Initiative for a Renewed Transatlantic Partnership

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Moment of Reflection, Commitment to Action

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Old Europe died in August 1914. For a new Europe to be born took time, much of it tragic. When that time finally came, the driving force was not a shared vision of a common future but a common appreciation of shared failures. Bidding farewell to a failed past started a process for which even its founding fathers could not imagine an end point until much later when, arguably, that process could no longer be reversed.

As later has moved closer to us, Europeans can reflect with much satisfaction over the achievements of the past decades. They have come a long way, and that way is best measured retroactively. But there is still a long way to go, and the will to proceed with Europe's "finality" has receded, and it may not be rekindled without a renewed vision of what Europe is, and a credible understanding of what it does and is capable of doing.

In the United States, the process of European integration has never been well understood, but the objective has been encouraged as a central feature of America's vision of Europe's future. In encouraging that vision, the U.S. intention was not to impose itself as a model or to secure a permanent control over a weak continent; rather, the intention was to help the Europeans make the needed commitments to master their past and, literally, change the course of their history.

Long past the Cold War, Americans, too, can reflect with much satisfaction over the achievements of the past decades. For some issues, U.S. relations with the European Union (EU) now matter even more than bilateral relations with any single EU member. But with such satisfaction also comes a bit of apprehension over what remains to be done to pursue a Euro-Atlantic finality that incorporates new modalities of U.S.-European relations for the organization of consultation, decisions for multilateral action, and the resolution of differences in the twice-changed security environment born out of the events of November 9, 1989 in Europe and September 11, 2001 in America.

General Framework of the EU and the EU-U.S. Partnership

"Europe," which has often been an issue in the United States, has now become a political issue in Europe—meaning that citizens, bottom up, feel ambivalent about it because they disagree over what it is, question what it does, neglect what it has achieved, and differ over what they want out of it next. That such would be the case at a time of high political volatility in each member state may help explain this public ambivalence: there is too much policy coming out of the Union, and too much politics out of its members.

- More must be done to explain the historic achievements of European policies that permitted the rise of the EU with a decisive assist from the United States. EU leaders must develop new inclusive ways to involve citizens in their institutional process, and unlike many of their predecessors newly elected national leaders need to adopt positive narratives about what the EU institutions do for and with their countries. In Brussels or in various national capitals, and for issues like the euro, services or enlargement, mini citizens' conventions organized by party groups represented in the European Parliament should air the people's legitimate concerns over past decisions and forthcoming action.

- More must be done, too, to address issues that European citizens care most about and cannot be effectively tackled by national governments—especially such non-economic issues as immigration and homeland security, which now condition the

citizens' perceptions of identity and security questions. Unless they understand the benefits of more integration the citizens of individual member-states will not retain or regain their will for more solidarity within an ever-closer community. These benefits have not only been poorly explained in recent years. They have been missing as the institutions of "Europe" often failed to deliver what each new initiative seemed to promise, and as the citizens thus failed to receive the benefits they had expected.

▪ More—much more—must also be done in the United States to explain past gains from, and current need for, the visionary policies that produced Europe's postwar transformation. The completion of a united, open, inclusive, democratic and strong Europe is not a U.S. responsibility, but it is a major U.S. interest to which the U.S. public and official commitment must remain unquestioned in Europe but also at home.

There is too much policy coming out of the Union, and too much politics out of its members.

—About The EU…

1. The constitutional treaty is dead. Attempts to renegotiate it or revive it would raise serious questions of democratic legitimacy in some of the 16 countries that have already approved the treaty, or in the two countries that rejected it, or even in some of the seven countries whose response is still pending. Elements of the treaty can be salvaged, however—some informally and without much deliberation, and others within a new institutional treaty—including a slimmed down Commission and new voting rules, as well as a foreign minister and a thorough revision of the rotating Council presidency.

2. Opposition to the constitutional treaty did not threaten the EU itself. The two EU presidencies held after the French and Dutch referenda did much to dissipate the sense of a crisis or even that of a stall. Although there is some urgency in attending to the unfinished business of the Union, the European Commission should focus its efforts on a few issues that can permit specific deliverables without prolonged debates among or within member states on theoretical principles. Job markets, immigration and energy are on everyone's mind, and the EU must be seen to do something about these issues with public debates and specific proposals and approaches that citizens can join and understand.

3. As begun in 2005, with National Reform Programs underpinning a renewed Lisbon strategy, new initiatives with regard to growth, employment, and competitiveness should be left to each member state, until improved economic and political conditions permit a final turn to community-wide directives whose one-size-fits-all approach may not otherwise prove equally suitable for all. As each member asserts national ownership of the reforms it deems both desirable and possible, the European Commission will be most constructive if it encourages and coordinates exchanges among its members for selective benchmarking and best practices—with reference, for example, to distinctive approaches in some EU members that seek to reconcile a general need for adapting to the demands of globalization with a national predilection for retaining the state's social commitments. To these ends, a review of the deficit requirements mandated under the Stability and Growth Pact, in the direction of greater flexibility and minus the numerical targets, will better allow members to put their respective houses in order.

4. The case for flexible integration remains compelling: European integration has always moved at different speeds, creating partial communities within the emerging community. In the past, an unwritten assumption was for every member-state to share ultimately every aspect of EU life even if at first it did not or could not adopt all of the *acquis* and each new EU initiative. But for now and in the future, some possible benchmarks are needed to gauge a state's ability to embrace much of the EU order while remaining out of the EU institutions or joining those institutions one piece at a time only, on grounds of capabilities and relevance: for example, to achieve freer trade until it is entirely free, for progressive regulatory convergence, increasing cooperation on internal security, or for foreign policy coordination. Observer status in the Committee of Permanent Representatives (COREPER), or even ad hoc

participation in Councils of Ministers on issues for which they have particular relevance or interest should also be considered to reinforce the sense of institutional identity to neighboring countries that are not members, either not yet or not any time soon.

5. A re-launch of the EU institutions will not suffice without a re-founding of the European idea. "Europe" is not only a matter of facts and a matter of time, it is also a matter of feelings: To help generate such public feelings, a European holiday should be instituted on a day that EU citizens can all share for what it evokes of the past, as well as for what it says of the future. A small Euro-tax might also be considered for the explicit purpose of waging a European war on poverty across national or even regional lines, thus reinforcing the sense of solidarity that ought to exist among the citizens of the European Union. Convergence of legislative thinking and practices among the members, and between them and the Union, is also needed in order to give national debates the European frame that is currently lacking. Thus single issues could be debated on a single day in all member states, with active testimonies of relevant EU officials.

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…AND WITH THE U.S.

1. In the current political climate of economic nationalism, the failure of the Doha Round of trade negotiations could seriously disrupt the entire global trading system. Coordinated U.S.-EU pressure should be exerted on significant third countries to adapt their positions while Euro-Atlantic compromises needed for an agreement continue to be sought by both the United States and the European Union. An agreement seemingly achieved on the basis of coordinated U.S.-EU action would have considerable value even if the agreement does not meet the early expectations of the Trade Round. Meantime, a Task Force should be put in place to prepare for the contingency, and contain the consequences of failure on U.S.-EU trade and investment relations. The European Commission requires more negotiating flexibility, akin to the "fast track" authority that the U.S. Congress has given the executive branch on trade matters. Admittedly, such a step would not be easy, given some members' lack of confidence in the Commission over such key issues as agriculture, for example. But as these issues, including the Common Agricultural Policy, are debated in a broad EU context, the boundaries of mistrust are likely to recede.

2. Past Doha, EU-U.S. cooperation is needed to influence China. In addition to ongoing efforts to coordinate their respective messages on Chinese protection of foreign companies' intellectual property, opportunities for cooperation exist on state aids, market access, dumping, and developing a more transparent and open financial market. The common goal is not to isolate China but to urge it to behave as a full time economic stakeholder in the global marketplace. The global competitive market system will not be sustainable and mutually beneficial without a globally institutionalized mechanism explicitly designed to protect it—but no such mechanism can emerge without a joint U.S.-EU effort to that end, including coordinated or parallel but unambiguous advocacy of a quick appreciation of the Chinese and other Asian currencies.

3. Whether new mechanisms must also be put in place to allow direct consultation between the United States and the European Union can be argued. The United States government takes the European Union seriously—often more than it tells its own constituencies: Already, there are over three dozen U.S.-EU agreements and at least 15 regulatory agreements that produce daily meetings and repeated conversations between relevant officials on most issues of concern on either side of the Atlantic. But the United States, too, deserves to be taken seriously by the European Union: for example, U.S. participation in the opening dinner held for one of the two yearly European summits that conclude each EU presidency would complement usefully the annual summit meetings between the U.S. president and his counterparts from the EU Council and Commission.

4. A Transatlantic Market, which has been repeatedly proposed by some in the European Parliament and the U.S. Congress, as well as by leading experts and corporate leaders, must be completed. The two sides need to single out the critical non-tariff barriers to transatlantic trade and investment, and pick a target date—say, 2014—for their removal, which will help establish the non-partisan legitimacy of this goal. Also on the EU and U.S.-EU agenda of desirable deliverables as intermediate targets for priority goals are advances in developing an integrated European capital market, closer relations between the ECB and the Fed, steps toward accounting equivalency, fuller convergence of regulatory practices, and more. In each of these areas, there is plenty for the EU to do, and much for the United States to contribute. Closer to us, however, nothing that the United States does might better serve the tone and substance of its relations with the EU than an ability to put its own economic house in order—including reducing its budget deficit and current accounts deficit so as to relieve pressure on the euro, even as the EU assumes its part of the bargain by taking the measures needed to overcome its own structural obstacles to robust and sustainable growth.

5. In March 2007, the fiftieth anniversary of the Rome Treaty will offer an historic opportunity to sign a new Euro-Atlantic Partnership Agreement designed to elevate the partnership from a community of converging concerns, compatible values, and overlapping interests into a community of action for cooperation on behalf of global prosperity and security. However, the celebration of the EU and its partnership with the United States must not take place at the expense of European countries that are members of NATO but are not yet EU members. All 30 European countries that are in at least one of these two institutions should subscribe to a Euro-Atlantic Partnership Agreement with the United States, with the understanding that future members of either institution will also be invited to sign.

IS BIGGER BETTER?

There is little left of Old Europe, but there is still much to be done in and for the new Europe, by the EU and with the United States. History, as well as geography, gives the 25 EU members a responsibility in extending their Union in Europe as far as it can go while respecting the will of its people, the identity of its members, and the efficacy of its institutions. While the tone and substance of U.S.-EU and transatlantic relations have improved over the past 18 months, there is little room for complacency until the differences that prompted earlier divisions are addressed and resolved.

- The EU must be able to dialogue with the United States with a single coherent voice. There is now too much confusion from one EU body to the other, from the EU to its individual members, as well as between them. That no such voice can be articulated when its member states disagree is understood. But that no such voice can be heard even when there is agreement is what needs to be corrected, within the EU as well as between the EU and the United States. Only if and when the EU succeeds in addressing the United States with a collective will and common voice will the EU be able to play a role in the world that is commensurate with its power, interests, and saliency. This is a very important dimension of the post-constitutional phase of the EU institutional debate.

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- Enlargement to the East has been the most significant and successful EU foreign policy since the Cold War. For the EU to close the door on further enlargement permanently would waste or at least dilute its influence. That is especially true in the Balkans, but it is also true in former Soviet republics where the transformational power of the European Neighborhood Policy (ENP), or even the enticing prospects of regional economic areas, is unlikely to suffice to stabilize democracy in Ukraine, end conflicts in Moldova, or solve current difficulties with Belarus. Membership is not everything, however, and applicant countries have the responsibility to implement the terms of their Association Agreements not only because it may be a path to membership over time but

also because it is a chosen path to reform and renewal in the meantime.

▪ Entering the twenty-first century the Greater Middle East stands where Europe used to stand during the past century. There can be no order in the world without order within that region, but there can be no order within that region without effective and coordinated contributions by the United States and the EU. The effective U.S.-EU cooperation in Iran suggests that the lessons of past discord over Iraq were learned well on both sides of the Atlantic and all sides of Europe. Sustaining that cooperation will be a decisive test of the U.S.-EU and transatlantic partnership in coming years.

—About The EU and With The U.S.

1. EU negotiations with Turkey will be contentious and long. There will be instances when the temptation to end the negotiations will seem irresistible. Yet for the EU to say No to Turkey, or for Turkey to say No to the EU, would be fraught with consequences for all, especially if such an outcome were to occur abruptly and without alternative plans for another kind of association. While it is appropriate for the United States to state its preferences about a key NATO ally, Turkey's membership in the Union is not America's business and perceptions of U.S. interference are disruptive. Outside Turkey, and into the other EU "neighborhoods," prospects for quick membership are dim, especially pending resolution of the Turkish bid. Promises to open EU markets to non-members' exports, release EU assistance for the more needy non-members, and extend other forms of privileged relations with states that respond to basic humanitarian norms will still provide enough political leverage to encourage genuine economic and institutional reforms, as well as credible political practices within these countries.

There can be no order within the Middle East without effective and coordinated contributions by the United States and the EU.

2. Whether, and if so how and when, the EU will develop a common security and defense policy can be argued by the EU members, but it is not an issue that the United States can resolve, even though it is one of significant U.S. interest and one, therefore, about which the United States can state its preferences. EU members should at least aim to increase their defense expenditures to keep up with inflation. Emphasis should be placed on procurement and research and development, including minimum targets for national budgets, as well as cross-border cooperation, including the development of niche capabilities. The European Defense Agency can be an effective tool for coordination, but in an enlarged Union the lead may have to be assumed by a few members with key capabilities and expertise. As with NATO, EU Defense Ministers should have their own "inter-ministerial" and the 25 EU Defense Ministers should start at the earliest possible time to develop a Joint Strategic Concept. The High Authority should also have a deputy for defense issues, who would be the EU representative at such meetings—including the EU and NATO inter-ministerial.

3. With EU (or NATO) membership for Russia not an option, the G-8 is the body best suited for an "integrated" Euro-Atlantic approach to this country—meaning one that involves both relevant institutions and their individual members. More and better coordination between the European Union and the U.S.—a Euro-Atlantic Ostpolitik—would help avoid a wedge within Europe and between the two sides of the Atlantic over Russia's status and role in and beyond Europe. In this context, it is not too early to point to the next G-8 meeting, in June 2007, as an important moment in Russia's relations with its European neighbors and the United States, one year before Russia's presidential election. At the very least, Russia should have ratified and implemented the Energy Charter Treaty prior to next year's G-8 meeting, and EU countries that are not yet members of the International Energy Agency should be eased into the Agency at the earliest possible time. Outside Russia, but with regard to states most affected by it, there are many other specific areas for U.S.-EU cooperation, including a coordinated effort designed to prepare Ukraine for its integration into Euro-Atlantic relations (including NATO membership), active and open support for Georgia's territorial integrity and stability;

and strong joint diplomatic signals of disapproval toward the current regime in Belarus, and, broadly, more reliance on integrated packages that combine EU and bilateral aid.

4. At a time of considerable volatility, joint contingency planning on a wide range of issues is essential. Single events are not predictable, but the broad consequences of these events can be anticipated and planned accordingly—major terrorist attacks, natural disasters, severe energy shortages, territorial conflicts, and more (or worse). This contingency planning should involve specific U.S. and EU outside groups (think tanks and universities) with specialist knowledge, access to relevant national and EU agency, and the ability to reach across constituencies and across borders. Formal and informal networks are also needed to permit earlier coordination of U.S. and EU policies and strategies prior to the next round of trade negotiations, as is common bilateral practice. Such meetings should be developed as a genuine forum for contingency planning on foreign and security policy issues of immediate concern. A Euro-Atlantic Council of Experts might gather relevant EU and U.S. officials to follow up on those discussions, and act as an early warning system before such meetings. A Legislative Washington Forum, with a small staff and an executive secretary, should facilitate new linkages between members of the U.S. Congress and European Parliament members, including Joint Hearings on issues of shared interest.

5. Cooperation between the U.S. and the EU is necessary but it can rarely be sufficient. Depending on the issue, U.S.-EU cooperation will therefore be reinforced by engaging other multilateral institutions like the G-8 (for example, to address jointly the threat of weapons of mass destruction), or the G-20, the World Bank, and the International Monetary Fund, as well as the OECD and the OSCE (the only institution where are found all NATO and EU members, together with European non-members of either institution). The United States and the EU should work together to improve the UN's capabilities—in addition to reforming its structures—to handle larger peacekeeping and peacemaking contingencies.

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