Partners in Frustration:

Europe, the United States and the Broader Middle East

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Foreword

Since the end of the Cold War, events in the broader Middle East have increasingly become the principal determinants of the state of the transatlantic relationship. But even though the strategic center of gravity for the transatlantic allies has shifted to the Middle East region, the challenges the allies face there have not yet galvanized the kind of strategic dialogue and common response that the threat from Soviet communism forged in earlier decades. And during 2002 and 2003, the U.S.-led campaign in Iraq caused the most serious transatlantic rift for many years, if not in the entire post-World War II period.

Against this background, the Atlantic Council thought it timely to send a delegation of U.S. experts on the Middle East and the transatlantic relationship to several European capitals in July 2004 as the basis for an assessment of the prospects of closer cooperation among the allies on Middle East issues in the coming years. This delegation followed on an earlier one that undertook a similar task in the summer of 2002. It seemed especially useful to go to Europe again for this purpose having in mind that a new U.S. administration will take office in January 2005, whether under a reelected President George W. Bush or a newly elected President John F. Kerry. Accordingly, the authors of this report visited successively Paris, Berlin, Brussels and London for meetings with government, EU and NATO officials and experts outside governments on the whole range of issues presented by the broader Middle East.

This report presents the assessment, conclusions and recommendations of the group. The report reflects the consensus of the views of the members of the group, although not every member of the group would necessarily subscribe to every judgment in the report. (Christopher Caldwell participated in the delegation's meetings in Europe, but chose not to take part in the preparation of this report.) Nor does the report necessarily represent the views of the Atlantic Council as an institution or of any of the project's sponsors. The Council greatly appreciates the commitment of the members of the delegation to the project and their contributions to this report. I would also like to thank Sara Tesorieri of the Council's staff for all her able and imaginative support for the project and for the production of this report.

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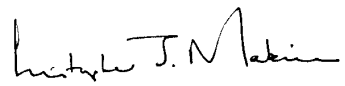

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Executive Summary

Priorities and Perceptions

Europeans and Americans view the Middle East through historical lenses of different hues. Their different experiences of the region and differing priorities and interests greatly contributed to the transatlantic rift over the war in Iraq and other issues in 2003. During 2004, however, there have been some more hopeful signs of potential transatlantic rapprochement over the broader Middle East. The prospective advantages of closer U.S.-European cooperation on the Middle East remain enormous. With a new U.S. administration due to take office in January 2005, it is timely to review the prospects for such cooperation.

European Attitudes Toward the Problems of the Middle East

There is no single "European" view, any more than there is a single U.S. view, on most of these issues. But a range of perspectives is frequently encountered among knowledgeable Europeans that is likely to shape the policies of different European governments and the European Union (EU).

The Future of Iraq. Despite continuing reservations about U.S. policy, there is virtually unanimous agreement in Europe that ensuring the best possible future for Iraq is critical for both Europeans and Americans. But European governments will not merely underwrite U.S. preferences going forward. Many are skeptical as to whether the U.S. objective of a democratically elected government in Iraq is sustainable and would not be too dismayed by the return of a moderate, secular Iraqi strongman. Nevertheless, they are willing to provide reconstruction assistance. Europeans also believe that a new regional security arrangement is needed in the Gulf. This may be an area for constructive European policy in cooperation with the United States.

Iran. Developments concerning Iran worry European governments greatly, not least because their own policy initiative of the past year is in question. They believe this initiative has brought several benefits, but that the outlook is not encouraging. Nevertheless, Europeans generally think that the current policy toward Iran needs to be played out a little longer and that at some stage the United States should work alongside the Europeans to offer incentives for Iran to come to an agreement that would avert Iran's acquisition of nuclear weapons. Many Europeans recognize that it may be necessary to impose UN sanctions on Iran. But they would be more likely to support this if the United States had made every effort, including through direct engagement with Iran, to avoid the necessity for such sanctions.

Saudi Arabia. The level of concern in Europe about developments in Saudi Arabia is unusually high. Most Europeans believe that the situation calls for a more active transatlantic dialogue about possible contingencies and complain about the lack of U.S. responsiveness to the idea of such a dialogue. Change is coming in Saudi Arabia, they believe, and the United States and European countries need to prepare for it together.

The Israel-Palestine Problem. European frustration at what they see as recent U.S. reluctance to engage actively with promoting an Israeli-Palestinian peace process, and at the Bush administration's close embrace of Israeli Prime Minister Sharon's government, remains the most persistent corrosive in transatlantic relations. European and U.S. public attitudes toward this issue differ substantially. The immediate policy issue concerns the Israeli plan to withdraw from Gaza, which Europeans, sometimes reluctantly, accept as, *de facto*, the inevitable first step toward reviving the peace process. Europeans' primary concern is to ensure that the withdrawal is a door to the next stage in the peace process, rather than a roadblock in the path. They believe this requires that a politically and economically viable entity emerges in Gaza. Europeans are well aware that the EU will be expected to finance important aspects of the establishment of a self-administering Gaza. This expectation underlies European frustration that Israel refuses to deal with them through the "Quartet" and that the United States has not insisted that Israel do so. Europeans support political reform on the Palestinian side and are willing to play their part in promoting such reform. For the longer term, Europeans remain wedded to the type of two-state solution implied by the Quartet's roadmap, but are concerned that time is running out on the feasibility of such a two-state solution and worry that U.S. support for it could fade.

The Broader Middle East and North Africa Initiative (BMENA). Europeans were initially skeptical about the Bush administration's Greater Middle East Initiative (GMEI), but were willing to accept the G-8 summit consensus in June 2004 primarily in an attempt to leave the disagreements of the previous year behind. European officials do not have high expectations of the initiative's outcome and are putting much greater emphasis on the EU's parallel European Neighborhood Policy. They think, with some justice, that their experience and knowledge of these countries is at least as great and relevant to policy as that of the United States. European officials concede that the U.S. emphasis on democratization has forced them to reconsider the rather modest political dimension of the EU's policies. But they question

how the United States intends to pursue democratization in countries like Egypt and Saudi Arabia. They also have special concerns about Syria and Lebanon.

The Istanbul Cooperation Initiative launched at the NATO summit in June to create security partnerships between the Alliance and countries in the Middle East and the Gulf evoked varying reactions in Europe. Most Europeans accept that any new approach to the Middle East does need a security dimension of the kind that NATO is well equipped to manage.

The "War" Against Terrorism. Europeans generally remain reluctant to talk of a "war" against terrorism and believe that greater prominence should be given to dealing with the "root causes" of terrorism. There has been some convergence of thinking on this subject on the two sides of the Atlantic, while practical cooperation among the police, law enforcement and intelligence authorities in Europe and the United States reflects a common view that a firm hand against terrorists is essential. But significant differences of approach remain.

Prospects for Transatlantic Cooperation

The summits of June 2004 represented the culmination of a period in which the United States and its European allies worked hard to create at least the impression that a new prospect of transatlantic cooperation on Middle East issues had opened.

How much importance do the governments on the two sides of the Atlantic attach to achieving such cooperation and how persuaded are they that those on the other side wish to achieve it? The legacy of the past two years does not leave great room for encouragement. Most Europeans see little sign that the Bush administration is yet prepared to engage in the kind of strategic dialogue and joint decision making on the key issues in the region that they believe are the essential basis for closer cooperation. And from a U.S. point of view it is far from clear that the situation in key European countries, especially France and Germany, and intra-European disagreements would permit such cooperation.

Through what institutions can closer cooperation be established and sustained? Here, too, the outlook is not encouraging. For different reasons, NATO and the U.S.-EU channel are unlikely to be acceptable and adequate mechanisms. Multiple channels will be required.

How will political developments and possible changes on the two sides of the ocean affect the prospects for transatlantic cooperation? A closer strategic dialogue with the United States would require the emergence of a consensus among the major European countries, notably Britain, France and Germany, on the key policy questions — a prospect that remains remote. The chances that a new U.S. administration of either political stripe will transform transatlantic relations is not seen as great by most knowledgeable Europeans, although some have developed strong, and probably exaggerated, hopes for a Kerry administration's policies.

Although the prospects for an intensification of the transatlantic strategic dialogue and cooperation are not bright, in many respects the objective basis for such cooperation remains strong. On many of the critical issues the goals of the governments on both sides remain substantially similar. But there are serious differences of view both as to where the responsibility lies for the current deadlocks on many of these issues and as to the means to achieve these generally agreed goals. The most promising course at present is, therefore, for the allies to focus on practical, limited steps that they can take, either in cooperation or at least in a complementary but independent manner, that will tend to advance their common ends. It is hardly a heroic approach. But it has resulted in some movement away from the brink of transatlantic rupture.

Conclusions and Recommendations

The first requirement for closer transatlantic cooperation on Middle East issues is a more sustained and intense dialogue among the governments concerned in all available fora — bilateral and multilateral. To achieve this purpose, ***the new U.S. president should designate one or more special representatives to deal with Middle East affairs.*** The individuals concerned, who should have high public and political stature, should be responsible for policy development in Washington and consultations with allies and the countries of the region. Such an approach would facilitate the formulation of U.S. policy, speed the resolution of internal disputes within the administration and provide a channel for the badly needed strategic dialogue with key allies.

On Iran, the new administration needs to give the highest priority to a rigorous analysis of the realistic options for U.S. policy and their consequences. If, as we believe likely, such an analysis concludes that the United States should at least cautiously attempt to reengage directly with Iran on some key issues, notably Iran's nuclear program, terrorism and regional security, that reengagement should be closely coordinated in advance with the Euro 3 (France, Germany, and the U.K.) and the EU. This reengagement needs to be initiated as early as possible after the start of the new administration and should therefore be a priority for the transition team of whichever party will control the White House.

Europe and the United States, on an urgent basis, must also decide on contingency plans for dealing with the Iranian nuclear program if Iran is unable or unwilling to meet the requirements of the International Atomic Energy Agency. This should be first addressed by the United States and the Euro 3, rather than the EU. The options should include referring the Iranian transgressions to the UN Security Council with an agreement to lobby Russia and China intensely to prevent a veto. A range of sanctions must be contemplated.

The possible use of force must also be examined seriously. All-out military strikes seem highly improbable at this point, but must never be taken off the table. Equally important, the range of concessions (or carrots) the United States would be willing to give to Iran in exchange for better international behavior must be spelled out. The list should include the

removal of all U.S. economic sanctions and restrictions on Iran's access to concessional loans in foreign markets, in addition to assurances of recognition of the Islamic Republic and Iran's role as a leading power in the Gulf.

If the allies are to have the greatest prospect of achieving their goals, the Euro 3 and the U.S. administration must not allow any daylight between their negotiating positions. This is necessary not only to impress the Iranians, but also to bring along other EU members and to convince Russia and China that the Western allies are serious. In this regard, ***the United States and Europe should agree in early 2005 on a White Paper describing the strategic consequences for the region of an Iranian nuclear weapons capability and why Iran's recent behavior gives rise to such suspicion.***

On Iraq, the new U.S. President should consult early with the European countries and the Iraqi government on what the former are prepared to do in practical terms to assist in the reconstruction of the country in the light of the situation prevailing in early 2005. Few, if any, European countries are in a position either politically or logistically to send significant numbers of military forces to Iraq. There are, however, a host of other steps that they could take to assist in the reestablishment of security and in the economic and political development of Iraq. The U.S. approach to obtaining such assistance should be pragmatic. For example, the United States should not insist on the involvement of NATO if this stands in the way of practical action. Under either Bush or Kerry, an open-minded process of consultation with European governments in those areas they believe are conducive to a successful reconstruction of Iraq should elicit considerable assistance.

On Saudi Arabia, there is little in practical terms that can be done through transatlantic cooperation at present. But the consequences of an internal crisis in the country are such that an ongoing transatlantic dialogue about the potential contingencies and their implications would be well worth while. This discussion would necessarily have to take place in an extremely limited and confidential setting, probably at high levels.

Even more importantly, there needs to be transatlantic cooperation relating to possible developments in international oil markets. The prospect of a period of unsettled politics in Saudi Arabia underlies a growing sense in both the United States and Europe that more effective energy policies that can reduce international dependence on Saudi oil are essential. The negative impact of a prolonged period of high oil prices is something that neither the U.S. nor the European economies can afford. Consequently, the major oil-consuming economies should use the International Energy Agency as a forum for consultation about the outlook for the oil markets and possible Western responses and should review IEA plans for coping with a global energy shortage.

On the Israel-Palestine dispute, the new U.S. administration and European governments will have to agree to disagree on important aspects of policy. But although Europe and the United States have very different perspectives, they both share enormous stakes in the outcome of this conflict. The U.S. and European governments must work closely together to

assure that the Gaza withdrawal policies of the Sharon government are given the opportunity to succeed. But they should also explicitly recognize that they have a shared interest in ensuring that the Gaza plan is implemented in a way that offers the greatest hope of a viable political and economic system emerging in Gaza and the clearest possible link to further steps toward the two-state solution that has been repeatedly endorsed on both sides of the Atlantic.

Americans and Europeans need to engage in intensive discussions on the conditions for achieving both of these objectives and the respective roles that can be played by the United States and European countries, through the EU and individually, to bring about those conditions. Such discussions should include the nature and terms of an international presence that may be required in Gaza after an Israeli withdrawal to assist the Palestinian authorities in establishing themselves and to provide a degree of mutual assurance.

For this purpose, the mechanism of the Quartet can be of considerable value. The new U.S. administration should commit to using the Quartet as a primary venue for the necessary consultation and coordination and insist that Israel deal directly with the Quartet, initially with a view to maximizing the contribution that all its members can make to the success of the Gaza plan.

Israel's other neighbors remain important in this connection. The United States should take a lead in ensuring that Egypt's potential role in making a success of the Gaza withdrawal is fully exploited. On Syria and Lebanon, the United States should accept that, at this point in time, it has little leverage, but that European countries, particularly France, do have considerable influence, especially in Damascus.

On the Broader Middle East and North Africa Initiative, there is a need for much greater clarity across the Atlantic on how to strike the right balance between the ideal of political transformation and the reality of the strong Western and regional interest in stability. To this end, there needs to be a much more practical discussion on different possible approaches to political reform. As part of this process, governments need to take the greatest possible advantage of the assets of the non-governmental sectors on both sides of the Atlantic. The Forum for the Future could be a useful venue in which to coordinate these efforts. Much patient diplomacy will be needed by the new U.S. administration to achieve a balanced and realistic set of policies and to sell them both in the region and in Europe.

Developing effective security institutions and policies that are compatible with gradual democratization at the political level will be as important in the Middle East region as it has been in Central and Eastern Europe. Through the Partnership for Peace and the Membership Action Plans, NATO has evolved ways of promoting and fostering such policies and institutions in countries in which they do not have deep roots. ***The great promise of the Istanbul Cooperation Initiative is that it would offer to apply these same approaches in interested countries of the Broader Middle East.***

This will only occur if there is much closer cooperation between the EU and NATO. It should accordingly be a high priority for a new U.S. administration to work to overcome the reservations of those allies, notably France and Turkey, who for various reasons have resisted closer EU/NATO cooperation.

Unless the allied governments succeed in reestablishing a greater degree of at least tactical cooperation to replace the current stalemate, neither the United States nor its European allies are likely to advance their interests in the Middle East. ***The authors of this report remain persuaded that such closer cooperation is possible. We appeal to the governments to redouble their efforts to achieve it.***

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Introduction

In a 2002 report — *Elusive Partnership: U.S. and European Policies in the Near East and the Gulf*[1] — the Atlantic Council and the German Marshall Fund of the United States took stock of the range of challenges presented to the transatlantic allies in the Middle East and the Gulf and identified potential areas of policy cooperation between them. *Elusive Partnership* concluded that if governments on both sides of the Atlantic were willing to make the effort, there was a possibility of significant cooperation and complementarity of policy, to their mutual benefit, on many of the most pressing issues in the region.

The two years since that report was published have been a period of serious and sustained disagreement across the Atlantic, as well as within Europe, primarily as a consequence of U.S. policy toward Iraq. This disagreement has spilled over onto other issues, notably the U.S. proposal in early 2004 for a "Greater Middle East Initiative" and the management of relations with Iran. It has also heightened the longstanding transatlantic differences about the Israel-Palestine dispute. However, in preparation for the multiple summits of June 2004, a major effort was made on both sides of the Atlantic to narrow these differences and to develop a more cooperative approach to many of these issues, with some at least superficially encouraging results.

Against this backdrop, and with the prospect of a new U.S. administration taking office in January 2005, whether under a reelected President George W. Bush or under President John F. Kerry, it seemed timely to review the outlook for transatlantic cooperation on the broader Middle East. Accordingly, this report presents an assessment of this outlook, informed by intensive conversations the authors held with European officials and experts during July 2004 and by their knowledge and experience of the region and the transatlantic relationship.

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[1] The authors of *Elusive Partnership* were Rita Hauser, J. Robinson West, Marc C. Ginsberg, Geoffrey Kemp, Craig Kennedy, Christopher J. Makins, and James Steinberg. The report can be found at: http://www.acus.org/Publications/policypapers/TransatlanticRelations/Elusive_Partnership.pdf

Priorities and Perceptions

Europeans and Americans view the Middle East through historical lenses of rather different hues, a fact that colors the conclusions they draw about how best to deal with the challenges to their interests from developments in the region.

The United States approaches the region with the legacy of having been the principal Western ally of the House of Saud after the refoundation of Saudi Arabia early in the century, the leading promoter of the creation of the state of Israel after the Second World War, and the heir to many of the relationships left behind by the British and French empires as they withdrew from the region in the second half of the century, notably in Iran and the Gulf, but also to some extent in the Near East. More recently, the U.S. perception of the region has been acutely affected by being the principal Western target of both the Iranian Revolution after the fall of the Shah and al-Qaeda during the 1990s, leading up to the attacks on the United States in September 2001.

Europeans, by contrast, see the region in the light of an engagement that goes back well beyond that of the United States. They also have a sense of the proximity of the Middle East to Europe that has only grown more acute in recent years as a consequence of modern communications and increasing immigration from the region to European countries. This immigration has presented the formidable, and as yet largely unmet, challenges of assimilating into highly structured societies newcomers who are not always welcome and who have in some cases resisted assimilation.[2] As a consequence of that history, and especially the legacy of the former British and French imperial presence in the region, Europeans believe, with some justification, that they have a special concern for, and understanding of, Middle Eastern societies. But it is a concern tinged with the bitter memory of often violent imperial decline, the shame of the Holocaust and the legacy — for some of the major countries, at least — of having resisted the recognition of an independent Israeli state. As one consequence, Europeans are in general all too conscious of a decline of effective European influence in the region, a decline which the increasing activism of the European Union, through its Euro-Mediterranean Partnership, seeks, but has not yet been able, to reverse.

By the late 20th century, the consequence of these contrasting historical experiences had resulted in a situation in which the United States saw itself as the leading international force in the broader Middle East region, as elsewhere. Successive U.S. administrations felt a special responsibility for the formulation of policies in the Middle East that promoted U.S. interests and those of others as they interpreted them and for exerting the leadership and initiative

[2] This report does not deal at length with the impact of Europe's Arab and Muslim communities on the politics of different European countries. Suffice it to say that the oft-encountered U.S. view that European countries' supposed bias toward the Palestinians is a direct result of pressures or fears engendered by Arab minorities in Europe is as great a distortion as the oft-encountered European view that pressures from the U.S. Jewish community account for the strength of U.S. support for Israel. Europe's Arab minorities certainly increase the salience of the Middle East for European governments. But the basic attitudes and factors underlying the policies of those governments long predate the growth of Europe's Arab communities to their current size.

needed to implement those policies. By contrast, Europeans saw themselves as wielding less influence in the region than their historical engagement and continuing interests suggested they should have and compelled, however reluctantly, to accept that the United States generally held the high cards in terms of dealing with the region. As one consequence, many Europeans came to see their Middle East policy at least as much in terms of its impact on European relations with the United States as in terms of its impact on the region itself. As one prominent German expert put it, for many Europeans the debate in the spring of 2004 about the U.S. Greater Middle East Initiative was more about transatlantic psychotherapy than about regional reform.

The differing courses of the Iraq crises of 1990-1 and 2002-4 reflect this situation well. In 1990, Iraq's invasion of Kuwait was a clear violation of a widely recognized international principle of national integrity. A resolute response was supported not only by the states of the region, but also by the international community as a whole through the United Nations. In this situation, it was relatively easy for European countries to follow the leadership of the United States and participate actively in liberating Kuwait. During the remainder of the decade, the relatively hopeful state of the Middle East peace process following the Oslo agreements made European participation in a consensual Western policy toward Iraq easier and the U.S. willingness to accept a divergence in strategies toward Iran further smoothed the transatlantic relationship in dealing with the region.

In 2002, however, there was no such clear provocation from Iraq. Europeans had, largely without question, supported the U.S. overthrow of the Taliban regime in Afghanistan as a legitimate and necessary response to the terrorist attacks of September 2001. But the psychological impact of those attacks was quite different on the two sides of the Atlantic, with Europeans far less inclined to see all Middle East issues through the lens of counter-terrorism. This applied especially to the Israel-Palestine dispute, the course of which had become far less promising. Many Europeans were already critical of the new U.S. administration for having pulled back, at least temporarily, from the intense and direct engagement of its predecessor in the quest for a settlement and having come to see Palestinian attacks on Israel as morally equivalent to al-Qaeda's attacks against the West. They feared that an attack on Iraq would only exacerbate the Israel-Palestinian dispute.

Unlike Afghanistan, moreover, most Europeans did not see Iraq as a focal point of the international terrorist problem. They were skeptical of alleged links between al-Qaeda and Saddam Hussein and leery of the purported advantages of regime change in Iraq. And, while there was a division of opinion on how best to manage the Iraqi problem, many in Europe, led by the governments of France and Germany, believed that the question of Iraqi weapons of mass destruction (WMD) should continue to be handled through the United Nations and the International Atomic Energy Agency for a considerable period before any resort to military force.

Last, but not least, festering resentment about U.S. unwillingness to call on NATO for a larger role in Afghanistan after the allies invoked Article 5 of the Treaty in September 2001 meant

that several European countries were less inclined to follow a U.S. lead in Iraq about which they had reservations. The fact that the end of the Cold War was a decade in the past and that European integration had made rapid progress in the 1990s — notably with the creation, at least in principle, of a Common European Foreign and Security Policy — only reinforced this inclination. As a result, the U.S. attempt to forge a broad international coalition to confront Saddam Hussein in 2002 on the grounds that he was not cooperating with the United Nations resolutions on Iraqi disarmament met with far greater skepticism in several European capitals — and generally in European public opinion — than the earlier effort in 1990 and led to an open rift both within Europe and across the Atlantic in March 2003.

One important consequence of this disagreement over the 2003 Iraq war has been the hardening of European public opinion across most of the continent against the foreign policy of the Bush administration and against U.S. international leadership. Public opinion polls show unprecedentedly low levels of support for U.S. policy and leadership.[3] Support for the United States has fallen from 75 percent of the public in Britain in April 2002 to 58 percent in March 2004, according to a survey by the Pew Research Center. Support in Germany has fallen from 61 to 38 percent and in France from 63 to 37 percent. And only 30 percent of Europeans approved of the way Bush was handling international policy in the summer of 2003, compared with 60 percent of Americans, according to *Transatlantic Trends 2003* published by the German Marshall Fund of the United States. Moreover, only 45 percent of Europeans desired strong U.S. leadership in world affairs. Even those Europeans who were willing to give the United States the benefit of the doubt at the time of the war were deeply influenced by the failure to uncover WMD programs as promised by the U.S. and British governments and by the revelations about the U.S. treatment of detainees at the Abu Ghraib and other prisons in Iraq and at Guantanamo Bay.

There have been many cycles of anti-U.S. sentiment in Europe and they have historically all been reversed. But support for controversial U.S. initiatives by any European government at present requires the political courage to fly in the face of strong public sentiment. At a time at which incumbent governments seem especially vulnerable at the polls, this is a political fact of considerable importance.

There are, however, some more hopeful signs of potential transatlantic rapprochement over the Middle East. In particular, a number of European observers note that some of their governments increasingly recognize that Europe has no choice but to accept a higher degree of strategic responsibility in relation to the Middle East if it is to be in a position to protect its own interests effectively. As a result, the idea that Middle East policy can be dealt with largely as a function of transatlantic relations is giving way to a recognition that European governments will have to face the challenges to their interests in the region more directly.

[3] See *Transatlantic Trends 2003*: Washington DC: German Marshall Fund of the United States: September 2003 and A Year After the Iraq War: Washington DC: Pew Center for the Press and the Public: March 2004. The 2004 annual survey by the German Marshall Fund, which was published as this report went to press, confirmed these results and showed a further decline in European willingness to support U.S. global leadership.

Certainly, maintaining strong transatlantic ties will continue to be important, especially for the countries of Central and Southeastern Europe, for which the support of the United States since the end of the Cold War has been critical to their integration into the West. But a greater willingness to deal with problems in the Middle East more directly on their own terms and in relation to European interests may well make for a more constructive, if not necessarily easier, transatlantic dialogue.

As will be discussed in more detail later, the recent European approach to Iran and to the prospect of Israeli withdrawal from Gaza, as well as the EU's approach to the question of reform in the Middle East, reflect this recognition and move beyond the view of Middle East policy as transatlantic therapy. Europeans recognize that, irrespective of U.S. policy initiatives in the region, their future is embedded in the Middle East and that in the future they will ignore at their peril the strategic issues that have preoccupied U.S. administrations.

This more hopeful development is still in its early stages and may not result quickly, if at all, in a greater convergence of policy. Some Europeans have speculated that the strategic challenges emanating from the region could come to represent the kind of defining threat that the Soviet menace represented for the Alliance during the Cold War. But for the time being, the complex and diverse nature of those challenges and the different responses they have evoked in European countries and the United States have prevented their galvanizing an equivalent sustained and unified reaction on the part of the West. Nevertheless, even the current level of perception of shared challenges certainly lays a foundation for a more productive dialogue with the United States.

Finally, U.S. and European officials are aware that there is a connection between their disagreements over the Middle East and the health of the transatlantic relationship in other, quite unrelated sectors. Some knowledgeable people in and out of governments on both sides of the Atlantic seem willing to contemplate what several have described as the "end of the West" with comparative indifference. Some would even go so far as to welcome such a split as a means of avoiding a more extreme "conflict of civilizations" with the Islamic world — a confrontation that some Europeans see as already having been provoked by U.S. policy. But this go-it-alone policy is certainly not the dominant view across the range of informed opinion on either side of the Atlantic. For most European decision makers, and especially those in the new democracies of Central and Southeastern Europe, which are acutely aware of all the United States has done for them since the end of the Cold War, the prospective advantages of close U.S.-European cooperation remain enormous and the price paid for the transatlantic disagreement over Iraq has been unaccountably high.

European Attitudes Toward the Problems of the Middle East

Against this background the range of European attitudes toward the principal problems of the broader Middle East region can be assessed. This assessment will review in turn the problems in the Gulf region — Iran, Iraq and Saudi Arabia — and then turn to the Israel-Palestine problem, the question of promoting reform in the broader Middle East as a whole, and the general problem of confronting terrorism.

It should go without saying that there is no single "European" view on any of these issues, any more than there is a single U.S. view on most of them. The following assessment will attempt to present a range of the views that are most frequently encountered among knowledgeable Europeans, as well as the political dynamics that are likely to shape how these differing views are translated into the policies of different European governments and the European Union.

The Future of Iraq

Few issues in recent times have divided European governments as seriously as U.S. policy toward Iraq since late 2002. Those governments that took the lead in criticizing the Bush administration's war policy understandably feel that their judgments were borne out and see their views supported by public opinion. By contrast, even those who continue to support the U.S. policy tend to have considerable reservations about how the post-war reconstruction of the country has been managed and concerns that the mistakes made during that period make it difficult to salvage the essence of what they fought for.

Nevertheless, there is a virtually unanimous agreement in Europe that ensuring the best possible future for Iraq is critical for both Europeans and Americans. For the most part, European governments have resisted the temptation to rub U.S. noses in what Europeans see as mistaken judgments and have instead sought to play a constructive role in the political and economic development of the country. This has not, and will not, mean that they will be willing merely to underwrite U.S. preferences going forward. The French and Germans, in particular, see little to be gained for themselves or the situation in Iraq by subordinating their future efforts to a U.S. leadership that is seen by many Iraqis as the source of many of their country's current problems. And across the intra-European divide, there is considerable skepticism as to whether the U.S. objective of a democratically elected government in Iraq is sustainable.

For the time being, all Europeans accept that there is no alternative to supporting what one French official recently called the "Blackhimi" government in Iraq.[4] But they are not sanguine that this government will be able to survive and manage elections in its present form. French officials, in particular, are concerned that there is no agreed constitutional structure

[4] So called because it resulted from the joint efforts of Robert Blackwill of the U.S. National Security Staff and Lakhdar Brahimi of the United Nations.

for sharing power and resources among the three principal elements in Iraq — Shi'a, Sunni and Kurds — and that continued jockeying for power among these groups, all of which control armed militias capable of threatening public order, will require the invocation of the martial law powers that the government took almost immediately on entering office.

This prospect, and the fact that Iraqis are used to, and might welcome, a strongman at the helm of the ship of state, makes some Europeans think that Prime Minister Allawi will sooner or later face what one described as his "power moment." They see January 2005 as very soon to organize coherent elections. And they are, in any case, concerned about the electoral system that the United Nations has recommended for those elections, which they fear may not encourage the emergence of stable representative government. They think Iraq lacks the underpinnings of a credible democratic system. Political parties are weak and have little public support. These Europeans wonder whether, faced with a continuation of a pervasive insurrection, Allawi would be able to resist the temptation, familiar to him from his previous role in charge of security affairs, to assume direct control of the government and postpone the implementation of any real democratic system.

Many Europeans would not be too dismayed by the prospect of the return of a moderate, secular Iraqi strongman. They are not convinced that after the long night of the Saddam regime, Iraqis are ready to move directly to a fully democratic system. And many of them question what the United States itself would do in the event such a strongman emerged. They recognize the growing anti-war trend in U.S. public opinion and question whether the most likely path for a new administration of either party will not be to withdraw U.S. troops as fast as is reasonably possible. They are also uncertain as to how much more the U.S. body politic is prepared to pay in the quest for a truly democratic Iraq.

As a consequence of these concerns, those European governments which did not support the war see little reason to become directly associated with the implementation of U.S. policy, especially in the shadow of the Abu Ghraib scandal. Their reluctance to become directly associated with U.S. policy places severe constraints on their willingness to consider sending troops to Iraq even after the formation of the transitional government. But they are willing on a national basis and at the request of the Iraqi government to provide reconstruction assistance of various kinds. Thus, on the matter of the training of Iraqi security forces, the French and Germans would much prefer a set of national programs to a larger NATO program of the kind that the United States has been urging. While the French have agreed to a limited NATO role, they can be expected to continue to resist its expansion and subordination to U.S. military command and U.S. direction. At the same time, a more extensive EU role in the civilian reconstruction is by no means out of the question, at least if the security situation stabilizes sufficiently.

Even in those countries, notably Britain, in which the governments continue to support U.S. policy in Iraq, many officials and others harbor real concerns about the way in which the United States has managed the post-war phase of the crisis and about whether they should continue to follow the U.S. lead uncritically. There is no reason to think that the Blair

government will abandon its stance of public support for the United States on Iraq. But the British will maintain their position in the hopes that future decisions will be taken in a much more collegial manner than in the past, so that British and other reasonable European perspectives can be more fully accommodated. And even senior British officials warn that a new U.S. administration, especially a Democratic one, would be ill-advised to think that by adopting a more cooperative approach to Europe it will succeed in obtaining much additional help in dealing with the situation in Iraq.

One aspect of the Iraq situation that Europeans generally believe the United States has greatly neglected is the regional dimension. They believe that Iran has played its hand responsibly in Iraq, seeking to maintain its influence, but not attempting to make trouble for the coalition, if only because Iran has no interest in an unstable and ungovernable Iraq. On this point, Europeans generally differ from at least some elements of the U.S. administration that see Iran as preparing to exercise greater influence over Iraq through the Shi'a majority. Many European experts believe that the majority of Iraqi Shi'a do not accept Ayatollah Khomeini's concept of *velayat i-faqih* and that, of all the most likely political outcomes in Iraq, the Iranians would prefer a moderate secular regime with a Shi'a majority provided it was able to hold the country together. They note that the Iraqi Persians and the Iranian Arabs both remained loyal to their countries during the Iran-Iraq war in the 1980s and are unlikely to serve as a base for disruption in the future.

More broadly, however, Europeans believe that the gradual evolution of a new regional security arrangement in the Gulf will be important. They have therefore been encouraging the informal meetings of Iraq's neighbors that have been taking place since shortly before the war, which could become the kernel of a future regional security forum. In view of its policy on direct contacts with Iran, the United States is not in a strong position to take a lead in promoting such a regional security arrangement. And, in any case, the U.S. government has, in European eyes, not been particularly interested in doing so. This may be an area for constructive European policy in the future that would support shared objectives.

Despite all these reservations about U.S. policy in Iraq, however, few European officials or experts propose any convincing alternative approach. And any ideas they may have for different tactics are not well articulated or widely shared among European countries. Their ability to exercise significant influence over the U.S. administration is correspondingly diminished.

Iran

Developments in relations with Iran worry European governments greatly, not least because their own policy initiative of the past year is in question. Most European officials doubt whether any Iranian government will definitively renounce the development of a low enriched uranium fuel cycle and believe that Iran wishes to reach the threshold of having a nuclear weapons capability, even though it may stop short of crossing that threshold. This,

they believe, is a matter of national pride and technological achievement as much as a direct strategic requirement, but is nonetheless deeply entrenched in Iranian thinking. Europeans would be delighted if they could persuade the Iranians to suspend their fuel cycle programs indefinitely. But they are not optimistic that this is possible. They do, however, believe that there is a chance that Iran can be persuaded to ratify and implement the Additional Protocol with the International Atomic Energy Agency (IAEA), thus putting all their programs under international safeguards, and to address the IAEA's current concerns.

The fact that Iran is in a political transition following the victory of the "conservative" forces in the Majlis elections in February makes the situation all the more troubling. Many European experts see the results of those elections as an accurate reflection of Iranian opinion and believe that even had most of the "reform" candidates not been disqualified, the results for the reformers would not have been significantly better. But the new conservative Iranian politicians do not seem to have any clear economic or political agenda and are unlikely to be agents of economic or political change in the near future. And as Iran faces presidential elections in 2005, the political transition could be quite prolonged.

Few knowledgeable Europeans believe that Iran is in a pre-revolutionary situation or that there is likely to be significant internal dissent in the near future. They do not rule out that such pressures could build, especially in view of Iran's very high levels of unemployment and demographic pressures that suggest a need to create at least 800,000 new jobs a year. But they do not think that a political upheaval is likely or that it is a factor that is relevant in terms of U.S. and European policymaking toward Iran in the coming months. This is especially true because the high oil prices that are likely for some time to come have resulted in a doubling of Iran's oil revenues over the past five years, and provide the government with more economic room to maneuver.

More likely, in the prevailing European view, the conservative regime will show sufficient flexibility in accepting social change and in only loosely enforcing unpopular laws, such as those regulating women's dress, to limit the scope of active protest. As a result, many Europeans foresee a gradual consolidation of power by the conservative forces in Iran. This will probably mean that the Iranian government will not be in a position to take any major decisions, such as a decision to change the course of Iran's nuclear programs, for a year or more.

The three European governments — Britain, France and Germany — take some pride in the results of their initiative to engage Iran over the past year. They believe this initiative has brought about an "accidental" complementarity of policy with the U.S. administration, influential elements of which were opposed to such engagement, but were unable to impose their will for the time being. The "Euro 3" believe that their initiative has resulted in several benefits, notably the uncovering of a lot of information about Iranian nuclear programs that would not otherwise have been known and the preservation of unanimity in the IAEA that would not otherwise have been possible. They believe that the continuation of this policy will mean that Iran will have to accept real limits on its nuclear programs as a result of IAEA

inspections. And they see the maintenance of Western unanimity as critical in any eventual decision to refer the issue to the UN Security Council for the consideration of sanctions on Iran.

Nevertheless, the outlook is not encouraging in European eyes. The EU's original initiative had sought to offer Iran the advantages of a trade and cooperation agreement (TCA) linked to Iranian concessions on human rights and WMD issues. As that initiative progressed, Iranian behavior resulted in the stalling of the TCA negotiations and the EU's dialogue with Iran increasingly became concentrated on the nuclear issue, which limited the European bargaining position. European officials and experts know that the bargaining chips that the Iranians would be most likely to value — notably the promise of the lifting of U.S. sanctions, the flow of U.S. direct investment, support for Iranian membership in the WTO, the offer of security guarantees to the Islamic Republic and a recognition of Iran's leading role in the region — are not primarily in Europe's power to play and would require the participation of the United States in the negotiation. But European officials accept that a U.S. administration with a settled policy willing to engage with Iran is unlikely to materialize until the spring of 2005, at the earliest.

The European assessment of what the British-French-German initiative has achieved has merit. But there is another dimension of this policy that is very much in evidence. As a French expert put it recently, there are three reasons to like their policy and to stick with it: it is the first time the Euro 3 have acted together; they are doing it in the name of Europe and the other European countries accept this; and it is one Middle East issue on which Europe can ease the burden of leadership on the United States. Moreover, the fact that it is undertaken by the three and not by the EU High Representative has made it easier to be flexible in approaching issues such as human rights that other EU members might have insisted should be given greater prominence.[5] However, none of these reasons has much connection with the likely efficacy of the policy.

This is the background to the general European view that the string of their current policy toward Iran needs to be played out a little longer. European officials concerned resist U.S. suggestions that a policy of engagement with Iran has once again proved barren. They also argue that the United States has never seriously attempted reengagement with Iran, dismissing the several overtures in the past 10-15 years, including the most recent one after the Bam earthquake, as not substantial enough to promise significant results. The key factor, for some European leaders involved, is a conviction that Iranians of all political stripes genuinely want to win international acceptance of the Islamic Republic and of Iran's leading role in the Gulf region. These Europeans believe that the Iranians are prepared to pay a price for this in terms of their nuclear and other policies. In the view of these Europeans, the Euro 3, in coordination with the parallel EU-Iran channel, should take the lead in holding out this prospect to the Iranians, with the tacit support of the United States. Responsible European

[5] From the outset, European officials have been reluctant to increase the demands on the Iranians too greatly, believing that to do so would only make it harder to achieve agreement in the key nuclear area.

officials accept that at some stage, perhaps by early next year, it would be desirable for the United States to be willing to enter the game alongside the Europeans. Until then, however, they think that the Iranians should be made aware through indirect channels — and should periodically be reassured — that the United States would be willing to put cards on the table at some stage.[6]

Assuming, therefore, that the Iranians do not make a move that effectively compels the Europeans to change course, there is little likelihood that there will be any enthusiasm in Europe for moving quickly to the next stage — referring the matter to the Security Council and entertaining the idea of international sanctions. Indeed, the general assessment in European capitals is that the Iranian bazaar mentality probably means that there are more positive moves that the Iranians are prepared to make if the Euro 3 stay the course.

Nor is there enthusiasm among European policy makers for the idea of trying to broaden out the negotiations with Iran into a "grand bargain" that would provide a framework for resolving all the major issues in dispute between the two sides, an idea that has been suggested by some U.S. experts in recent months.[7] Most Europeans involved in the dialogue with Iran do not see the Iranians as likely in their present political transition to be able to come to terms with such a complex bargaining process and think that a step-by-step and issue-by-issue process offers by far the best prospect of progress.

Whether, and if so when, European governments will be willing to move toward a tougher line on Iran is hard to predict. On the one hand, there is no indication of any significant support in Europe for the idea that there is a viable (or justifiable) military option against Iran or its nuclear capability. On the contrary, there is a good deal of concern about the possibility that the Israelis and some officials in the United States may believe in such an option and promote its use, which would, in the general European view, merely make a difficult situation worse. EU officials privately admit that it is likely to be difficult even to obtain a consensus within the enlarged EU with its 25 members for the less extreme option of international economic sanctions, which would mean effectively abandoning the policy of engagement, which has been the signature policy of the Union.

But many Europeans recognize that in the last analysis, and providing it is done right, with the greatest possible level of international support through the IAEA and the United Nations, it may be necessary to impose economic sanctions, if only because the emergence of an Iranian nuclear weapons capability could well spell the effective end of the current nonproliferation regime. And few would disagree with the assessment of one French official that there is a real danger that the Iranians will be too smart for their own good and push the Euro 3, and the IAEA as a whole, to a point at which they have no option but to proceed to

[6] Recent statements by senior administration officials since the Atlantic Council delegation was in Europe have, however, seemed designed to send Iran the opposite signal, thus, at best, conveying to the Iranians a sense of continuing divisions in Washington.

[7] The analogy is sometimes made to the way in which the U.S.-China rapprochement was managed.

request sanctions in the Security Council. But even that would only make sense in the European view if a positive outcome in the Security Council were assured in advance, a point which some European officials believe has finally been accepted in Washington. And Europeans would be more likely to accept sanctions eventually if the United States had made every effort, including through a period of direct engagement with Iran, to avoid the necessity for them.

Saudi Arabia

The level of concern in Europe about developments in Saudi Arabia and the amount of attention that is devoted to them is unusually high. As one French expert put it recently, "We are much more skeptical of Saudi Arabia than Americans are."

European experts see a combination of factors as justifying this concern. These include:

- The extent of the terrorist groups[8] and their apparent ability to plan and conduct operations in a strategic manner. The appeal of the terrorists has been enhanced by the combined effect of the U.S. occupation of Iraq and the Israeli occupation of the West Bank, Gaza and East Jerusalem — a juxtaposition regularly underscored by al-Jazeera and other Arab cable television networks.

- The evident penetration of at least the lower levels of the Saudi armed forces and security services by the terrorist groups.

- The fact that the Saudi regime resembles, in the words of one European official, the Soviet gerontocracy in the period immediately before its downfall.

- Economic problems, including especially high unemployment, compounded by rapid population growth (with 70 percent of the native population under 25) that has contributed to a dramatic decline in per capita income. High oil prices may make it easier for the regime to manage this problem, but it remains a real concern for the medium term.

Few European experts would yet go so far as to predict the end of the Saudi regime. Indeed, most are inclined to think that if the leadership of the Saudi royal family were younger they would have little difficulty in mastering the situation, as Egypt has done. But the prospect of a regime in the grip of a persistent terrorist crisis, internally divided, facing a difficult and probably prolonged succession process, and unable to decide upon the reforms that would open the way to a more stable and secure future, including a loosening of its ties to the Wahabi clerical establishment, evidently worries European governments intensely. The prospect, they believe, could be for the Saudis' problems to destabilize the Gulf region and lead to the kind of uncertainty that could affect oil markets adversely.

[8] Some European officials believe that the number of terrorists in Saudi Arabia may exceed 10,000.

There is little sense among knowledgeable Europeans as to what might usefully be done in this situation. Some believe that there is probably nothing that can usefully be done and that Western intervention could make matters worse for the House of Saud. Others suggest, however, that there are useful reforms that the regime could be encouraged to make that would not offend the Wahabi leaders, for example in the area of commercial law and technical and vocational education. Most Europeans believe, however, that the situation calls for a more active transatlantic dialogue about possible contingencies. French experts recall the action that they took at the request of the Saudis at the time of the occupation of the Grand Mosque in Mecca in 1979, which resulted in the end of that threat to the regime, and believe that it would be useful to prepare for similar contingencies in the near future.

Europeans complain about the lack of U.S. responsiveness to the idea of such a dialogue. They recognize the risks involved in sharing information about a subject as sensitive as the situation of the Saudi regime. But they think excessive caution is short-sighted. Change is coming in Saudi Arabia, they believe, and the United States and European countries, all of which will be acutely affected by it, need to prepare for it together.

The Israel-Palestine Problem

European frustration at what they see as recent U.S. reluctance to engage actively with promoting a peace process between the Israelis and the Palestinians, and at the Bush administration's close embrace of Prime Minister Ariel Sharon and his government in Israel, remains the most persistent corrosive in transatlantic relations on the Middle East. Rightly or wrongly, Europeans believe that many other Western goals in the region, about which there is substantial transatlantic agreement, cannot be attained unless and until the United States changes its approach on the Israeli-Palestinian issue. Yet even to get U.S. agreement to a reference to the Israel-Palestine problem in some of the documents that emerged from the summits of June 2004 took a "brutal fight," in the words of one French official.

This struggle is being played out in a political environment shaped by differing European and U.S. public attitudes toward the Israeli-Palestinian issue. Americans and Europeans are almost equally willing to exert pressure on Israel, while Americans are much more willing to exert pressure on the Palestinians and the Arab states, according to *Transatlantic Trends 2003*.[9] Europeans are slightly more willing than Americans to increase political pressure on Israel to withdraw from Palestinian territory — 75 percent in Europe, as compared with 67 percent of Americans, support such action. And Europeans are distinctly more willing than Americans to impose economic sanctions on Israel (65 versus 52 percent). Americans strongly support stopping economic aid to the Palestinians to end their suicide attacks on Israelis, with 50 percent in strong agreement, as compared to 26 percent in Europe. On the issue of increasing

[9] *Op. cit.*

pressure on Arab states to stop their support of Palestinian terrorism, 70 percent of Americans strongly agree, while only 45 percent of Europeans support such a policy strongly.

The immediate issue for European governments and the EU concerns the Sharon plan to withdraw from Gaza between now and the end of 2005.[10] There are few European officials and experts for whom the Sharon plan is their preferred approach and many who question whether it will ever actually be implemented. But almost all accept that it has become, *de facto*, the inevitable first step toward a revival of the peace process. Their primary concern, therefore, is to ensure that what many suspect is Sharon's true intention — Gaza first and nothing more — does not become a reality and that the withdrawal from Gaza is done in a way that makes it a door to the next stage in the process, rather than a roadblock in the path. There is little confidence in Sharon's motives or those of his principal supporters. But Europeans believe that the United States, with European support, has the power to ensure that Gaza first is not also Gaza last.

The first requirement in European eyes is to ensure that the process of withdrawal from Gaza and the situation that is left behind are such as to permit the emergence in Gaza of a politically and economically viable entity. They see several preconditions for this, including the need for free access through the airport and the port, adequate assurances of water supply, a requirement that the Gaza settlers not be resettled in the West Bank, and at least some movement across the Gaza-Israel border, both for economic purposes[11] and, eventually, to enable Gaza and the West Bank to be politically and administratively connected. Moreover, they see the Egyptian role as crucial in securing the southern border of Gaza in a way that will enable the Israelis truly to pull back.

European experts recognize that there are other essential conditions for success. One of these is the reform of the security apparatus in Gaza by means of the reduction of the number of security forces and the centralization of their command structures. This will require Yasser Arafat's approval, or at least acquiescence, a requirement that Europeans see as yet another reason why the U.S. policy (with Israeli encouragement and support) of having no contacts with Arafat is seriously mistaken. Few, if any, European leaders see Arafat as a potentially constructive force in the future. But they are equally persuaded that he is still able to exercise a significant negative influence over events in the Palestinian territories. Some European officials implicitly charge Israel and the United States with a measure of hypocrisy, in that

[10] It has not escaped the notice of European experts that the date by which the Sharon plan is due to be completed is the same as the date by which, under the Quartet's roadmap, the final status talks between Israel and Palestine were meant to be concluded. While few of them believed that this date was realistic given the delay in the release and presentation of the roadmap, the coincidence remains galling.

[11] There are differing views on this subject. Some European experts believe that if the international community engages strongly in the rebuilding of the economy in Gaza, the requirement for Gazans to have access to Israel for employment could be minimal. One example of how Gaza's economic future could be assured is the potential development of the offshore gas field that could provide a source of both energy and revenue for Gaza, as well as benefiting Israel and Egypt.

they appear quite happy to ask Europeans to convey messages to Arafat through their occasional exchanges.

Europeans are well aware that the EU will be expected to finance important aspects of the establishment of Gaza as an independent entity. Currently the Palestinians receive $950 million a year in aid. In the last few years, as the economy has imploded, more and more of these funds have gone to feed and care for the poor, shortchanging infrastructure investment needed for long-term economic growth. The World Bank estimates that "an additional $500 million per annum, on top of existing [aid] disbursements, could by 2006 spur a growth in real personal incomes of about 12 per cent and reduce unemployment to levels only slightly higher than prior to the intifada."

Getting donors to provide these funds is a major challenge. As of mid-2004, only a quarter of the United Nations' appeal for Palestinian humanitarian assistance had been met. Arab support for the Palestinians has been declining for several years. In late July, the EU announced $150 million in new aid to the Palestinians, bringing to $300 million the amount of EU assistance provided in 2004. But Europeans are bitter about Israeli retaliation for suicide bombings that has destroyed more than $200 million in donor-financed roads, transformers, water mains and factories, not to mention the airport.

The expectation that the EU will remain a primary source of financial support for the Palestinian Authority, among other reasons, underlies European frustration not only that Israel refuses to deal with the Quartet[12], but that the United States, which has at least nominally supported the establishment of the Quartet, has not insisted that Israel deal with it. European officials make clear that in the final analysis they know that they have no choice but to go along with, and provide economic support for, whatever the United States and Israel decide about the Gaza plan and its timing. But they have difficulty understanding why the Bush administration does not seem to take more seriously the need to ensure that the manner of its implementation offers the greatest chance for success.

To achieve the kind of withdrawal that they think necessary, Europeans look to the United States to ensure that the Israeli government does not attempt what they believe it would like — a unilateral withdrawal that is not negotiated with the Palestinians or the Egyptians or, indeed, the Europeans, even though the latter will be expected to foot a large part of the bill. They also raise the question whether the requirements of security in Gaza, and the need to ensure that access to the port and airport is not abused, may call for some kind of international presence. Neither donors nor private investors can continue to put significantly more money into Gaza or the West Bank, observed one German Middle East expert recently, "without assurance that the projects will not be destroyed. And the only way to do that is to have an international security presence there."

[12] The Quartet, established in 2002, consists of the European Union, Russia, the United States and the UN Secretary General. However, many European officials believe that it has never had much support in the U.S. administration outside the State Department.

The Israeli disengagement plan envisions Egypt helping to reform, train and oversee the Palestinian security services and secure the border between Gaza and Egypt. But the Egyptians expect both sides to refrain from violence, whereas the Israelis insist on the right of retaliation for further Palestinian acts of terrorism. And the Palestinians are wary of Egypt smothering the Palestinians' nascent sovereignty.

With the United States bogged down in Iraq and no longer seen everywhere as an honest broker in the region, Europeans foresee that they may be expected to take over some regional security responsibility, although their thinking has not advanced very far on what an international presence might do, how many troops they could commit and who would supply them. In any event, in the words of a British Middle East expert, "neither the Egyptians nor the Europeans could deploy without knowing the end game." There would have to be rules of engagement and the presence would have to have assurances from both sides that it would not be subject to attack. All of this implies to Europeans that their (and other countries') participation in any such presence would require careful negotiation with both the Palestinians and the Israelis and would be contingent on the way in which the withdrawal plan was implemented.

For the longer term, Europeans remain wedded to the type of two-state solution implied by the Quartet's roadmap and believe that the Quartet should move toward defining the terms of a settlement in greater detail. Among other things, they believe that demographic factors are ineluctably creating a threat to the existence of a Jewish democratic state, even if Gaza does become independent. As a result, Israel will be forced either to create an apartheid-like situation in the West Bank or to withdraw to lines similar to those envisaged by the road map. But many Europeans are concerned that time is running out on the feasibility of a two-state solution and worry that U.S. support for it could fade, with potentially fatal consequences. Many recognize that the United States has only a limited ability to pressure Israel directly to move toward such a settlement, but nonetheless believe that the West can at the least help Israelis draw the appropriate conclusions from demographic realities.

Europeans also support political reform on the Palestinian side, including new leadership. They are willing to play their part in promoting such reform, as they did in encouraging the creation of the post of Palestinian Prime Minister in 2002. But, as one senior French official commented recently with reference to the expectation that the EU would pressure the Palestinians, "you can only twist arms if there are arms to twist." In the present situation, European officials see little to work with in promoting Palestinian reform. But at least the major European countries believe that both the United States and the EU should continue to use such leverage as they have in order to try to contain the corrosive effect in the Arab world of the lack of progress toward a settlement. For the most part, it is axiomatic in Europe that the perpetuation of the Israel-Palestine dispute and the Israeli occupation of the West Bank and Gaza are powerful recruiting devices for jihadi terrorism, although Europeans give little hard evidence for this view. And they are quite clear that there is little prospect of making progress on a broader Middle East initiative for political reform as long as the dispute is left to fester.

The Broader Middle East and North Africa Initiative (BMENA).

The process by which President Bush's speech to the National Endowment for Democracy in November 2003 was transmuted into the administration's Greater Middle East Initiative (GMEI) early in 2004, and finally into the Broader Middle East and North Africa (BMENA) Initiative at the Sea Island G-8 summit in June, was an object lesson in the ills that have beset the transatlantic relationship in recent years. Conceived with little consultation with its intended partners, in Europe or the Middle East, and with even less regard for their existing programs and priorities, the GMEI stood little chance of adoption from the outset. Yet by its very ambition, it provoked changes in the attitudes of both Europeans and Arabs alike that, with luck and careful diplomacy, will prove significant in the future.

European criticism of the initial GMEI was based on several factors:

- The fact that the EU already had a major initiative — through its Barcelona Process, Euro-Mediterranean Partnership and the more recent European Neighborhood Policy — that had many of the same objectives as the U.S. proposal and was considerably more amply funded than anything yet contemplated by the United States. Yet, as many Europeans saw it, the U.S. authors of the GMEI seemed largely unaware of what the EU was doing.[13]

- The curiously defined geographic area, which seemed to Europeans to lack coherence and to reflect bureaucratic factors in the United States more than geopolitical reality.

- The fact that, whatever its merits as a message to the Middle East, it came from the wrong messenger — a U.S. administration that had discredited itself in large parts of the Arab world by its invasion of Iraq and its subsequent disregard for international humanitarian law and practice.[14]

- The apparent lack of recognition of the need for local ownership of an initiative of this kind.

- The apparent inconsistency between the initiative's emphasis on democratization and existing U.S. policy toward the clearly undemocratic regimes of Egypt, Saudi Arabia and other countries. As some European cynics like to point out, two countries in the region that have shown the greatest signs of moving toward democratic politics — Iran and

[13] The EU's policies have evolved over the years. They have consistently had several dimensions, political, economic and cultural. In the early years, the greatest emphasis was on the economic dimension, rather than political reform, and ensuring stability was a major concern. The EU adopted its latest formulation — the European Neighborhood Policy — in March 2004. This policy offers each littoral state of the Mediterranean an action plan in which the promise of closer economic cooperation and elements of integration, including a stake in the Union's single market, is given in exchange for monitorable commitments concerning good governance and democratization. These plans are now under discussion with the states concerned.

[14] Apparently a recent EU demarche with the government of Uzbekistan concerning international humanitarian law was met with the response that the Uzbeks were merely following the same practices as the United States!

Palestine — seemed to be the ones with which the United States was the most reluctant to engage.

The fact that out of this ill-launched proposal came the consensus at Sea Island reflected at least two factors: the determination on both sides of the Atlantic to leave the extreme disagreements of the previous year behind and, in the words of a senior French official, to concentrate on damage control; and, secondly, the corresponding willingness of the U.S. administration to accept important modifications to its initiative in order to reach that consensus. The question remains whether the essentially politically motivated Sea Island statement will lead to practical results or whether it will remain largely empty rhetoric.

In the period since the G-8 summit, European officials have suggested that they do not have high expectations of the outcome. Some effort is being devoted to launching the Forum for the Future that was the principal action-forcing mechanism agreed at Sea Island. But there seems to be little expectation in Europe that much will come of it and EU officials are putting much greater emphasis on the implementation of the European Neighborhood Policy, with its tailored offers of action plans to each country on the Mediterranean littoral.

European officials admit, sometimes reluctantly, that the U.S. emphasis on democratization has forced them to reconsider the rather modest political dimension of the Euro-Mediterranean Partnership. But they see significant differences of analysis about what needs to be done. And they are less inclined than some Americans to take as the principal guides to action the Arab Human Development Reports of the United Nations Development Program, which they see as emanating from only one among several schools of thought among Arabs interested in reform. Accordingly, they expect that the implementation of the Sea Island consensus will largely be left to the separate actions of the EU and its member states on the one side and the United States on the other. The conceptual framework used by the EU is "distinct, but complementary." The Forum is likely in their view to be at best a venue for loose coordination and the establishment of priorities, not a source of action in itself.

Perhaps the biggest question that continues to hover over the BMENA initiative is how the United States intends to pursue the idea of democratization in countries like Egypt and Saudi Arabia. As some European analysts have pointed out, the idea underlying the initiative seems to be to propose that the regimes in these countries abolish themselves, with the possible result of bringing Islamist regimes to power in their stead. For what it is worth, some Europeans believe that there are ways in which to promote political pluralism in such countries, without implying that there is any expectation of early progress toward electoral democracy.

As to the specific countries in question, the dilemmas presented by Saudi Arabia have already been discussed. Egypt is in many ways the most critical country in the region and a key to the fate of the initiative because of its historic role as a leader in the region. At least until the succession to President Mubarak is resolved and a perspective of political and economic change opened up, it will be a source of great anxiety. Both European and U.S. experts see

Egypt as pivotal to the success of the Sharon plan to withdraw from Gaza, given Egypt's strategic position as Gaza's southern neighbor and the assistance the Egyptians could provide to a new political authority in Gaza. But European experts are concerned that Israel seems to be giving the Egyptians little incentive to play this part, while the Palestinians seem to have given Egyptian ideas a cool reception.

For the longer term, the critical problems are the succession to Mubarak and the Egyptian economy. Many European experts believe that Mubarak and probably also the army would prefer his son Gamal to succeed him, despite statements to the contrary. This could be a problem in view of Gamal's lack of popularity and the continuing appeal of the Muslim Brotherhood, which would probably win a fair election in the country. Because of this, some European officials have made plain to him that he could only hope to succeed as his father's political heir if he were approved by some form of credible plebiscite. Whether, even so, Gamal would be able to survive, still less to implement needed reforms, is uncertain. By the same token, few observers are confident that the Muslim Brotherhood, if allowed back into politics, which some Europeans believe the United States would like to see happen, would opt for a path of reforms. Indeed, some European officials are quite open in saying that Egypt is one country where elections should be seen as a late step, not an early one on the path to political reform. Before reaching that point, the rule of law should be entrenched and economic reform substantially more advanced.

Economic weakness is seen by some European experts as underlying a worrying trend toward increased Islamization in Egypt, as in other countries in the region. Egypt is seen as a textbook case of the consequences of delaying economic reforms: the moment when such reforms could relatively easily be absorbed eventually passes and they become ever harder to introduce. Nevertheless, some European experts see the process of reform as slowly taking hold in Egypt, prodded by the EU and other international pressures. They believe there is a real prospect that it could progress. But only in some of the small countries of the Gulf and in Yemen do European experts see really positive trends that may enable them to escape the problems so widespread elsewhere in the region.

In the context of the BMENA initiative and in keeping with their concern about the impact of the Israel-Palestine dispute, some European countries have a particular interest in the situation in Israel's other neighbors. They are not altogether reassured by what they see.

On Syria, U.S. and European assessments seem to be similar. The early hopes that Bashar Assad would represent a liberalizing force who would transform his father's authoritarian regime have been disappointed. The younger Assad seems to European experts to be mostly a front of respectability for the security forces and others who were the power behind his father. However, European officials continue to try to bolster whatever inclination toward reform he still has, with few illusions about the pace of progress. They would also like to see the Syrians exercise a healthy influence on the situation in Iraq, remove their heavy hand from Lebanon and help control Palestinian terrorist groups. But they are not encouraged by actual Syrian policy.

Both the French and the British have actively sought to influence Syrian behavior. The EU is close to concluding an Association Agreement with Syria, but the negotiation is hung up on the recently adopted EU requirement that the agreement embody a Syrian commitment on the spread of weapons of mass destruction. Although U.S. policy has taken a somewhat different tack, with the implementation of sanctions on Syria, this difference does not seem to be of concern on either side of the Atlantic at present and is certainly a much lesser concern than transatlantic differences over Iran.

As to Lebanon, little change can be expected as long as the Israel-Palestine dispute remains unresolved and Syrian policy unchanged. Despite considerable efforts by France, which has traditionally been close to Lebanon, to help it deal with its economic and other problems, the country remains stuck, with the influence of Hezbollah weighing heavily on its government.

Europeans do not see a great divergence of assessment on these countries. But they do feel themselves to be on the front lines in terms of how Middle Eastern societies develop, if only because of the ever present possibility of large scale emigration to Europe. Europeans also believe, with some justice, that their experience and knowledge of these countries is at least as great and relevant to policy decisions as that of the United States. This explains the great attention that the EU has paid to its policies toward all the countries of the Mediterranean littoral.

In parallel with the BMENA initiative, NATO launched the Istanbul Cooperation Initiative at its summit in June with a view to creating partnerships between the Alliance and countries in the Middle East and the Gulf on security matters. European reactions to this initiative vary, from considerable skepticism on the part of France to greater enthusiasm in Germany, Britain and some of the new members of the Alliance, who recall the value to them of the Partnership for Peace during their democratic transitions. Most Europeans accept that any new approach to the Middle East does need to have a security dimension of the kind that NATO is well equipped to manage. As a result, the future of the Istanbul Cooperation Initiative may be brighter than its rather low key launch would suggest.

The "War" Against Terrorism

In the aftermath of the September 11, 2001, attacks on the United States, one of the principal threads of transatlantic discussion related to the "root causes" of terrorism and the prominence that should be given to dealing with them as part of the overall strategy for countering the terrorist threat. In general, Europeans were inclined to give greater weight to this aspect of the struggle and to accuse the United States of seeing military means as having a larger role to play than was appropriate. This is one factor that accounts for the persistent

reluctance in Europe to talk in terms of a "war" against terrorism, despite the insistence of the Bush administration that a war is precisely what is called for.[15]

The evolution of U.S. policy that led to the formulation of the GMEI early in 2004 represented movement toward the European view. The GMEI clearly recognized that the political and social conditions in the broader Middle East bear some relation to the region's role as the incubator and source of inspiration for extremist Islamist groups dedicated to the use of terror. In this sense, there has been a degree of convergence of thinking on the two sides of the Atlantic. Moreover, the practical cooperation among the police, law enforcement and intelligence authorities in Europe and the United States on issues relating to terrorism reflects a common view that a firm hand is essential if the terrorist threat is to be countered in the short term and effectively eradicated in the long term.

Nevertheless, there remain significant differences of approach between the prevailing views of Europeans and Americans on the relationship between counter-terrorism policy and policy toward the security and other problems in the broader Middle East which are the primary focus of this report.[16] For present purposes, the significance of these differences is that they color European attitudes toward U.S. policy initiatives in the region, which are always suspected of being over-influenced by the U.S. sense of being engaged in a "war" against terrorism and insufficiently concerned with addressing the underlying problems of the region. The classic case in point, of course, is the Israel-Palestine problem, on which the U.S. administration is seen by many Europeans as having allowed Israel to represent all Palestinian violence as terrorism and its response as justified as part of the eradication of terrorism, thus discounting the significance of Israel's treatment of the West Bank and Gaza and the resulting sense of humiliation on the part of the Palestinians.

Prospects for Transatlantic Cooperation

The summits of June 2004, as has already been suggested, represented the culmination of a period in which the United States and its European allies worked hard to create at least the impression that the acute differences of the previous year had been transcended and a new prospect of cooperation on Middle East issues opened up. At least on paper, the summits

[15] Among the first Europeans to challenge the phrase "war against terrorism" was the distinguished British strategic thinker Professor Sir Michael Howard in his lecture to the Royal United Services Institution in London on 30 October 2001. The full text can be found at http://www.preparingforpeace.org/howard.htm. It is interesting to note that this question of terminology has come to feature more prominently in the debate in the United States, with some eminent observers like Zbigniew Brzezinski presenting arguments similar to those used by Howard and other Europeans.

[16] For a more detailed assessment of European thinking on the terrorism issue, see the Atlantic Council's report on *NATO's Role in Combating International Terrorism*, published in June 2004 and available at http://www.acus.org/Publications/policypapers/internationalsecurity/NATO%20CT%20Report,%20ABSOTE%20FINAL.pdf. This report was based on extensive conversations with official and unofficial experts in nine European countries and at the European Union institutions and NATO.

resulted in an outline of enhanced cooperation among allied governments on Iraq, Afghanistan, the broader Middle East and, to some extent, even the Israel-Palestine peace process. To what extent is this prospect real and what are the chances that such cooperation will be realized in practice?

To respond adequately to these questions requires addressing at least three sets of issues.

- How much importance do the governments on the two sides of the Atlantic attach to achieving such cooperation and how persuaded are they that those on the other side wish to achieve it?

- Through what institutions can cooperation be established and sustained?

- How will political developments and possible changes on the two sides of the ocean, especially the results of the U.S. presidential elections, affect the prospects for transatlantic cooperation?

The legacy of the past two years does not leave great room for encouragement on the first question. A good case can be made that the Bush administration, despite its early neglect, if not disparagement, of some of its allies, has come to realize that it cannot hope to achieve its goals in Iraq, Afghanistan and the Middle East more generally without the close cooperation and participation of European governments. Whether or not that is the actual state of mind of the administration, many European officials and observers alike remain to be convinced that recent changes in the tone and rhetoric of U.S. policy represent more than a short-term, tactical accommodation to European concerns, primarily for U.S. electoral purposes. Most Europeans see little sign that the Bush administration is yet prepared to engage in the kind of strategic dialogue and joint decision making on the key issues in the region that they believe are the essential basis for closer cooperation.

There is not, of course, a single mind in Europe on this point. Some in the British government would claim that the United States has been and remains willing to engage in joint strategic planning with those who are generally sympathetic to its aims. But many British experts, and even more in other European countries, see the British government as having little, if anything, to show for its loyal support of U.S. policy in terms of concessions by the Bush administration on matters of acute concern to Europe and on issues on which Prime Minister Blair had sought to move the administration. The most frequently cited example of this is the Israel-Palestine problem. Blair is widely seen as not only having extracted no flexibility from Bush on this issue, but as having been induced to support what to many Europeans was a major U.S. blunder: endorsing, at a high price in terms of U.S. credibility as a mediator in the dispute, the Sharon plan for unilateral withdrawal from Gaza.

If Europeans are not persuaded that the Bush administration yet accepts the need for real strategic cooperation, from a U.S. point of view it is far from clear that the situation in Europe would permit such cooperation. To all evidence, Europe remains deeply divided in

ways that would make it hard for the United States to engage with it strategically on many of the key issues. In the first place, the French government under President Jacques Chirac appears deeply set on a policy of avoiding too close an alignment with the United States and, in particular, on attempting to frustrate any cooperation through NATO on issues related to the Middle East. Moreover, some people close to Chirac believe that his basic approach to the Israel-Palestine dispute is so critical of, if not hostile to, Israel's view of its security needs and so dominated by what he sees as Israel's humiliation of the Palestinians as to preclude any real cooperation with the United States. Furthermore, Chirac's apparent desire to frustrate Blair's ambition to present himself as a credible leader of a Europe built along lines different from those preferred by France makes it almost impossible for Europe to achieve the degree of coherence of policy that would make effective transatlantic strategic dialogue easy, if at all possible.

To be sure, Chirac's position is largely dependent on the willingness of Germany to support him on the key points. Without that support, France would be in continual danger of being largely isolated among the core members of the EU. But given some of the basic attitudes of the Schroeder government, notably on Iraq, which is still in many ways the defining issue in European politics, isolation is not a danger about which Chirac needs to worry too greatly.

The U.S. policy of keeping Germany at arms length in late 2002 and thereafter contributed to the solidification of Franco-German agreement on these issues. Since then, both the U.S. and German governments have made considerable efforts to undo the damage to their relations done at that time. But there is still much ground to be made up. And as long as the situation in Iraq does not improve substantially, it will be hard to bring Germany fully back to its traditional position of balancing between France and the United States. The situation could change should a different governing coalition take power in Germany after the elections due by the spring of 2006. But that remains some time in the future and means that the next U.S administration of whichever political stripe will have to deal with the existing order of things in Europe for a considerable length of time.

The enlargement of the EU to 25 members in May 2004 has only complicated this picture. It has made the struggle within the EU for its future direction even more compelling to the protagonists. It has also brought into the EU several countries in Central Europe which are more likely to be favorably disposed toward U.S. policy approaches, thus accentuating the significance of intra-European differences. Moreover, it has left the precise evolution of the EU's internal mechanisms uncertain for a prolonged period, while the new Commission that takes office in late 2004 settles in and the process of attempting to ratify the new constitutional treaty takes its course between now and the middle of 2006.

This analysis leads into the second set of issues, concerning the institutional mechanisms through which closer U.S.-European cooperation could be developed and implemented. On this question, too, the outlook is not encouraging.

As has already been noted, the current French position is to resist any suggestion that NATO's mandate for action beyond Europe should be expanded. There seems little prospect of significant change in this position as long as Chirac is in power. France did accept NATO's takeover of the International Security Assistance Force (ISAF) in Afghanistan, reflecting the fact that the Afghan war was generally seen in Europe as essential and in any case had the blessing of the United Nations. But the French have steadfastly resisted the extension of the Alliance's role in Iraq and have been negative toward any greater Alliance mission in counter-terrorism, preferring to channel their international activities through the EU. Furthermore, the French have been the prime movers in limiting the scope of NATO-EU cooperation (with Turkey playing a supporting role because of the continuing problem concerning the position of Cyprus). The prospect of NATO playing a key role in the near future as the venue for strategic dialogue across the Atlantic on security issues in the Middle East is therefore not great.

A more promising venue, at least in theory, is the U.S.-EU channel. The EU's High Representative, Javier Solana, has performed remarkable feats of keeping the channels of communication and cooperation with the U.S. government open and preventing the breakdown of cooperation even at times, such as the immediate aftermath of the Bush-Sharon summit in May, when there seemed scant basis for its continuation. Moreover, U.S.-EU cooperation on the law enforcement and judicial aspects of the struggle against terrorism has been relatively smooth and effective. The adoption, at Solana's urging, of a new EU strategy document in December 2003 and other recent EU policy statements, for example on WMD proliferation, represented important steps toward agreed EU positions. Although these documents were not all that the U.S. government had hoped for (the original draft of the strategy document was better received in Washington than the somewhat watered down version finally adopted), they nonetheless provided a good basis for an enhanced U.S.-EU policy dialogue on some key international security issues. With Solana due to take over responsibility for both of the EU's foreign affairs portfolios late in 2004, his success in maintaining a reasonable degree of transatlantic cooperation, at least on tactical matters, can be transferred to a somewhat wider stage.

Nevertheless, this channel can only go so far. The EU as an institution still lacks the capacity and the mandate from its members for the kind of sustained strategic dialogue that is called for if closer transatlantic cooperation is to move to a higher level of practical importance and effectiveness on the two sides of the Atlantic. On both Iraq and Iran, the EU lacks the competence to determine the course of European policy. Even if the new constitutional treaty is ratified and the new procedures for the presidency of the EU are implemented, much evolution will be required for this situation to change. For the immediate future, the only prospect of a closer strategic dialogue with the United States lies in the emergence of a consensus among the major European countries, notably Britain, France and Germany, on the key policy questions — a prospect that remains remote as long as the present political constellation is in place in those three countries.

What are the prospects that a new U.S. administration will be able to change this outlook? Some Europeans have persuaded themselves that a Democratic administration under John Kerry would not only undertake a new opening to the European allies, but would also be more willing to accept, or at least accommodate to some degree, European views on the key regional issues and thus to make the restoration of effective transatlantic cooperation more likely. But this is by no means a general view. Many Europeans have come to believe that Kerry would be subject to many of the same domestic and other constraints as Bush has been, especially if, as they think most likely, one or both houses of Congress remain under Republican control. In particular, Europeans recognize that Kerry would find it no easier than Bush has to accept significant restraints on U.S. freedom of action in pursuing the campaign against international terrorism in the Middle East and elsewhere. Some even recognize a real danger that Kerry would expect Europeans to offer more support to the United States in Iraq and elsewhere in exchange for his greater willingness to consult with them, support that most European countries would be politically and even practically ill-placed to provide. As a result they can see a new set of transatlantic tensions arising out of the good intentions of a Kerry administration.

Nor do most Europeans hold out much hope of change in a second Bush administration. They see Vice President Dick Cheney as an unhelpful force who would continue to wield great influence. With the expected departure of Secretary of State Colin Powell, whom Europeans see as the most constructive, if not always the most influential, member of the administration, they generally have little hope that their views would have a more receptive audience in the new Bush team. Some recognize that there was equally little expectation of improvement in President Reagan's second term from 1985-88. But they do not necessarily anticipate the favorable developments in the key issues of the day that materialized to ease the passage of the second Reagan term for Europeans.

All these considerations point to the conclusion that the prospects for an intensification of the strategic dialogue and cooperation across the Atlantic on key issues in the broader Middle East in the next couple of years are not bright. In many respects, the objective basis for such cooperation is as strong now as it was at the time of the Atlantic Council's report of 2002. On many of the critical issues the goals of the governments on both sides remain substantially similar. This applies to the contours of a two-state solution of the Israel-Palestine dispute, the desired outcome of the nuclear negotiations with Iran, the endgame in Iraq and the process of reform in the region as a whole, not to mention the desire to suppress the growth of extremist Islamist terrorism.

But there are serious differences of view both as to where the responsibility lies for the current deadlocks on many of these issues and as to the means to be used to achieve these generally agreed goals. These differences, and the mutual suspicions that have grown up over the past two years as a result of them, make it hard to find ways to develop the common approaches that both Europeans and Americans would in theory like to see emerge. Moreover, the growth of opposition in the region to the policies of the Bush administration has reached the point at which complementarity of U.S. and European policies may be a more

useful and attainable goal, given the reluctance of some Europeans to tar themselves with the brush of too close an association with the United States until anti-U.S. attitudes in Europe have started to change. So if closer strategic partnership was indeed elusive in 2002, as the authors of the previous Atlantic Council report[17] assessed, at the end of 2004 it seems to have receded almost beyond reach.

It follows that the most promising course for the countries on the two sides of the Atlantic to pursue at present is to focus on practical, limited steps that they can take on a tactical basis, either in cooperation or at least in a complementary but independent manner, that will tend to advance their common ends. To do this they will have to be willing to subordinate their disagreements on means to the achievement of such limited tactical cooperation. This was in effect the approach adopted in the preparation of the June summits, although it was hardly a painless or easy process and its results were more in the realm of rhetoric than of real policy cooperation. It is hardly a heroic approach. But it has resulted in some movement away from the brink of transatlantic rupture that seemed likely, or at least possible, a year ago. It is in this spirit that we present the following conclusions and recommendations for action in the coming months.

Conclusions and Recommendations

The first requirement for closer transatlantic cooperation on Middle East issues is a more sustained and intense dialogue among the governments concerned in all available fora — bilateral and multilateral. There are many reasons on both sides of the Atlantic why such a dialogue has not been sustained in recent years.[18] But at a time when officials in both Europe and the United States recognize that they share certain critical goals in the region, even if they will not always agree on the means by which to achieve them, one may hope for a renewed effort to overcome the reluctance of some to take the risks associated with closer strategic dialogue.

To achieve this purpose, the new U.S. president should designate one or more special representatives to deal with Middle East affairs. The individual(s) concerned, who should have high public and political stature that would command respect in the region and in Europe, as well as in the United States, should be given the responsibility for coordinating and managing policy development in Washington, consultations with allies and relations with the countries of the region. Such an approach, with the full backing of the president, would facilitate the formulation of U.S. policy, speed the resolution of internal disputes within the administration that have recently bedeviled (and at times paralyzed) U.S. policy on Middle East issues, and provide a channel for the badly needed strategic dialogue with key allies.

[17] *Elusive Partnership*, *op. cit*.
[18] For a fuller discussion of this issue, see *Elusive Partnership*, *op. cit.*, pp. 25-7.

On **Iraq**, the new U.S. President should consult early with the European countries and the Iraqi government on what the former are prepared to do in practical terms to assist in the reconstruction of the country in the light of the situation prevailing in early 2005. Such consultations should be based on the premise that most, if not all, European countries are not in a position either politically or logistically to send significant numbers of military forces to relieve or supplement U.S. forces in Iraq. There are, however, a host of other steps that they could take that would be of assistance both in the reestablishment of security and in the development of the Iraqi economy and national institutions. The U.S. approach to obtaining such assistance should be pragmatic. NATO may be the most logical and qualified institution through which to undertake inter-allied cooperation, especially in the security area. But the United States should not insist on the involvement of NATO if this stands in the way of practical action.

A reelected President Bush would most likely find that an open hand to Europe on this subject would be reciprocated provided that the United States explicitly recognized that Europeans have no more interest in a failed Iraq than Americans, and that they also have experience in the country that needs to be exploited and interests there that need to be accommodated. A newly elected President Kerry will not succeed with an over-ambitious approach to Europe based on the theory that, with President Bush gone, Europeans will be willing to take over part of the burden of what most of them consider a mismanaged, if not mistaken, U.S. policy. Nor will U.S. pressure succeed in achieving such goals as the greater write-off of Iraq's debts, which would impose disproportionate costs on European countries and complicate their debt policy toward other countries. But an open-minded process of consultation designed to extract the maximum practical cooperation from European governments in those areas of policy that they believe are conducive to a successful reconstruction of Iraq, including partial debt relief, should elicit considerable support and assistance.

On **Iran**, the new administration needs to give the highest priority to a rigorous analysis of the realistic options for U.S. policy and their consequences. If, as we believe likely, such an analysis concludes that the United States should at least attempt to reengage with Iran directly on some of the key issues involved, notably Iran's nuclear program, terrorism (including Iran's relations with Hezbollah) and regional security (including the future of Iraq), that reengagement should be closely coordinated in advance with the Euro 3 and the EU. This would help to ensure that the maximum benefit is obtained from the cards that the United States is willing to put on the table in exchange for movement on the Iranian side. This reengagement should be pursued cautiously and in a spirit of testing the willingness of the Iranians to respond to reasonable propositions designed to respect their interests, but also to protect the interests of the United States, the EU countries and the other countries of the region. This reengagement needs to be initiated as early as possible after the start of the new administration and should therefore be a priority for the transition team of whichever party will control the White House.

Europe and the United States, on an urgent basis, must also decide on contingency plans for dealing with the Iranian nuclear program if Iran is unable or unwilling to meet the requirements of the Governing Board of the International Atomic Energy Agency. There are few good proactive options. But the worst policy for both Europe and the United States would be to do nothing and permit Iran to morph into a *de facto* nuclear power at some point in the not too distant future. This is a matter that should be first addressed by the United States and the Euro 3, rather than the EU, with the expectation that if there is agreement at this high level, it will be easier to persuade the EU as a whole to go along with decisions. The options should include referring the Iranian transgressions to the UN Security Council with an agreement to lobby Russia and China intensely to prevent a veto. A range of sanctions must be contemplated, particularly relating to high technology transfers and further economic investment.

The possible use of force must also be examined seriously. There is a widespread belief that Israel, and probably the United States, are already drawing up plans for covert operations against the Iranian nuclear infrastructure. If conducted successfully, such operations could delay and defer the Iranian program, albeit at the cost of further entrenching Iranian beliefs about U.S. hostility and intentions toward Iran. All-out military strikes seem highly improbable at this point in time, but must never be taken off the table. All these matters and their potential implications must be discussed and ultimately agreed upon with the Europeans in advance.

Equally important, the range of concessions (or carrots) the United States would be willing to give to Iran should it reach a decision to abandon its fuel cycle and end direct support for terrorism must be spelled out. The list should be generous and include the removal of all U.S. economic sanctions and restrictions on Iran's access to concessional loans in foreign markets, in addition to assurances of recognition of the Islamic Republic and Iran's role as a leading power in the Gulf.

If the allies are to have the greatest prospect of achieving their goals, it is essential for the Euro 3 and the U.S. administration not to allow any daylight between their negotiating positions. This is necessary not only to impress the Iranians, but also to bring along other EU members and to convince Russia and China that the Western allies are serious about stopping the Iranian nuclear threat. In this regard, it would be very helpful if the United States and Europe could agree in early 2005 on a White Paper describing the strategic consequences for the region of an Iranian nuclear weapons capability and why Iran's recent behavior gives rise to such suspicion.

On **Saudi Arabia**, there is little in practical terms that can be done through transatlantic cooperation at present. But the consequences of an internal crisis in the country are such that an ongoing transatlantic dialogue about the potential contingencies and their implications would be well worth while. Such a discussion could usefully cover the implications of a Saudi decision to impose draconian repression of terrorism and how to manage the consequences of different developments in Saudi Arabia for the international oil markets. This discussion

would necessarily have to take place in an extremely limited and confidential setting, probably at high levels.

The consultation needed will require trust, an element in short supply across the Atlantic in the wake of the Iraq war. But because of the importance of avoiding a situation in which the major governments, notably the U.S. government and the Euro 3, send mixed signals both to global oil markets and to Saudi leaders, that trust must be rebuilt. To this end, U.S. and European officials, at least from the Euro 3, need to share their assessments of the situation in the kingdom and of future prospects. On this basis they can consider what policy options they have as the Saudis try to deal with the terrorist threat and move through the uncertain period of the succession to King Fahd. What forms of assistance should they be prepared to offer and in what circumstances? What can be done to promote the cause of moderate reform?

Even more importantly, there needs to be transatlantic cooperation relating to possible developments in the oil markets. The prospect of a period of unsettled politics in Saudi Arabia underlies a growing sense in both the United States and Europe that more effective energy policies that can reduce international dependence on Saudi oil are essential. The deflationary impact of a prolonged period of oil prices in excess of $40/barrel is something that neither the weak European economies nor a U.S. economy in a hesitant recovery can well afford. Consequently, the major oil-consuming economies should dust off their plans for coping with a global energy shortage. The Paris-based International Energy Agency, with 26 member countries, was set up in 1974 in the wake of the first oil crisis to cope with just such contingencies and provides a useful institutional mechanism for ongoing consultation about the outlook for the oil markets and possible Western responses. It has access to oil stocks that it can share if necessary in the event of a major oil supply disruption. But the agency is ten percent short of the 90 days of reserves that it is supposed to have, and the effectiveness of its oil sharing plans, which have not been tested for many years, is uncertain.

On the **Israel-Palestine dispute**, the new U.S. administration and European governments need to recognize that they will have to agree to disagree on important aspects of policy. But although Europe and the United States have very different perspectives, they both share enormous stakes in the outcome of this conflict. Europeans need to recognize that U.S. concern for Israel is based on more than domestic politics and comes from a genuine empathy with the suffering of Israelis at the hands of Palestinian terrorists. Likewise, Americans need to accept that, for Europe and parts of the Middle East, the Arab-Israeli conflict is, in the recent words of a senior European official, the "mother of all conflicts." Europeans generally believe strongly that the Israeli treatment of the Palestinians in recent years has violated international norms and will only worsen the overall image of Israel in Europe. Europe has a great deal to offer Israel, if Israel were prepared to make the territorial compromises needed for a settlement. Israel's interests in Europe have been growing, as it has become more disillusioned with the Arab world. A large Russian-born population in Israel is Euro-centric and, if Turkey joins the EU, the possibility of considering Israel for even closer association with the EU than it already has would probably need to be considered.

There are strong incentives, notably demographic ones, for the Israelis to end the occupation of both Gaza and the West Bank and to help establish a viable Palestinian state. For this reason, the U.S. and European governments must work closely together to assure that the Gaza withdrawal policies of the Sharon government are given the opportunity to succeed. But they should also explicitly recognize that they have a shared interest in ensuring that as long as the government of Israel is committed to the Sharon plan, that plan needs to be implemented in a way that offers the greatest possible hope of a viable political and economic system emerging in Gaza and the clearest possible link to further steps toward the two-state solution for the region that has been repeatedly endorsed on both sides of the Atlantic.

To this end, Americans and Europeans need to engage in intensive discussions on the conditions for achieving both of these objectives, and the respective roles that can be played by the United States and European countries, through the EU and individually, to bring about those conditions. One particular issue on which such discussions are needed is the nature of the international presence that will most likely be required in Gaza after an Israeli withdrawal in order to assist the local Palestinian authorities to establish themselves and provide a degree of mutual assurance concerning respect for the new status of Gaza. Among other things, such a presence will only be possible if it has guarantees of security from attacks by both sides.

European officials are quite realistic in understanding that only the United States has the influence to prevail on the Israeli government to loosen border and other restrictions sufficiently to ensure that Gaza is viable economically and to give the assurances needed to facilitate the establishment of the security in post-disengagement Gaza that will encourage inward investment and economic growth. But they are equally clear that such actions by Israel are indispensable if the economic and other assistance that all concerned expect the EU to provide is to be most effective.

For this purpose, the mechanism of the Quartet can be of considerable value. The new U.S. administration should not only commit to using the Quartet as a primary venue for the necessary consultation and coordination, but also insist that Israel deal directly with the Quartet, initially with regard to maximizing the contribution that all its members can make to the success of the Gaza plan.

Israel's other neighbors remain important in this connection. The United States should take a lead in ensuring that Egypt's potential role in making a success of the Gaza withdrawal is fully exploited. On Syria and Lebanon, the United States should accept that, at this point in time, it has little leverage, but that European countries, particularly France, do have considerable influence, especially in Damascus. The Syrians attach great importance to their relations with Europe. A common policy that put pressure on Syria, concerning both Iraq and Lebanon, would be highly desirable. France has shown great irritation with Syria's continuing meddling in Lebanon. With Lebanon's presidential elections scheduled for this fall, it would be a good moment for the allies to speak with one voice and make it clear to the Syrian government that the days of Syrian hegemony in Lebanon must come to an end.

On the **Broader Middle East and North Africa Initiative**, there is a need for much greater clarity across the Atlantic on how to strike the most productive and realistic balance between the ideal of political transformation and the reality of the strong Western and regional interest in stability. To this end, there needs to be a much more practical discussion on different possible approaches to political reform. This should focus especially on those approaches that stress the incremental development of institutions capable of operating effectively in a pluralistic system. By the same token, there should be less emphasis on the urgency of realizing democratic elections for their own sake, given that their results can easily turn to the advantage of those who have no enduring interest in democratic processes. It goes without saying that such a discussion should involve representatives of the region, especially those from the civil society who are best able to identify those elements of their local political, religious and philosophical traditions that are conducive to "the exercise of public reason," to use the helpful term Amartya Sen has used to describe the essence of pluralistic politics. Such elements are to be found in almost all the political and intellectual streams of thought that have contributed to the development of the modern Middle East, but need to be more systematically mined for their contemporary relevance.

As part of this process, governments need to take the greatest possible advantage of the assets to be found in the non-governmental sectors on both sides of the Atlantic. Too much of recent U.S. and European official thinking has concentrated on actions by governments. President Bush's proposal to double the budget of the National Endowment for Democracy's Middle East programs would be a welcome step in this direction if it were acted on by the Congress and brought to fruition. Senator Lugar and others have proposed similar initiatives that also deserve consideration. Likewise, in Europe there are large assets to be employed for this purpose, from the longstanding work of the German political foundations to the efforts of the growing number of private foundations in several countries that have gradually focused on programs for reform in the region.

The Forum for the Future could be a useful venue in which to coordinate these efforts provided that the poor auspices under which it was born can be overcome. Much patient diplomacy will be needed by the new U.S. administration to achieve a balanced and realistic set of policies and to sell them both in the region and in Europe. But now that the die of reform has been so clearly cast, there is little choice but to follow it up as effectively as possible.

One particular aspect of this issue concerns security. Developing effective security institutions and policies that are compatible with gradual democratization at the political level will be as important in the Middle East region as it has been in Central and Eastern Europe. Through the Partnership for Peace and the Membership Action Plans, NATO has evolved ways of promoting and fostering such policies and institutions in countries in which they do not have deep roots. The great promise of the Istanbul Cooperation Initiative is that it would offer to apply these same approaches in those countries of the Broader Middle East that are interested in doing so. It will be important for the countries of the Alliance to do all they can to realize this promise.

This will only occur if there is much closer cooperation between the EU and NATO to ensure that the approaches each is pursuing in the region are complementary and not competitive, or still worse, conflicting. It should accordingly be a high priority for a new U.S. administration to work to overcome the reservations of those allies, notably France and Turkey, who for various reasons have resisted closer EU/NATO cooperation. This will at the least imply a greater U.S. willingness to accept that a stronger European Security and Defense Policy (ESDP) can be a real asset for the United States and the Alliance as a whole and a correspondingly greater French willingness not to promote the ESDP as a potential replacement for the Alliance, at least in areas in which the latter has proven strengths that the vast majority of the allies have no desire to see go to waste.

None of these recommendations will come easily to fruition. But unless the governments succeed in reestablishing a greater degree of at least tactical cooperation to replace the current stalemate, in which rhetorical statements largely substitute for practical action, neither the United States nor its European allies are likely to advance their interests in the Middle East. We remain persuaded that such closer cooperation is possible. We appeal to all the governments concerned on both sides of the Atlantic to redouble their efforts to achieve it.

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