

# **The New Transatlantic Strategic Framework**

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## ***Transatlantic Strategy Group on Security and on Economics, Finance and Trade***

Discussion Outline and Follow-up topics

***Short Version***

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### ***Transatlantic security***

1. Throughout its history, the Atlantic Alliance depended on and drew strength from American leadership. With the election of President George W. Bush, however, Washington ceased to provide the same sort of Alliance leadership it had in the past. There is no longer agreement between the Euro-Atlantic partners on the fundamental nature of the security problems we face.
2. NATO's character has changed from a collective defense organization to a collective security organization. That is no reason to give up on NATO. What is needed now is a new approach to the central security issues of our day.
3. Military intervention in Iraq serves a catalyst to promote the emergence of a new global security system. The differences of opinion between Europe and the United States are deeper than is commonly assumed. It would be wrong to suppose that a resolution of the quarrels over Iraq would remove the sources of tension, rebuild confidence or restore comity between the alliance partners.
4. Europe's failure to move closer to a common foreign and security policy served as a welcome alibi for a short-sighted US policy directed toward the formation of "coalitions of the willing" outside the Alliance rather than seek consensus within the Alliance. Europe's weakness is the greatest deficiency in European-American relations.
5. America's dilemma lies in the underlying weaknesses of both the unilateralist and the multilateralist approaches. President Bush's dilemma is that he likely recognises that his instincts for unilateralist action cannot sustain victory over the long run, but his need to establish a broader, more multilateral foundation rests on a weak institutional framework.
6. America's power cannot be sustained in all places all the time. There is a sustainable dimension to the future, which rests on improving the authority of those multilateral institutions within which the USA and the EU may embed their own security needs.

### ***What needs to be done?***

1. The North Atlantic Treaty Organisation must once again become the main framework for addressing security questions that affect all Alliance members. A strategy aimed at forming "coalitions of the willing," mainly with countries outside the Alliance, must be forestalled.
2. Before NATO-enlargement can proceed, the following questions must first be addressed: What purpose does the Atlantic Alliance serve? How should it be structured and what means should be placed at its disposal? NATO reform initiatives include:
  - 2.1. Military restructuring: This must take into account not so much new technologies but the way in which force can be exercised in a much more efficient and much less costly way.
  - 2.2. Institutional reform: Efforts in this regard should comprise the 400 committees as well as structures in Brussels more generally.
3. The Alliance should maintain the kind of basic structure that allows for the formation of "coalitions of the willing" while simultaneously insuring the continued viability of the overall Alliance framework.
4. It is crucial for both the Americans and the Europeans to recognise the importance of a united European position. Entry into the European Union should be made dependent on the principle that contributions to the Alliance be channelled through the Union's common foreign and security policy.
5. Europe must re-examine current practices in three main areas:
  - a) Europe fails to think strategically.
  - b) Europe lacks the institutions needed to shape its strategic thinking.
  - c) European member states have failed to routinely exchange their assessments of existing threats or to pool their resources and capabilities.One recommendation calls for the creation of a "national security advisor" as one means of shaping strategic thinking within national governments.
6. Europe needs an engine for CFSP: It needs to recognise the indivisibility of its security. It needs to tackle the enormous duplication that exists in territorial defence. It needs to pool its defense resources and reinvest the resources freed up thereby in those areas where there exists a more urgent need.

### ***Russia and the West***

1. With regard to Russia, there are already signs of a convergence of interests -- in closer economic cooperation, for example, in particular as relates to energy supply. There is a convergence of Russian economic with Western/Euro-American strategic interests.
2. Another trend lies in ever closer cooperation with Russia on the «war against terrorism» and assuring «global security». The question remains, however, whether the underlying conceptual basis, namely a common understanding of the nature, scope and duration of this war, the

definition of «terrorism» and, more broadly, the organization or defense of international security, is solid and durable enough to underpin and possibly institutionalize NATO-Russian and/or US-Russian cooperation.

3. How should Russia's role be defined as common interests between Russia and the West continue growing? Several propositions:
  - 3.1. Russia is still capable of or at least willing to act as more than just a "European power".
  - 3.2. The European Union's relationship with Russia has not yet been fully clarified, especially as regards its institutional associations with Russia, on the one hand, and the United States on the other. Russia's relationship with Europe is perhaps more pragmatic in nature, especially as relates to economic cooperation. Its relations with the US, by contrast, are more strategic in character.
4. Russia needs help to reform its economy. Some suggestions:
  - 4.1. WTO membership could serve as a spur to Russian economy development.
  - 4.2. A Free Trade Agreement/Area with the EU could also promote economic development.
  - 4.3. Russia should not only be a member of the G8 Head of Government process, but also a full member of the G7 Finance Minister process.

### ***Economics, Finance and Trade***

1. The U.S. and Europe face enormous challenges to their efforts to provide global economic leadership: They must restore confidence, stimulate growth and lead the world economy in new directions.
2. Greater attention must be given to the interrelationship between economic policy and international security. Fiscal and monetary policies are moving in different directions on each side of the Atlantic.
3. Clearly, geo-politics exercise a significant influence on consumer confidence. The price of oil is greatly influenced by international developments.
4. Through the proposed G2 strategic management framework, an opportunity exists for the transatlantic partners and the G7 to compensate for the tensions, disagreements, and lack of joint action in foreign and security policies by intensifying cooperation on a well-defined set of economic and financial issues – with the aim of promoting increased economic and financial stability in an uncertain world.
5. The G2 concept is meant to work on the basis of variable geometry, of concentric circles, meaning that in areas like trade, where Europe speaks with one voice, a G2 can work quite well. Competition policy is another area in which the G2 could work. The G7 would continue to exist.
6. This G2 variable geometry would work nicely in the new Post-Convention Europe – whether on matters relating to the environment or on macro policy formulation beyond trade and competition.
7. In sum, the economic agenda could take the lead in some respects in this relationship between security and economic agenda. A new initiative for transatlantic relations requires a new conceptual framework: Economic issues are too important to be left solely to government bureaucrats directly responsible for economic policy. They must be dealt with and given impetus by the political leadership itself.

### ***The G2 concept***

1. The next action steps will involve exploring how the G2 works in practice on a couple of specific issues:
  - 1.1. Trade: De facto, a G2 approach already exists, but has not yet been institutionalised. Efforts should be made to build on the Zoellick-Lamy relationship in order to institutionalise the G2 approach on matters relating to trade.
  - 1.2. Regulatory convergence and corporate governance: Several working groups have been established, but nothing cohesive or G2-oriented has yet emerged.
2. One concept suggested the G2 act as a caucus rather than as a distinct institution. While setting aside for the moment the question of what constitutes "Europe" and who speaks for it, the US and Europe should try to coordinate action between themselves on a number of specific issues.
3. The Strategy Group on Economics identified three additional topics that it will commission papers on, with the aim of determining whether similar strategies could be employed. All three topics include both security and economic dimensions:
  - 3.1. Energy policy;
  - 3.2. Environmental policy; and
  - 3.3. Migration, including demographics.

Joint or cooperative action on corporate governance issues offers an illustration of what could be done by an effective G2. One might refer to the program needed as: "creating a Transatlantic financial market".

### ***Implications for Reconstructing the Transatlantic Relationship***

During the Miami meeting, the Transatlantic Strategy Groups dealt with a long list of issues: NATO and global security, Russia, trade, corporate governance/regulatory convergence, international accounting standards. The overarching idea being examined is that of a G2 aimed at advancing the transatlantic agenda more aggressively by means of greater networking. It could bring Europe closer to speaking with one voice and prevent the US from acting unilaterally. This G2 concept should obviously not come at the expense of other groups. It should be pursued inclusively rather than exclusively.

The next meeting of the Transatlantic Strategy Groups should focus on three principle issues:

1. Security following the war with Iraq, in which the question will need to be addressed whether existing institutions still have a role to play, or whether new institutions, new mechanisms, and new procedures are needed.
2. The European Union's role in foreign and security affairs. Suggestions for a core Union will certainly not suffice to deal with the problems at hand and will therefore require further deliberation.
3. What does this mean to prospective EU/NATO members? How do they interpret current developments?

The key question the two groups have to work on is how to keep transatlantic relations vital. Both groups have contributed a great deal toward defining the problem. The second step will be to define the criteria for solutions. The third step, then, will be to develop strategies to overcome existing problems. One important suggestion was to overcome problems on the security side through closer cooperation in economics, finance and trade, on the basis of an institutionalised G2 approach. This idea should be developed further at our next meeting.

### **Agenda items for the next meeting:**

1. *War in Iraq*: The US and the EU must prepare for the aftermath of the War in Iraq.
2. *International Security*: The new dimensions of international security and Europe's role in shaping the international security environment forces Europe to initiate a strategic debate about its future role in world affairs.
3. *Russia*: Russia's interest in integration into the West, NATO, and possibly the EU. Russia and the West need to identify common goals, common challenges, common interests and common principles that can be used for a successful integration of Russia in all these frameworks.
4. *The next transatlantic generation*: The coming generation of leaders can already be identified. The Transatlantic Strategy Groups need to look systematically at those most likely to assume positions of responsibility in the coming years.