations.

**Janusz Bugajski:** Thank you for that important point, John. Vladimir, any last comments?

**Vladimir Pasti:** Yes, just to emphasize the question that was raised here about social and economic development is defining perhaps a crucial problem for the future enlarged Europe, and I think it's significant to look at what's happening now in Germany. We all know that Germany put so much money and effort in order to attempt to integrate and to develop Eastern Germany, and yet now they have a significant problem there and German politics to an important extent are more or less linked to the [unclear] in former Eastern Germany. While, Eastern Germany was one of the most developed and advanced countries of the former Communist block.

Then the enlargement of Western Europe into the east meant that the developing Union integrated into countries that have less economic potential, and need much more help in order to reach that critical level wherefrom a country can start to develop by itself. Perhaps in this respect, in order to reduce the gaps that are, and perhaps will be, in the long term for some decades at least, from the Western-based part of what is the European Union, I think that in order to do that, European Union and the United States and the Atlantic community can cooperate perhaps better than they already did.

**Janusz Bugajski:** Okay, thank you very much. And Angelos has one more comment to close the show, so to speak.

**Angelos Pangratis:** Thank you. Just to, as I said, to have at least one disagreement during the debate, it makes the thing more interesting and more stimulating. I want to mark the point of disagreement with the comments of John really, because I think it's so fundamental, this idea that the positions of in and out are a disaster for the transatlantic relation, I think, is fundamentally, I would argue, exactly the opposite.

Let me add to that another small point of not complete agreement that I have that I didn't mention, when John you said about the complex plans for the Wider Europe, action plans for the countries. It's true that they are complex, but look at the challenge. Look at what we are trying to do, at what we are doing. You have a country, any country, which is in that process, all the candidates' countries, which needs profound reforms, we are talking about profoundly changing the political, institutional, legal, economic structures of a country. How do you do that really? You need to have a very ambitious plan detailed.

You need to be able to monitor, you don't say that's what we want to do, we'll be back in two years to tell you if you are good enough or not. We have developed a process where we say that's what you need to do and that's how we monitor. So you monitor all this, if you can do this in a simple way we are interested to know.

I think it is a very complex process, I accept, but because the challenge is quite unique and the history of the EU has shown that's how the machinery has functioned. It's a quite unique experience. In this same concept - that's what I am trying to say in my presentation, I think we need to see the march of Europe, the advancement of what is the EU, not only as the geographical barriers, but the projection of what are really values. And when you see that way what we do with the Neighborhood Policy, with all the neighbors, in fact, everything but institutions that means that this country makes huge progress in terms of fundamental reforms, in terms of fundamental reforms that project our values, which are the same core values I started out with when I started my small shop, because I believe this very much. If we project out core values, we build also the transatlantic relationship.

If we are successful in projecting through this, everything but the institutions, what we really believe what we need to project in this country, which is stabilizing democracy, which is building strong institutions, which is revitalizing their economy, building the market economy, building the foundations of what we need and we believe we want to see around the world. This certainly is not damaging to transatlantic relations - I would argue that it is exactly the opposite.

**Janusz Bugajski:** Well, I think that you've given proof that there's passion in the EU. John, I think at some point we have to have you both back to discuss this in more detail. I'd like to thank you all for coming. I've got no real conclusions. The only real conclusion I have is that regardless of the future, the EU and NATO, certainly the debate over both organizations and U.S.-Europe relations will continue to both deepen and widen. But thank you all for coming and see you all very soon. Watch this space. Thank you. [Applause]