

**THE LISBON TREATY: IMPLICATIONS FOR FUTURE
RELATIONS BETWEEN THE EUROPEAN UNION
AND THE UNITED STATES**

HEARING
BEFORE THE
SUBCOMMITTEE ON EUROPE
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
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CONTENTS

	Page
WITNESSES	
The Honorable Philip H. Gordon, Assistant Secretary, Bureau of European and Eurasian Affairs, U.S. Department of State	10
Karen Donfried, Ph.D., Executive Vice President, German Marshall Fund of the United States	31
Ms. Sally McNamara, Senior Policy Analyst, European Affairs, Margaret Thatcher Center for Freedom, The Heritage Foundation	42
Daniel Hamilton, Ph.D., Richard von Weizsäcker Professor and Director of Center for Transatlantic Relations, The Paul H. Nitze School of Advanced International Studies, Johns Hopkins University	50
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable Philip H. Gordon: Prepared statement	13
Karen Donfried, Ph.D.: Prepared statement	35
Ms. Sally McNamara: Prepared statement	44
Daniel Hamilton, Ph.D.: Prepared statement	55
APPENDIX	
Hearing notice	84
Hearing minutes	85

THE LISBON TREATY: IMPLICATIONS FOR FUTURE RELATIONS BETWEEN THE EUROPEAN UNION AND THE UNITED STATES

TUESDAY, DECEMBER 15, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:05 p.m. in room 2172, Rayburn House Office Building, Hon. William D. Delahunt (chairman of the subcommittee) presiding.

Mr. DELAHUNT. This hearing will come to order. It has been my customary practice when I would chair the Subcommittee on International Organizations, Human Rights and Oversight to make it rather informal in the sense of rules. In fact my ranking member, another gentleman from California, Mr. Rohrabacher, described it as the committee without rules, and it would be my intention to continue to have that informality and flexibility in terms of the 5-minute rule, the 10-minute rule, but we would ask all of our witnesses to be circumspect in terms of the amount of time that they use. But I prefer that people feel comfortable, take their time, and it also applies to members. We generally have a conversation, members are allowed to pursue a line of questioning without being concerned about the gavel.

But in any event, let me first extend I guess my welcome, or it should be his welcome to me, to my other friend from California, the ranking member, Mr. Gallegly, with whom I have served some 14 years on the House Judiciary Committee. We have an excellent working relationship. We agree on some things on the Judiciary Committee, like what, what is it, Elton? But I presume on this subcommittee there will be much agreement with occasional disagreements, but they will be done in such ways as I know our personal relationship has always been one of mutual respect and good camaraderie.

So it is with a deep sense of responsibility that I am conducting my first hearing as chair of the Subcommittee on Europe. As I agree with the observation of Secretary Clinton, who noted that Europe is our essential partner, and that the subject of today's hearing, the Lisbon Treaty, would appear to signal a substantial change in the infrastructure of the European Union, and thus it behooves us to be especially aware for the potential implications for that partnership as there is no other relationship closer or more significant for the United States and for that matter Europe.

The economic data is empirical proof of that premise. According to the delegation of the EU to the United States, transatlantic flows of trade and investment amount to far in excess of \$1 billion a day, and together our global trade accounts represent 40 percent of world trade and 50 percent of global GDP. Furthermore, it is my own belief that this partnership is a predicate for political and economic stability and the expansion of democratic values globally. Now the evolution of a European entity has been dramatic in a historical context since Robert Schuman's famous speech back in 1951 proposing that France and Germany pool their coal and steel resources into a new organization that other European nation states could join.

Now I won't take the time to review the history that led to the Lisbon Treaty, but I believe that as the evolution and growth of the EU proceeded over time, our partnership with the EU became ever more critical and will clearly continue to do so. As President Obama recently stated in response to the final approval of the Treaty, a strengthened and renewed EU will be an even better transatlantic partner with the United States.

Some experts suggest that the passage of the Lisbon Treaty will have positive implications for the United States, Europe, EU relations, in part due to the creation of new posts such as the European Council President and High Representative for Foreign Affairs, along with an increased role for the European Parliament, dear to the heart of many Members of the United States Congress, I might note. That combined with more authority in specific policy areas, these changes would provide the EU with a more coherent voice, and given our shared vision for democracy, human rights and global security, these new allocations of power within the EU system could offer the U.S. a more active and assertive overseas partner in addressing our shared challenges and in promoting our common causes.

While some cast the premise that deeper integrations and enlargement of the EU are threats to America's leverage over individual member states, it is my own conviction that the interest of having a stable and dependable multilateral partner in Europe outweighs the short term interests of any particular bilateral relationship. Now, why hold a hearing on the implications of the Lisbon Treaty at this admittedly premature juncture? Much ambiguity exists as to the Treaty's implementation within the EU even among its own member states, much less in working relations with other nations.

It is indeed accurate to say, as with all reform, that only trial and practice will reveal a measure's true character and consequence. But as we have seen all too often, in the cases of wars on terror and wars on drugs, financial regulation, and global warming, it is our lack of foresight and thoughtful consideration to anticipate and prepare for new challenges and opportunities that diminishes our ability to promote and preserve the interests and well being of our own citizens. It was our sixth President of the United States, John Quincy Adams, who warned, "Idleness is sweet and its consequences are cruel."

For those of you who attend these subcommittee hearings in the future, be prepared for constant references to John Quincy Adams.

He was not only the first Ambassador to Russia, but he is my immediate political predecessor, in other words I am his direct political descendant since he and I are the only native sons of Quincy, Massachusetts, to serve in the United States Congress. He is therefore a very quotable source for me. I only hope that I don't end like John Quincy Adams, whom some of you might know was President and then came back to the House of Representatives and happened to die in the chamber of the House of Representatives. But he was obviously a large figure in American history.

So proactive inquiry and thoughtful consideration facing the EU-American relationship will not only inform us what may occur, but better prepare us for whatever options may be available as we move forward. So it is with this purpose that we hold today's hearing. Understanding the meaningful reforms encompassed in the Lisbon Treaty will assist our Government in making the most of the essential relationship. President Obama has aptly stated that in America there is a failure to appreciate Europe's leading role in the world. I concur with that. With this in mind, and by holding this hearing here today, we are taking Europe and the EU and the individual member states seriously. So with that I will conclude and yield to the ranking member, Mr. Gallegly, for any comments he wishes to make.

Mr. GALLEGLY. Thank you very much, Mr. Chairman, and thank you for holding this hearing on the Lisbon Treaty and its effect on the U.S.-EU relationships. Dana is always coming through, he may be a little more tolerant of the no rules or the diminished structured rules, but I am sure we are going to work well together, it has been an honor to serve with you on the Judiciary for all these many years, and while as you mentioned we have had some disagreements as it relates to issues philosophically and maybe even politically on occasion, but I don't think we have ever been disagreeable on any issue we have ever dealt with, and as the former chairman of this committee for a couple terms when Rob Wexler was my ranking member, and then something happened somewhere along one of the political cycles that changed all that, I did have the honor to work with Rob as the chairman and as his ranking member, and I enjoyed every minute of it as I look forward to working with you, Mr. Chairman.

As we all know, on December the 1st, following ratification by all 27 member states in the European Union, the Lisbon Treaty went into force. In the end, the goal of the Lisbon Treaty is to streamline decision making in the EU and make it more active and united actor in international affairs. I don't have a strong view on whether the Lisbon Treaty will be beneficial to the people of Europe, this is the decision for the nations of the EU and their citizens to ultimately make. They are the best judge on the best way to organize their own political and economic affairs.

However, I will be monitoring the implementation of the Treaty to determine its effect on the United States relationship with the sovereign countries in Europe. For example, will the ratification of the Lisbon Treaty in any way impede our close bilateral military and intelligence relationships that we maintain with certain European countries? Or will the new Treaty make it more difficult for

the countries of Europe to cooperate with us, particularly in places like Afghanistan.

Finally, I was very interested to read Ms. McNamara's statement in which she cites the provision in the Lisbon Treaty that requires EU countries to consult the other members before undertaking international action and to ensure that such actions are consistent with the EU policy. I find this provision to be potentially troublesome. Judging by its recent history, one can only imagine what the EU reaction would be to the actions taken by some of our close allies such as Britain on a variation of national security issues. Again, Mr. Chairman, thank you for calling this hearing today, I welcome and look forward to hearing the testimony of all our witnesses and certainly welcome Assistant Secretary Gordon. And I would yield back, Mr. Chairman.

Mr. DELAHUNT. Thank you, Mr. Gallegly. And let me note the presence of the chairman emeritus way down at the end, Mr. Wexler. I am sure he is here to monitor my performance, I am sure shortly after the conclusion of this particular hearing I will be receiving a report card from Professor Wexler. But let me yield to him to see whether he has any comments that he wishes to make. With that, the gentleman from Florida, my friend Bob Wexler.

Mr. WEXLER. Thank you, just one. Understanding that Secretary Gordon is quite a draw, I had the privilege of chairing this committee for 3 years and none of you guys ever showed up, and now it is a full boat. So what does that have to say?

Mr. DELAHUNT. I think it says a lot, Bob, actually.

Mr. WEXLER. Thank you very much, please proceed.

Mr. DELAHUNT. Thank you. Do any other members wish to make an opening statement? The gentleman from New Jersey, Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman, and congratulations, I am sure that we are going to be able to work on many issues together, some not so closely as others, but you know that I appreciate and I respect your friendship. Thank you, Mr. Chairman, for holding today's hearing. On December 1st the Lisbon Treaty went into effect. The Treaty was designed to improve the procedures of the European Union in hopes of progressing the Union's work in Europe and around the globe. I applaud the EU members for their achievement in passing this substantial reform after years of negotiations.

However, despite the lengthy deliberation it remains to be seen how the Lisbon Treaty will affect the work of the European Union in practice and how this reform may impact U.S. relations with the EU and its members. Also, with this long process completed, I am eager to see where the new European Union will focus its energies next. I look forward to hearing from today's expert witness and welcome you to the hearing. And I would like to end by saying I enjoyed very much working with former Chairman Wexler on this committee for the years that he was here. Thank you very much.

Mr. DELAHUNT. Thank you, Mr. Sires.

The gentleman from New York, Mr. McMahan.

Mr. McMAHON. Thank you, Mr. Chairman, and I too want to congratulate you on your first hearing as the chairman of the Europe Subcommittee. Surely anyone who arises or sends up to this chair has big shoes to fill, but perhaps no more so in the history of this committee as now as you fill the shoes of Congressman

Wexler. But we all know that you are up to it, and we look forward to your leadership as we all know you are a passionate leader on the issues that exist between our country and Europe and also how important that partnership and friendship is and that you are a strong advocate for strengthening that bond. And as a new member of course I wish you the best in this influential subcommittee and look forward to working with you.

And again thank you for calling this timely hearing on the Lisbon Treaty. Secretary Gordon, thank you for being here today. The Lisbon Treaty's ratification and its subsequent employment has left the United States with as many exciting prospects of increased cooperation as with questions on the future of U.S.-EU relations. Personally, I would encourage and invite our counterparts in the European Parliament to be more active on the Hill and to address these concerns as we will seek to interact with them as well.

Mr. Chairman and Secretary Gordon, I am actually particularly concerned over noted trends toward protectionism in the European Union. Aside from hampering U.S. industry in the EU and hurting the EU economy, many fear that new rules, particularly the alternate fund managers directive, could lead to U.S. retaliation in the sort of a damaging trade dispute in the area of financial services. Furthermore, I have questions about the EU's new internal market chief Michael Barnier and his views on this legislation. We are encouraged by the work of the Transatlantic Economic Council to promote increased dialogue between legislators on this matter, Mr. Gordon, and we look forward to your testimony and your comments on these very important issues and as always are grateful for your appearance here. Thank you.

Mr. DELAHUNT. And next let me go to the gentlelady from Nevada who chairs the Transatlantic Legislators Dialogue which just met recently with our European counterparts in New York and I understand it was a very robust and very productive session. Ms. Berkley.

Ms. BERKLEY. Thank you, Mr. Chairman, and congratulations. I am looking forward to working with you on these issues as well as so many others. And of course my dear, dear friend Bob Wexler, if I praise him any more he is going to get a very swelled head, but he knows how much I will miss him and wish him well in his new endeavors. As the chairman said, I chair the Transatlantic Legislators Dialogue. For those that don't know what that is, it is an ongoing discussion between Members of the United States Congress and our European Union Parliament counterparts.

We just attended our 67th meeting, it has been going on for well over 30 years with and without me. I have been chair for the last few years, and I can honestly say it has been an extraordinary experience for me. We meet twice a year, once in the United States, and we just concluded our 67th meeting in New York City, and once in Europe depending on who had the presidency of the EU. Our dialogue encompasses a number of issues starting many years ago just on foreign policy, and of course we talk about the Balkans and Iran, Iraq, Afghanistan, our relationship with Russia, the Middle East.

But we have started to expand the scope of our discussions and we are now talking about the collective economies, especially in

light of the financial meltdown that continues to plague all of us, trade issues, the TEC, that has become a large part of what we talk about. So I can tell you without fear of contradiction that at this latest meeting which took place last weekend in New York, the euphoria felt by the members of the European Union Parliament that were in attendance was palpable, and they are most excited to take this new Treaty and translate it into positive action not only among EU members and have a stronger, more transparent, and a better EU, but vis-à-vis their relationship with the United States and a strengthening of the transatlantic coalition.

I am curious in your remarks and perhaps during Q&A, the Europeans have made a number of proposals to the American side of the Transatlantic Legislators Dialogue, everything from as simple as exchanging interns during the summer, which I think would be a very good thing, to strengthening our involvement in the TEC, additional meetings throughout the year rather than the two, we can certainly be doing video conferencing on specific issues, and tailoring our meetings so that maybe since we have now a good contingent of both Europeans, 27, and we had 14 Congresspeople at the last TLD meeting, so it is a good number of people and many have areas of expertise that we would like to hone in on.

But one of the most intriguing suggestions by the EU members is that they are setting up an office, a TLD office, here in the United States starting on January, right after the new year, that will interact with Members of Congress, so that legislation that we are considering they will get a handle on and its impact on the EU prior to enactment. They have asked that the United States Congress do the same, and I am curious as to what your opinion is. It is easy enough to do, we could pattern it after Helsinki and their arrangement, and so we have lots of possibilities, and I would be curious to hear, Mr. Gordon, what you think about that and where you see the TLD's role in this enhanced EU relationship through the Lisbon Treaty. And I thank you very much for your kind attention.

Mr. DELAHUNT. I thank the gentlelady. And I would also echo, you know, the suggestion in terms of an American office. In fact the gentlelady I am sure is unaware but there was a former Member from Minnesota by the name of Gil Goodnik whom, along with myself, chaired the Congressional study group on Germany, and working with the then Chair Henry Hyde of the full committee raised that potential because it became clear to us that Members of Congress to a very large degree were unfamiliar with the basic structure of the EU and there needed to be a presence given the significance of Congress as an institution in American foreign policy. So I look forward to working with you on this.

Ms. BERKLEY. It seemed, if I could, Mr. Chairman, there was discussion that the United States Congress is the weak link in our foreign policy discussions and involvement with the European Union, and I would rather not be considered the weak link in anything.

Mr. DELAHUNT. Well I can assure you, you personally are not considered a weak link in anything. But with that, let me determine whether the gentleman from Georgia wishes to make an opening statement?

Mr. SCOTT. Yes I would, Mr. Chairman, and let me start off by congratulating you on your new assignment. And I would like to add, for those of you who may not know, the chairman is the only Member of Congress with the distinctful photograph of him taken in Moscow downtown with the statue of John Quincy Adams. Many people did not know that John Quincy Adams has a statue of him in downtown Moscow, and the chairman was there and I was very proud.

Mr. DELAHUNT. My memory, Mr. Scott, is that you were the photographer.

Mr. SCOTT. Yes I was.

Mr. DELAHUNT. I have not received the invoice yet, but I appreciate the photo.

Mr. SCOTT. It was a great, great photo, and it was a great honor for me to take it, and I enjoyed that. And to you, Mr. Wexler, we really appreciate, I enjoyed serving on this subcommittee with you, and I wish you great success in your future endeavors. This is indeed a very timely hearing with the EU, some very perplexing questions and issues certainly present themselves. It is going to be very interesting to see how these reforms from the Lisbon Treaty impact on multiple layers.

One, there are so many, but one that strikes out is what areas of conflict and duplication do we have now with the EU and NATO? Particularly in the new reform of mutual assistance, where one member enters into any kind of armed conflict the other members come to their aid, and that of course is the same of I think it is a chapter or amendment 5 within the NATO agreements as well. So I think that that is an area that certainly raises some questions.

The other is, will the reforms of Lisbon Treaty in terms of the common defense that this reform has put forward strengthen a more aggressive foreign policy, a more protective one, and particularly as it relates to terrorism and what is going on in the Middle East? And particularly Afghanistan and Pakistan, will they offer a similar line of support as NATO? And then the overlapping of NATO and the EU, and one is 23 countries I believe, the other is 27, but they are many of the same countries, so that is a very area.

And will there be a more aggressive approach to Russia particularly in the area of energy security and the monopoly that Russia has in that region in supplying nearly 40 percent of its natural gas and Russia's tendency to use that monopoly as a political tool, will they be more aggressive in how they respond to that? And I think that in terms of their efforts to move forward in a more responsive way with Iran on the sanctions, we have not had that.

So I am really looking forward to this, I think that the Lisbon Treaty is very positive, and I think that we really need to examine it very thoroughly here, hopefully we can accomplish through our examination a sense of urgency to move the European Union to be more forceful, and it is good to see the underlying agreements within this Treaty appear to be moving the European Union in a more aggressive way in terms of a more robust defense, security, and foreign policy. And I look forward to hearing you and certainly asking some questions. Thank you, Mr. Chairman.

Mr. DELAHUNT. Thank you, Mr. Scott.

And before I go to my colleague on the Republican side, let me conclude and inquire from the vice chair, I understand, of this subcommittee, the gentleman from California, Mr. Costa, whether he wishes to make a statement.

Mr. COSTA. Yes, very quickly. Thank you very much, Mr. Chairman, and congratulations to you and your good work and to our past chairman as he seeks greener pastures. My colleagues who have commented about this being a very timely hearing I think are quite correct, and, Secretary Gordon, we are looking forward to your testimony as it relates to what portends with the Lisbon Treaty. As the vice chair of the Transatlantic Legislators Dialogue, I want to associate myself with the comments that the chair just made, it is I think a robust discussion that is taking place. As the European Parliament continues to participate under the Lisbon Treaty, we will continue to see exchanges.

I think most of us are aware that the largest trading partner that the United States has is with Europe, and the dynamic nature of the relationship that has a tremendous history is important as we look forward. I also want to make comments as the chair of the Transatlantic Partners Network, and we work in collaboration, and what is less known is as a member of the smaller Portuguese caucus, Mr. Chairman, the Lisbon Treaty is so named because during the tenure of the Presidency of Portugal the Lisbon Treaty was finally concluded, and although it took several years to ratify we are honored to have the Ambassador from Portugal is here in the audience today, Ambassador Joao de Vallera, who has taken a great interest as all the members, 27 nation states of Europe, in successfully seeing the Treaty enacted.

What this portends as to the Lisbon Treaty, stronger more coherent voice with the European Union is one of the goals, more streamlined decision making in their process, and increased transparency and democratic accountability. As the European network has expanded, we can only think 20 years ago the euro really had not developed, and today of course the euro is a very robust, strong currency that has created tremendous economic vitality not just in Europe but around the world. One can only imagine what 20 years from now the new European Union with the enactment of the Lisbon Treaty, or as we would say in Portuguese, Lisboa Treaty, we can hope whether or not it ultimately leads to some formation of a United States of Europe remains to be seen.

We do know that when our country was formed and we achieved our independence we had the Articles of Confederation that were fairly ineffective and which ultimately led to the development of our Federal form of government and our Constitution. This is a very exciting time period, and the Lisbon Treaty, or as we would say Lisboa, is a work in progress. We look forward to the testimony that the secretary will provide us during this transition that is currently existing, and would like to get your insights as to what we might expect. Thank you.

Mr. DELAHUNT. Thank you, Mr. Costa. Let me echo your kudos for the Ambassador from Portugal and for serving as a venue as well as a force in terms of the conclusion of this Treaty that we are discussing here today.

And now let me, as I look to my right one more time, I am going to have to go to one of the best ranking members anywhere in the Congress, a lot of people were I think surprised by our ability to work on some extremely difficult issues together when I chaired the Oversight Committee, but I think we accomplished much more than was ever anticipated, and it was terrific working with the gentleman, my friend from California, Dana Rohrabacher.

Mr. ROHRABACHER. Mr. Chairman, I am here to wish you good luck in your new endeavor, but I do want to remind you that even today, if you will notice, I am not on your right, I am on your left. And I know that is very difficult to discern when you are talking about your good friend, Dana. About the remarks that were just made in terms of our European friends and the euro et cetera, I remember when in the 1990s when we used our currency stabilization fund to save the euro. The euro was going down, I was very upset that President Clinton, you know, saw it in his power, which was not granted him by Congress, to stabilize the euro with our funds when the fund that he was using was for the United States dollar.

But we did that and we saved the euro, and I think that it was certainly an act of good will on the part of the people of the United States, because there wouldn't even be a euro now. I am very anxious to find out whether or not our European friends are being reciprocal in that, whether or not now that the dollar is under attack, what are they doing to help us strengthen the dollar, or are they instead taking advantage of a situation and kicking a friend while he is down?

Mr. Chairman, again congratulations for assuming this new chairmanship. Today we have heard congratulations and best wishes to Representative Wexler for the job that he has done, a great job that he has done, for the many accomplishments that he has had. We have also heard some very hopeful words about the Lisbon Treaty and the sense of optimism that that might be something that will play a positive role in the future. Let me fully identify myself with the former words of congratulations and not the latter words of hopeful, perhaps irrational optimism. Thank you, Mr. Chairman.

Mr. DELAHUNT. Thank you, Mr. Rohrabacher.

And last but not least certainly, a senior statesman in the U.S. Congress, the gentleman from Tennessee, the retiring John Tanner.

Mr. TANNER. Mr. Chairman, I may add my good wishes to you in your new endeavor and thank Mr. Wexler for his past leadership. Mr. Secretary, thank you for being here. As you know, I have been very active in the NATO Parliamentary Assembly. Mr. Scott touched on some of the matters that we just recently discussed at our fall plenary meeting in Scotland. I have been going to NATO PA since General Joulwan was SACEUR. General Joulwan, General Clark, General Jones, General Ralston, General Craddock, and I just met with Admiral Stavridis 3 weeks ago. All of them have I guess in one way or another bemoaned the fact that the coordination between NATO and the EU, and with respect to Afghanistan right at the moment, is lacking.

And I would be very interested in your insight and your opinions as to how the Lisbon Treaty, if it will, will help that situation, because there are so many things that the EU could do that NATO is not the best vehicle in terms of some of the civilian projects, PRTs and so on. The other question I would have, or observation, is the scarcity of resources. Many of the EU members are also NATO members, and the last thing we need is duplicity in a resource scarce world with regard to that, and I would be very much interested in your insight as to that. So, Mr. Chairman, thank you for holding this hearing, it is very, very timely.

Mr. DELAHUNT. Well thank you, Mr. Tanner, and I know that I speak for everyone when I say thank you for your long and significant service to issues such as NATO and our national security and our relationship particularly with Europe. Without any further ado, thank you for your patience, Assistant Secretary Gordon, it is great to have you here. I will be brief in your introduction. The assistant secretary was nominated as assistant secretary in March of this year and took the oath on May 15th.

From 2000 to 2009 he was a senior fellow at the Brookings Institute in Washington where he focused on a wide range of Europe and United States foreign policy issues. He was Director for European Affairs at the National Security Council during the Clinton administration where he played a key role in developing and coordinating NATO policy in the run up to the Alliance's 50th anniversary summit in Washington. He has an extensive background academically as well as service to his country. So thank you, Mr. Assistant Secretary, and please proceed.

STATEMENT OF THE HONORABLE PHILIP H. GORDON, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. GORDON. Thank you, Mr. Chairman, Mr. Gallegly, and thanks to all of you. I would also like to begin by congratulating you, Mr. Chairman, on taking over this committee. As you all know I have had extensive engagement with this committee over the years, and I will look forward to continuing that under your leadership. And I too would like to acknowledge and thank your predecessor, Mr. Wexler, we all benefitted from his leadership of this committee over the years and note he will stay engaged on all of these issues.

I also want to thank you for inviting me to testify on this subject at this time, because as many of you have pointed out, this really is a potentially important development that the United States should be paying close attention to as we think about our own interests. I have submitted more detailed testimony for the record, so if it is all right with you and abiding by your encouragement to be brief, I will just make a short opening statement.

Mr. DELAHUNT. Please.

Mr. GORDON. The United States and the European Union form a community of shared values and a partnership of shared interests. Our 800 million democratically governed citizens are bound together by enduring links of culture and commerce, by our shared history, and by our common hopes for the future. The European Union is one of our most crucial partners in addressing regional

and global challenges around the world. Our shared priorities cover all the major United States foreign policy concerns, including stabilizing Afghanistan and Pakistan, contending with the Iranian nuclear program, addressing global climate change, pursuing comprehensive peace in the Middle East, managing our responses to the global financial crisis, enhancing energy security, and promoting the spread of democratic and market reforms to every corner of Europe.

The United States-Europe economic relationship is one of the central drivers of the world economy, our links are not just those of shared values, trade, and political traditions, but also consist of the millions of our citizens who travel each year to our countries to work, study, or simply visit. In view of the many ties that bind the United States and Europe together, the Obama administration welcomed very much the entry into force of the Lisbon Treaty on December 1st. We believe that this Treaty marks a milestone for Europe and its role in the world.

It creates several new institutions, including the permanent presidency of the European Council, a new EU High Representative for Foreign Affairs and Security Policy, and a new European External Action Service. There will also be an enhanced role for the European Parliament. These new and strengthened institutions will further promote the evolution of the European Union toward a more consistent, coherent, and effective foreign policy. We believe that a strong and cohesive Europe is very much in the United States national interest, and we look forward to the development of these institutions and to engaging with their new leaders, incoming President Herman Van Rompuy and the new High Representative Catherine Ashton, as well as with President Barroso of the European Commission and the leaders of the European Parliament.

We are hopeful that a permanent presidency of the Council will allow for the development of a long term consultative relationship at the head of state and government level. The new High Representative for Foreign Affairs and Security Policy will combine responsibility for EU foreign policy coordination with a greater capacity to make strategic use of the EU's substantial foreign assistance budget, and will function as the permanent chair of the Foreign Affairs Council, the monthly meeting of EU foreign ministers.

Secretary Clinton met with Catherine Ashton during her December 4 visit to Brussels for the NATO ministerial, and they have talked about an early visit by High Representative Ashton to Washington. High Representative Ashton will be supported by a new External Action Service that will ultimately function as a sort of diplomatic service for the EU and offer counterparts to U.S. officials. The Lisbon Treaty brings other noteworthy institutional changes. The European Parliament has gained increased powers over issues of justice and home affairs, the EU budget, agricultural policy, and trade agreements.

We hope that ties and contacts between Members of Congress and EU legislators will continue to strengthen as the European Parliament's authority broadens. I think this reinforces a point made by many of you about the need for that, which we certainly support. A number of members of this committee, as Representative Berkley pointed out, met on December 4 to 6 with their Euro-

pean counterparts in New York under the Transatlantic Legislators Dialogue in what we understand were some of the most robust consultations so far between our legislators, and that can only be a good thing, and I hope in the question and answer period to be able to elaborate on this, but certainly given that this is a democratic space on both sides of the Atlantic we need to be connecting with the legislators and citizens on these foreign policy issues.

The EU also continues to take steps toward fulfilling the European vision of the EU that contributes as much to diplomacy and defense as it does to trade and economics. Under Lisbon, the EU's European Security and Defense Policy, ESDP, is renamed the Common Security and Defense Policy, CSDP. The Treaty expands the scope of the EU in terms of crisis management deployments, peace-making, supporting third countries in combating terrorism in their territories, and defense coordination. It is the policy of this administration to support a strengthened European defense capacity.

We believe that CSDP can make an important contribution to international security and stability. We also believe that NATO and the EU, with 21 common members, can complement each other and should work closely together on their shared priorities. In our view, there is more than enough work to around, so it also makes sense, and again this addresses a point that several of you have made, it also makes sense for the two organizations to coordinate their efforts to make the most efficient use of scarce resources by minimizing duplications of capabilities, infrastructure, and operations.

And let me conclude with what I think is the essential point behind our thinking. It is clear to all of us that the United States faces a daunting array of global challenges that no single country can handle on its own. For a variety of critical issues from climate change to the Doha Round of trade talks, the Balkans, Iran, I could name many others, solutions will require working in close concert with our European partners. We believe that the Lisbon Treaty represents an important effort by our EU partners to streamline their policy making process.

We understand that, as with all efforts to reform complex institutions, and the EU is certainly one, this is a work in progress and it may take time for the new institutions to demonstrate their impact. Nevertheless, we hope that changes brought by Lisbon will make the EU a stronger partner for the United States and increase the role of Europe on the world stage. We want the EU to be that stronger partner and we certainly intend to do our part to engage closely with the new institutions. Ultimately, their effectiveness will be determined by the will of the EU member states to invest in them. Let me thank you again, Mr. Chairman, all the members of the committee, for the opportunity to appear before you on this important subject, and I look forward to your questions and our discussion. Thank you.

[The prepared statement of Mr. Gordon follows:]

**Testimony of Philip H. Gordon
Assistant Secretary for European and Eurasian Affairs
House Committee on Foreign Affairs
Subcommittee for Europe
December 15, 2009**

**THE LISBON TREATY: IMPLICATIONS FOR FUTURE RELATIONS
BETWEEN THE EUROPEAN UNION AND THE UNITED STATES**

Chairman Delahunt, Ranking Member Gallegly, Members of the Committee, thank you for inviting me to testify today on this important subject.

The United States and the European Union form a community of shared values and a partnership of shared interests. We are united by our deep commitment to freedom, security, human rights, the rule of law, and open markets. Our 800 million democratically-governed citizens are bound together by enduring links of culture and commerce, by our shared history and our common hopes for the future. The EU is one of our most crucial partners in addressing regional and global challenges around the world. Our shared priorities cover all the major U.S. foreign policy concerns including: stabilizing Afghanistan and Pakistan, contending with the Iranian nuclear program, addressing global climate change, pursuing a permanent and comprehensive peace in the Middle East, managing our responses to the global financial crises, enhancing energy security, and promoting the spread of democratic and market reforms to every corner of Europe. The U.S.-European economic relationship is one of the central drivers of the world economy. For example, the value of U.S. goods and services exports to the EU is over five times the value of our exports to China, and from 2000 to 2008, over half of total U.S. foreign direct investment (FDI) was in Europe. Lastly, it is also worth noting the human dimension of our ties. Our links are not just those of shared values, trade ties, and political traditions, but also the millions of our citizens who travel each year to our countries to work, to study, or simply to visit.

In view of all of the many ties that bind the United States and Europe together, the Administration welcomed the entry into force of the Lisbon Treaty on December 1. We believe that this treaty marks a milestone for Europe and for its role in the world. It creates several new institutions, and strengthens other important ones. These include a new permanent

presidency for the European Council, a new EU High Representative for Foreign Affairs and Security Policy, and a new European External Action Service to support the work of the High Representative. There will also be an enhanced role for the European Parliament. The intention behind the establishment of these new positions and strengthened institutions is to guide the further evolution of the European Union toward a more consistent, coherent, and effective foreign policy. Given the importance of the U.S.-EU partnership, we hope that the Lisbon Treaty succeeds in strengthening Europe's role in world affairs. We believe that a strong and cohesive Europe is very much in the U.S. national interest, and we look forward to the development of these institutions and to engaging with their new leaders, incoming President Herman Van Rompuy, and the new High Representative Catherine Ashton, as well as with President Barroso of the European Commission, and the leaders of the European Parliament on the whole host of issues on the U.S.-EU agenda.

President Van Rompuy and High Representative Ashton will be building on a strong track record of U.S.-EU cooperation. We consult regularly and cooperate closely with the EU in a variety of vitally important policy areas, including:

- Middle East policy, where the EU joins us as a full partner in the Quartet, together with the UN and Russia.
- Iran's nuclear program, where the EU is part of the P5+1, the mechanism for international engagement with Iran on the nuclear issue.
- Annual U.S.-EU Summits, regular meetings between Secretary Clinton and her EU counterparts, and a series of other meetings led by the State Department.
- A deepening economic relationship, including the Transatlantic Economic Council which brings together our economic Cabinet Secretaries and many heads of agency with the EU, at least once a year. The EU is also a critical partner in the G20 as we seek to handle international economic issues and to revive the global economy.

- Promoting law enforcement and counterterrorism cooperation; the Attorney General and the Secretary of Homeland Security meet regularly with their EU opposite numbers. Earlier this year, both sides completed ratification of Extradition and Mutual Legal Assistance Treaties that will facilitate this cooperation.
- Energy issues; the November U.S.-EU Summit here in Washington launched a new ministerial-level Energy Council that will focus high-level attention on the related issues of clean energy and energy security.
- Development aid; the U.S. and the EU are the two largest donors of international development assistance. To promote U.S.-EU cooperation, the November summit agreed to a new U.S.-EU High Level Contact Group on Development.

Concerning the changes that Lisbon will bring with its new leadership, we are hopeful that a permanent presidency of the Council will allow for the development of a long-term consultative relationship at the Head of State and Government level. President Van Rompuy is known in his own country, Belgium, as a skilled consensus-builder, and we look forward to working with him on our shared agenda.

Similarly, we have enjoyed a close consultative relationship with former EU High Representative Dr. Javier Solana, and former EU External Relations Commissioner Dr. Benita Ferrero-Waldner. Both of these distinguished individuals have played a critical role in facilitating EU dialogue with the United States. The Lisbon Treaty combines these two positions into one High Representative for Foreign Affairs and Security Policy. This position will combine responsibility for policy coordination with the EU's substantial foreign assistance budget, and will function as the permanent chair of the Foreign Affairs Council, the monthly meeting of EU foreign ministers. The new High Representative, Catherine Ashton, will therefore be a critical interlocutor for senior U.S. government officials in addressing our shared foreign policy and security concerns. Secretary Clinton spoke with High Representative Ashton after her selection and met with her during the Secretary's December 4 visit to Brussels to begin addressing the lengthy

agenda of our shared priorities. They have spoken about an early visit by High Representative Ashton to Washington.

High Representative Ashton will be supported by a new European External Action Service (EEAS) combining elements of the current EU Council Secretariat and the European Commission, as well as diplomats seconded from Member States. The EEAS will ensure that all EU foreign and security matters will be channeled through one geographic “desk” and eventually, we expect that there will be permanent EEAS officials at the sub-cabinet level assigned to managing various portfolios. This will be important to the U.S. as my fellow Assistant Secretaries of State and I will for the first time have EU counterparts with whom to engage in depth on our priorities.

We look forward to working with these new institutions as they define their new roles and develop their capacity. We fully recognize that the process of building up new institutions takes time; for our part, we are ready to engage. We hope EU member states will invest the post-Lisbon institutions with the authority and capacity to make concrete contributions to the pressing global challenges we face together.

The Lisbon Treaty brings other noteworthy institutional changes. One significant shift is the increased role of the European Parliament in EU decision-making. The Parliament has gained increased powers in the areas of justice and home affairs. In the economic area, the European Parliament's increased authority in setting the EU budget will also be an important factor. Stronger European Parliament authority over agriculture policy, and the exercise of new Parliamentary authority to approve or disapprove trade agreements, will also be of high interest to the United States. The clear message of these EU institutional changes for U.S. policymakers is that we will need to increase our engagement. We hope that ties and contacts between Members of Congress and EU legislators will continue to strengthen as the European Parliament's authority broadens. Many members of this Subcommittee have engaged in a range of dialogues and detailed discussions with their European counterparts. A number of Members, led by Representative Shelly Berkley, met December 4-6 with their European counterparts in New York under the Transatlantic Legislators Dialogue in the most robust consultations so far between our legislators.

It is important to note that although the Lisbon Treaty makes High Representative Ashton the permanent chair of the Foreign Affairs Council,

the role of Member States in decision-making is undiminished, as the High Representative will still be bound by consensus decisions of the 27 EU foreign ministers. Moreover, other Council formations -- for instance, meetings of the ministers for energy, environment, and agriculture -- will continue to be chaired by the nation holding the EU presidency, which rotates every six months. Spain will take over the EU presidency on January 1, followed by Belgium on July 1, 2010. The result is, those who would seek to influence developments in the EU and dialogue with the EU -- such as the distinguished Members on this Subcommittee, and those of us in the Administration -- will continue to find best results by engaging with Europe through "all channels." We need to continue to engage our partners in Europe through its high-level officials, through the Member States, through the EU institutions, and through NATO.

The EU also continues to take steps towards fulfilling the European vision of an EU that contributes as much to diplomacy and defense as it does to trade and economics. Accordingly, the Lisbon Treaty also puts greater emphasis on defense matters than previous EU treaties. Under Lisbon, the EU's European Security and Defense Policy (ESDP) -- which in its ten years of existence has been the impetus for more than 20 EU crisis management missions - is renamed the Common Security and Defense Policy (CSDP) and given an expanded scope for crisis management deployments. The treaty expands the scope of CSDP to peacemaking and supporting third countries in combating terrorism in their territories. The treaty also allows for some EU states which are at the forefront of defense cooperation to pursue greater harmonization of their defense apparatus without the limitations of those states who do not wish to participate. It is the policy of this Administration to support a strengthened European defense capacity. We believe that CSDP can make an important contribution to international stability and security. We also believe that NATO and the EU, with 21 common members, can complement each other and should work closely together on their shared priorities. Additionally, as NATO and the EU continue to enlarge, they remain forces for reform and peaceful change, helping to build confidence among neighbors in a unified Europe. Clearly, there is more than enough work to go around; hence it also makes sense that the two organizations coordinate their efforts to make the most efficient use of scarce resources through minimizing duplications of capabilities, infrastructure, and operations.

The United States faces a daunting array of global challenges that no one country can handle on its own. For a variety of critical issues, from climate change, to the Doha Round of trade talks, from the Balkans, to Iran, solutions will require working in close concert with our European partners. We believe that the Lisbon Treaty represents a serious effort by our EU partners to streamline their policymaking process. We understand that, as with all efforts to reform complex institutions, this is a work in progress, and that it may take time for the new institutions to demonstrate their impact. Nevertheless, we hope that the changes brought by Lisbon will make the EU a stronger partner for the United States, and increase the role of Europe on the world's stage. We want the EU to be that stronger partner and we certainly intend to do our part to engage closely with the new institutions, but in the end their ultimate effectiveness will be determined by the will of EU Member States to invest in them. I thank you again, Mr. Chairman and members of the Committee, for the opportunity to appear before you on this subject. I look forward to answering your questions on this important topic.

Mr. DELAHUNT. Well thank you, Mr. Assistant Secretary, and as I was listening to your testimony, I found it thought provoking in the sense of future hearings. I have always contemplated the concept of a transatlantic free trade zone as you reference our commercial trade relationship, and have always been curious as to why it has not had more attention and more focus. I also, as I indicated earlier, serve on the Judiciary Committee, where both Mr. Gallegly and I have served on the Immigration Subcommittee, which implicates the Visa waiver program. And I am aware of the fact that there are some countries in Eastern Europe that have an interest in participating in that program and I think that ought to be a subject of a hearing.

And I also concur with your statement about the need for coordination between the EU and NATO and a more efficient relationship there. But I am just going to ask one question, because if needs be I can always ask at the end before we conclude your testimony. But I have always been surprised, not just by the European ignorance of the role and the function of Congress in our Federal system, in our American democracy, but clearly the opposite is also true.

As I mentioned in my opening remarks, to the American, the concept of the EU, you know, represents something at first blush as very simple, but it becomes much more arcane when the details are reviewed. There is a commission, there is a council, there is a Parliament and it is in Brussels, and what is it doing in Brussels? With all due respect to Brussels. The point is that this lack of understanding I think carries with it great risk. I think there are perceptions on the part of Members of Congress that sometimes there is animosity when in fact there is none, and are minimal disagreements as opposed to animosity. And I think it is very, very important to maintain a consistent, constant dialogue.

And I respect the work that my colleagues under the leadership of the Congresswoman from Nevada have done, but I don't think we can afford at this point, with a new entity post-Lisbon that will be more efficient hopefully in terms of its decision making, not to have a significant presence in Brussels where there are consistent, constant, open lines of communication as opposed to an ad hoc series of meetings. And I intend to discuss this with Ms. Berkley, but I just put out on the table, why not a Congressional office? Obviously it would be bipartisan in nature, but having a presence with a well qualified staff, given the seriousness of the issues that we all know face both Europe and the United States?

Mr. GORDON. Well I can certainly say I share your perception that there is insufficient familiarity on both sides with the institutions of the other, including on the parliamentary side, that partly stems from very different practices. We certainly encourage when visitors come here to talk foreign policy, we do encourage them to come up to the Hill, and a number of these European countries, their parliaments don't play the sort of role in foreign policy that ours do, and it is important for them to understand ours.

In terms of the other direction, I would say this, one theoretical at least advantage of Lisbon is to be easier to understand. You know, we can forgive some Americans for not having mastered the intricacies of the council, the commission, the European Parliament

and how that interrelates to the countries. And again in theory, this has to be proved in practice, but one of the ideas is to have a more identifiable interlocutor. And so now with a standing President of the Council and a standing High Representative, if you will foreign minister, it is a little bit clearer who is speaking for them on foreign policy.

That said, and this comes to your point, Mr. Chairman, you know, let us not pretend that that will answer this question once and for all and that there will be just one phone number or individual, it will remain quite complicated and we are going to have to take advantage of your suggestion to understand it better including the European Parliament, which will play a greater role in foreign policy than it has. I don't really have a specific view on your idea of a Congressional office in Brussels, maybe that is something that could be explored and similarly in the other direction, but I certainly agree with the notion that it is worth thinking about how we can get our parliaments to understand the other side better.

Mr. DELAHUNT. Mr. Assistant Secretary, it is my understanding that the European Parliament is or is about to open an office here in Washington, and without having a counterpart in Brussels I think we stand at a disadvantage. And like I said, I look forward to having this discussion with Congresswoman Berkley to see whether legislation (a) is necessary, or whether Congress as an independent institution can just simply appropriate the money and say that we are going to do it. But in any event I intend to make it a priority for myself and for this committee.

With this I will yield to the ranking member Mr. Gallegly.

Mr. GALLEGLY. Thank you, Mr. Chairman. Mr. Ambassador, can you give us your assessment as to how you see the impact that the Treaty will have on the U.S.-EU economic and trade relationship?

Mr. GORDON. I think the Treaty will have limited impact on the economic and trade relationship. It has potentially significant impact on the general foreign policy relationship. Economics and trade is one area that was already significantly integrated in EU structures even prior to Lisbon. The Commissioner for Trade has for a long time been a powerful figure. EU member states a long time ago agreed to grant significant authority, for example when there is a trade negotiation it is the Trade Commissioner who is really empowered to act on behalf of all of the member states in a way that has not been true and remains untrue for foreign policy. So I don't think that we should expect Lisbon to have a major impact on that. EU common institutions have already been quite empowered, and that will not change with the Lisbon Treaty.

Mr. GALLEGLY. How do you see the impact that the enhanced role of the European Parliament might have on the U.S.-EU relationship?

Mr. GORDON. That is more of an open question because the Lisbon Treaty does give the Parliament a greater role, including to some degree on foreign policy and including something that is a tradition in this country as holding hearings for and approving some of the appointments that will be part of the foreign policy apparatus. And the Parliament will also play a greater role in justice and home affairs, issues that at least indirectly affect our interests.

But precisely how, so we can confidently say the European Parliament will play a greater role. What we can't say, because it will depend in part on who gets elected to the European Parliament and how assertive they want to be and how resistant the people who fill the new posts want to be, is precisely what impact that will have, we don't know what direction that they will want to go in, but it comes back to the chairman's point about being better aware of developments taking place within the Parliament so that we know where they might be trying to push things.

Mr. GALLEGLY. In another area, how do you see such things as a commitment of troops to wars and around the world or in areas of trade policy where a more coherent EU could pose some difficulties to the U.S. foreign policy objectives?

Mr. GORDON. It could in theory pose difficulties for U.S. foreign policy objectives. But as I suggested in my testimony, we actually believe it is more likely to provide benefits in at least two ways. One is to have a more coherent European view of the situation and a more clear address for us to consult with on foreign policy challenges. And again through the new President of the Council and the High Representative we will be able to have this dialogue in a more direct manner with more direct representatives of the European Union. That is not going to be a cosmic jump from one situation to another.

Member states of the EU, in particular the bigger, more active ones, will still play a predominant role and ultimately, and let us be clear about this, member states will still decide on issues such as whether to send forces abroad. When it comes to Afghanistan, not just because we are doing it in a NATO context, but anything like that, these questions will still be decided by countries and the institutions don't provide for it and we shouldn't expect the new President of the Council or the High Representative to take decisions like that. Nonetheless, they can play a coordinating role and a role in engaging with us.

We also believe that by having a more coherent foreign policy and spokespeople for that foreign policy will help Europeans think strategically and raise their sights. By empowering people to think about these things and lead the EU we believe these institutions will give Europe a more prominent role on the world stage and therefore better balance the transatlantic relationship when it comes to thinking about these big foreign policy challenges.

Ultimately, the reason we see more positives than negatives in this is that ultimately our foreign policy interests are very much in line with those of the European Union, whether it is stabilizing Afghanistan or responding to a crisis in Africa or keeping the peace in the Balkans, we really don't see major differences with our democratic like minded European allies. And therefore the more they get engaged in these things, as I noted there is a theoretical prospect for a difference or a tension, but in most cases we are actually likely to see the European Union pursuing very much the same interests as us.

Mr. GALLEGLY. Mr. Chairman, just one last question because I see we have several members that want to jump in here, but maybe in short term you could give me what your assessment is

and the effect that the Treaty might have on the bilateral relationships that we currently have with individual national capitals?

Mr. GORDON. Those important bilateral relationships will continue to exist. Again, I don't think anybody believes that we are seeing a dramatic shift away from particular bilateral relationships toward an exclusive or even dominant relationship with the new EU institutions. I think this is a gradual process, and the relationship with Brussels or the new President of the Council or High Representatives will in no way replace these historic relations that we have with a number of key European partners. I would like to believe that they will complement those bilateral relationships and reinforce them with another place to turn, but I think in the near term at least there is not going to be a significant change in how we deal with some of our key partners.

Mr. GALLEGLY. Thank you, Mr. Chairman, and thank you, Mr. Ambassador.

Mr. DELAHUNT. Thank you, Mr. Gallegly.

Mr. Tanner.

Mr. TANNER. Thank you, Mr. Chairman. I actually asked for comment in my opening statement with regard to the interplay between NATO EU with respect to common defense matters, the EU's role may be in more of the civilian side of the war effort. So thank you, Mr. Chairman.

Mr. GORDON. Thank you, Mr. Tanner. It is a longstanding issue, the relationship between the two organizations. And in the past the United States, including in the Clinton administration in which I served, was very concerned about potential for competition and duplication. And those concerns continue to exist, and I had mentioned that in my testimony, the last thing we need to do is duplicate institutions or structures or resources that are all too scarce.

But we are confident that our interests are harmonized enough and the relations between the two organizations—which as pointed out significantly overlap, you know, 21 of the countries are in both—that we can avoid such unnecessary duplication and actually see benefits to ourselves in having the EU play a more prominent role. It is inevitable that the United States, when it comes to security challenges around the world, will think first about NATO. NATO is the one of these two organizations that we are in, and obviously we would like a seat at the table and we play a major role.

It is also unlikely that if NATO is ready to act in a certain situation that our European allies won't go along with that. When the United States is ready to play a leadership or a major role, it is likely that Europeans who are in both organizations will want that to be the case. There may, however, be other situations where we choose not to play a leadership or any role at all where we should welcome the fact that the EU is ready to do so. And there have been a number of conflict intervention situations over the past decade or so where that has been the case and where the EU has in fact gotten involved, and that is something that we should welcome.

Rather than worrying that somehow the EU is going to go off and use military force in a place that we wouldn't want it to, much, and much more likely that they would go and help stabilize a situation that we might not have the available resources or political commit-

ment to doing. I mean currently in Bosnia where NATO and we initially deployed significant military forces, NATO is out and the European Union is running the peace mission there, there have been interventions in Africa, and likely to be others where we should welcome the fact that the European Union is getting more involved in stabilization exercises.

Finally, let me just note, the two organizations have different mandates and capabilities. The EU is more comprehensive than NATO and can bring a long political element, civilian element, foreign assistance element, that NATO historically at least has not played a major role in. So on balance, while we are always going to be cautious and focused on issues of duplication, on balance we think it is a positive thing.

Mr. TANNER. May I ask, have you given any thought to the inherent difference, I would say not conflict but difference, between the mutual assistance clause and Article 5 of the NATO treaty, may I ask for comment?

Mr. GORDON. Sure. As noted by you and others, NATO has an Article 5, it is our bedrock guarantee, we are absolutely committed to it and any member of NATO operates under the premise that attack on one is an attack on all. The European Union has moved toward further commitments to its mutual security, and it has long been understood among EU states that they are committed to each other's security but its mutual assistance clause is not as strong or binding as NATO's and obviously doesn't apply to us. We would naturally take very seriously any assault on the territorial integrity of a European member state, and all of the European member states would be committed to each other's security, but that is different from an Article 5 commitment which we would only undertake if a country joined NATO and the senate agreed to that.

Mr. DELAHUNT. Thank you, Mr. Tanner.

Mr. Sires?

Mr. SIRES. Thank you, Mr. Chairman. You know, Assistant Secretary, as I listen to question and comments, I get a sense that there is more layers now in the EU, and I get a sense that maybe working in concert may become a little more difficult, since every country still makes their own decision, let us say like Afghanistan, whether to send soldiers there or not or the amount. And there are 8,000 new jobs that come with this, sounds like a jobs bill to me. But how does it play with such questions as Turkey and the issue of Cyprus, you know, you have a new President and you have a High Representative, who is going to make the final decisions on this?

Mr. GORDON. You ask lots of good questions to which the answers are not yet entirely available. As I have stressed, this is going to be a process. And certainly with the enactment of Lisbon the EU has not gone from one system to a dramatically different system, these things are going to evolve over time. For example the jobs you are referring to, I think you are referring to this new European External Action Service, which will gradually be put together over the coming years and the Europeans have a lot of work to do in figuring out exactly how that is going to work.

I think many of those jobs will not be new jobs but there will be a gradual process of diminishing some national representations and

bolstering the EU's own representation and transforming it as well. At present the European Commission already has representations in just about every country in the world, and what will happen over time is that these Commission representations, which in the past were only dealing with issues that the Commission dealt with like trade or finance, will take on a broader role in actually representing the European Union, but this is a process that is just getting underway and I suspect it will be years before there are EU embassies in the United States and other countries.

I don't think it creates more layers, the idea is that it will lead to fewer layers ultimately, but it does not change the reality that on a question like sending force, I mean the current practice is only a member state is going to decide whether its soldiers get sent abroad and that is not going to change with this. What we hope will change is that the European Union has a more coherent and consistent foreign affairs representation. The rotating presidency, which was the way they represented themselves in the past to us and to the rest of the world, had the deficiency of being rotating. Every 6 months there was a different leadership chairing EU meetings and speaking for the EU abroad.

So just again to put it in our terms, the U.S.-EU summit, at each one would be a different set of leaders, and it is hard to build continuity and talk about the same issues. Now, for at least 2½ years, we will have the same interlocutor that we can talk to and an institutional memory, and there will be an opportunity to shape their views and work together on common challenges. So again, it is a process but we believe that over time this process will actually lead not to more layers but a more coherent partner.

Mr. SIRES. And the question of Turkey and Cyprus, how does this play with the new treaty?

Mr. GORDON. It won't change the reality, I mean there are several Turkey Cyprus aspects to address. It won't change the reality that to take in a new member state, such as Turkey wants to be, all current member states will have to agree. So, you know, the new President of the Council or High Representative will not have the power to take in a new member, that would have to be done by consensus, and so in that sense it doesn't really change Turkey's accession process. It does mean that any new applicant would have to agree to be part of this new foreign policy, and that is something that applicants will have to consider for themselves.

The other relevant Turkey Cyprus aspect is an unfortunate one, which is that two countries' ongoing dispute about NATO EU relations, and in response to some of the other questions I noted how important it is for NATO and the EU to work together, that cooperation is imperfect because of the Turkey Cyprus dispute. And Cyprus is a member of the EU but not NATO and Turkey is a member of NATO but not the EU, consistently block each other's participation in the organization that they are a member of. And that is unfortunate and we have been working to try to overcome that difference, but it stands in the way of the sort of EU NATO cooperation that we would like to see.

Mr. SIRES. Thank you very much.

Mr. DELAHUNT. Thank you, Mr. Sires.

Mr. McMahan?

Mr. MCMAHON. Thank you, Mr. Chairman. As I said in my opening statement, I think we all believe that a stronger, more coherent, more effective EU can be borne out of the Lisbon Treaty, and it is an important thing with our ongoing partnership and friendship. However, as I said I am concerned about some protectionism that you seem to be hearing coming out of the EU Commission, especially in the area of financial services which concern me, I represent New York City, Staten Island, and Brooklyn in particular.

And the alternate fund managers directive, which you know is legislation which places unjust regulations on EU managers raising funds outside the EU or marketing a non-EU fund within the EU as well, as with a U.S., Swiss, or other non-EU manager that is marketing a fund within the EU. And more importantly, and what is widely seen as a protectionist measure, non-EU managers such as those in New York must be established in a country with EU equivalent credential regulations and ongoing supervision can start marketing to EU only after 3 years of time. So that is something that would hamper the competitiveness of American financial industries. And so I am wondering if you can respond to questions about that particular policy and in the broader sense are we worried about a growing protectionism coming from the EU first as it has to do with that initiative but also in the broader sense.

Mr. GORDON. Thank you for raising that. I am not familiar enough with the details of that particular directive to give you an answer, although I am happy to look into it. As a general comment I would say, obviously we are always on the lookout for protectionist measures because the U.S.-EU trade relationship is so important to us. I don't think that we have detected a protectionist move from the EU, and I certainly don't think Lisbon will push it in that direction.

And given the economic crisis that we have gone through on both sides of the Atlantic in the past year, one might have feared worse. It is conceivable that both sides could have turned to protectionist measures as unemployment rose and economic difficulties also rose, but that hasn't really happened, and I think that leaders on both sides, I think if you look at the new team in place in Brussels and certainly is the case for the Obama administration understand the importance of free trade and open markets and globalization, and certainly in the United States-European context we believe that both sides benefit tremendously from keeping that open.

Mr. MCMAHON. No, and I appreciate that, but just to belabor the point a little bit, if we were talking about, you know, agricultural products or manufacturing products, you know, the alarms would go off much more clearly because we would worry about getting into a traditional type of trade war, but the same could be true in the financial services industry as well if America takes retaliatory action. So would you look at that directive and then follow up with us? I will have my office contact you, if we could follow up on that I would appreciate it.

Mr. GORDON. Absolutely.

Mr. MCMAHON. Thank you. Thank you, Mr. Chairman.

Mr. DELAHUNT. Thank you, Mr. McMahan.

Mr. Costa?

Mr. COSTA. Yes, a couple questions. Mr. Assistant Secretary, we were talking about earlier in comments that were made about extending formal structure to the current relations now that the European Union is thinking of setting up an office here in Washington and whether or not we might reciprocate in kind in Brussels. Your portfolio obviously includes Europe and Eurasian affairs, is it the intention of the State Department or this administration to make any structural changes as it relates to in response to the Lisbon Treaty in terms of how we go forward with this new refined partnership?

Mr. GORDON. It is an interesting question, they are changing their structures, do we need to change ours in response? There will obviously be changes in certain mechanisms, such as the U.S.-EU summit that I mentioned, there is going to be a different team on the other side and we need to think about the best way to carry on that tradition and work with those new institutions. We will have to work with the new European External Action Service, but again we have to wait and see what it looks like and how it is represented, and so I do think that will entail some changes in the way we engage but it is something that we are going to have to figure out over time as they figure out exactly what role that.

Mr. COSTA. So that will be a work in progress as well?

Mr. GORDON. That will be a work in progress as well. Otherwise, you know, I will have, I mentioned, you know, as they set this up, assistant secretaries in the State Department should have a new counterpart in their structure and we will have to figure out how that works.

Mr. COSTA. Who they are and how they move forward.

Mr. GORDON. Yes, and what their responsibilities are.

Mr. COSTA. In my opening comments I talked about, you know, looking back 20 years and looking forward 20 years, and none of us have a crystal ball obviously, but what is the administration's expectations as, and sometimes we overplay that expectation level so we all should be cautious about that, but as to what this new Lisbon Treaty may portend in the next 5 years, the next 10 years, realizing that it is going through a transition. But on the positive side, what are your expectations and on the negative side or the down side, what do you think we should be concerned about in the next 5 and 10 years?

Mr. GORDON. Again, a good question, I think you are right to talk in that sort of a time table. When you look at the history of European integration, it tends to move very slowly and in fits and starts, sometimes two steps forward, one back.

Mr. COSTA. Such as the Lisbon Treaty.

Mr. GORDON. The Lisbon Treaty took a lot longer than initially planned just to get ratified.

Mr. COSTA. A number of steps forward, backwards, laterally.

Mr. GORDON. Exactly. And I would say, you know, expect more. I have had, you know, some people come up and say, oh now that is done. Well actually it is not done, it is just beginning. What is done is the ratification, but as I think my testimony has demonstrated, there are an awful lot of questions, and it is not just our questions, you know, ask the Europeans themselves, they have big questions about how this will work, and it will take time. And just

as our own institutions or anybody's institutions, they can be implemented in different ways.

Will the President of the Council and the High Representative be strong leaders who bring the EU along in a coherent manner or will they not have much of an impact on the member states? Depends in part on how successful they are in managing this. There is very much still to be determined. So by putting it in a longer term time horizon, just as—

Mr. COSTA. The practical positive expectations could be what in the next 5–10 years?

Mr. GORDON. Could be a European Union, which again is our key partner on all of the global challenges we face and the place in the world with the most resources, economic and military, and democracies and the entity with which we really need to cooperate on Afghanistan, Iran, Pakistan, Middle East, climate change, the positive scenario could be, you know, within 5 years or whatever time table you want to put on it, representation of that partner that is more global thinking, that thinks globally, and that is able to act more coherently with fewer internal contradictions. In other words, really a partner for the United States so that when we face these challenges it is easier for us to talk to that interlocutor and reach agreement on how to move forward together and they put more behind the common effort and it is a more balanced transatlantic partnership. That is the positive outcome.

Mr. COSTA. And the down sides?

Mr. GORDON. The down side, I mean there are other scenarios, one would be not much change at all where the new structure has come into place but in the end it is still divided, difficult to find consensus, still a useful partner but the new institutions don't bring about the more coherent, effective partner.

Mr. COSTA. The more streamlined decision making process, not greater efficiency, and the transparency we are looking for.

Mr. GORDON. Right. And, you know, there is a theoretical negative scenario, but it really is unlikely, I mean some worry about a rival, that somehow if Europe is more united then we have a more difficult partner that we won't be able to influence. But as I have stressed, you know, given that their interests on all of these questions line up very significantly with ours, I think that is an unlikely prospect, there is more to be gained than lost.

Mr. COSTA. Thank you, Mr. Assistant Secretary. Thank you, Mr. Chairman.

Mr. DELAHUNT. Yes, and we have been joined by the gentleman from Arkansas, Mr. Boozman. Mr. Boozman?

Mr. BOOZMAN. Thank you, Mr. Chairman. Just real quickly, I am a member of the NATO Parliament, Mr. Tanner is actually the President, Albio is also, but I guess my question is, I know there is many opportunities for Congress, Congressmen specifically to interact with our cohorts in Europe through various entities, can you talk a little bit about the importance of us participating in those kinds of things and being present, and as you have talked about there are so many things that are on the table right now, and again I would just like your opinion on that.

Mr. GORDON. No, thank you for the opportunity to do that. As you mentioned, as others have mentioned, you have the Trans-

atlantic Legislators Dialogue, you have the NATO Parliamentary Assembly, these are opportunities for the democratically elected representatives of the people on both sides of the Atlantic to talk about the challenges we face, and I think that is increasingly important, it is increasingly important as the European Parliament plays a greater role in Europe, and as we look to our European friends and allies to join us in dealing with these tremendous challenges. Again, because we are both democracies on both sides here, you can't do this without the involvement of legislators and citizens.

And, you know, we have seen that before when our Government might have appealed to European governments to join us in some enterprise and then those governments go their people or their parliaments and the Parliament says, you know, we don't want to do that. Well, that is because we didn't manage to convince those legislators and people that we have common interests and we should be doing it together. And I think that is extremely useful and healthy. And, you know, frankly you face the same challenges, you know, you have skeptical populations who wonder why they should be dealing with Afghanistan or Iran or whatever it might be, and you can compare notes on the best way to approach what we think are really common interests.

Mr. BOOZMAN. Thank you, Mr. Chairman.

Mr. DELAHUNT. Thank you.

And last but not least, the chairman himself, Mr. Wexler.

Mr. WEXLER. I want to thank Chairman Delahunt for his very kind words and wish him the best; I know it will undoubtedly be a very successful tenure. I especially want to thank Mr. Gallegly for the 5 years, I believe, that I had the privilege of serving with him, as the ranking member and as the chairman, for the always dignified and respectful way in which he dealt with me and everyone else. It was a professional privilege to have the opportunity to work with him. I also want to thank the secretary for his friendship and cooperation over this relatively short period, and undoubtedly President Obama and Secretary Clinton I believe made a very effective choice as assistant secretary for your position. And I deeply want to thank all of the colleagues who were very kind to say things today and at other times.

I would be remiss if I didn't take this chance just to ask you about Turkey given Prime Minister Erdogan's recent trip with Foreign Minister Davutoglu. For all the articles that have been written essentially suggesting that Turkey is turning eastward or Turkey is somehow minimizing its relationship with the West, I understand the basis of those articles, the basis of concerns, but to listen to the Prime Minister himself, to listen to Foreign Minister Davutoglu, it seems quite apparent to me that what Turkey is exercising is a regional policy, and a regional policy that more often than not coincides with the interests of the United States with some notable exceptions.

And if anyone had suggested 5 years ago that Turkey would be in a major process of engagement with Armenia few of us would have believed it possible. If someone had suggested 5 years ago that Turkey would entertain a democratization effort that provides needed freedoms to its Kurdish and other minorities, few of us

would have thought it possible, understanding that all of these efforts will have bumps and grinds and obstacles. And even in the context of Syria and Iran, where I myself at times differ, it would seem to me that the benefit to America, the benefit to the West, of having Turkey deeply engaged with its neighbors will almost by definition always outweigh the detriment.

Having said that, I would like to more importantly hear your conclusions or your impressions, given the extensive time that Prime Minister Erdogan was here and spent with the President and with others, in terms of the status of our relationship with Turkey, and as to the issue of Turkey turning one way or the other, if you would care to comment. Thank you.

Mr. GORDON. Thank you, Congressman, both for your kind words and for asking that important question or giving me the opportunity to address it. I of course have seen the same articles and the same analysis of Turkey turning eastward, and you are right that they are playing a more active role in the region and see for themselves a very important role in the region, and frankly it is also true that on some of those issues we have expressed different views and the Prime Minister and President Obama had a chance to talk about some of those, including on the approach to Iran and Israel and Syria.

That said, I believe it is a misimpression to somehow think that Turkey is turning its back on decades of cooperation with NATO and the United States and Europe and the West in pursuit of some Eastern agenda. Indeed, the very fact of having the Prime Minister and spend several hours engaging with the President on how to deal with these common challenges hardly is the sign of a country turning away from the United States, just as their continued interest in joining the European Union, which is not always welcomed in some parts of Europe, is hardly a sign of moving away from Europe.

So yes it is true that the Turkish Government is very active in seeking to play a major role in the Middle East and elsewhere, but it is also true that they remain a close partner of ours with whom we cooperate on such a range of hugely important issues, regional ones but also more global ones—Turkey has been a strong partner in Afghanistan where we have a special relationship and they have a special historical relationship, and we are doing good work together and they are contributing—but also on energy issues and other regional issues including normalization with Armenia. So we have a big agenda with Turkey, and it remains hugely important to this administration to continue to engage Turkey to make sure it remains the partner that it has been for a long time.

Mr. DELAHUNT. Yes, thank you, Mr. Wexler, and let me echo your sentiments and the implications in that question, I think you know that I share your view on that particular issue.

Mr. Assistant Secretary, it looks like that is it. I have one other just observation: The relationship between the EU and NATO. Oftentimes, we hear concerns about the EU supplanting NATO from some quarters here in the United States, which would obviously remove the U.S. from the decision making process, from the equation, if you will. And yet, I am sure it in some ways is befuddling, for lack of a better term, for the Europeans to hear a drumbeat of criti-

cism of NATO and its role both in the recent past and currently in Afghanistan. It is almost like I think we here in the United States have to seek some clarity in terms of how we view and how we articulate our understanding of the relationship between NATO and any European military efforts. If you choose to comment, you can, and if not, you are off the hook.

Mr. GORDON. I am happy to provide a brief comment. You know, in the past some have sought to clarify that relationship very specifically or almost in institutional or treaty language. And the reality is that, you know, it would be impossible to reach such an agreement and it is probably also not necessary. We need to the extent possible to reach some agreements on avoiding unnecessary duplication, but we are just not going to agree in advance on which organization does what in every circumstance.

What I am confident of is that our interests are similar enough that this should be something we can work out and that when the United States wants to lead and play a major role, the Europeans will be quite happy to see that, and so I don't think we have to worry that there will be cases where we want to be involved or we want NATO to be involved and somehow the EU will insist that it be done in a different way. And therefore we should be pleased that the EU is building the capacity to do things in cases where we and NATO are not prepared to be involved.

Mr. DELAHUNT. Let me just add again going back to my original observation about the need for presence, when I see the dichotomy or diverse views on the same issue, which criticism being allocated in a fairly equal way between EU's own efforts in terms of its security and then the criticism for NATO, I think that communication and that dialogue, because a lot of it comes from Congress, would be very positive and constructive in terms of, okay let us be clear about what we are talking about here.

And I think it goes to, and I agree with your statement, I think it is unnecessary to have a treaty, but I think at the same time a full and ample discourse on those issues could go a long way to not muting justified criticism but making sure that the criticism is accurate and is stated with a full understanding of what the realities are. In any event, thank you for bearing with us, and you are excused, and thank you again.

Mr. DELAHUNT. And now if we could have the next panel come up. And let me extend my thanks again for your patience. It has been several hours, and I understand that we are going to have votes around 4:00, which means I am going to be very brief in my introductions and then would ask you to see if we can conclude your opening statements and then come back for a Q&A, I presume not all the members will return so there will probably be a fewer number of us to have to deal with.

So first let me introduce Dr. Karen Donfried, who is the executive vice president of the German Marshall Fund of the United States. Again, I am going to truncate a very long curriculum vitae to say that I have had an opportunity to deal with Dr. Donfried and I know she is an excellent witness, she is extremely conversant with these issues, and welcome. Next is Dr. Daniel Hamilton, who is the Richard von Weizsäcker Professor at the Paul Nitze School of Advanced International Studies at Johns Hopkins. He is a noted

author, I have had the pleasure of hearing his testimony previously, he is extremely knowledgeable, and I look forward to his testimony.

And finally, Sally McNamara, who is a senior policy analyst in European affairs at the Heritage Foundation's Margaret Thatcher Center for Freedom. She was formerly the director of International Relations for the American Legislative Exchange Council. Before coming to the United States in 2004 she served as chief parliamentary aid to Roger Helmer, a member of the European Parliament in Brussels. Previous to that she acted as regional press officer for the British Conservative Party in the East Midlands of the UK. And she is a native of Nottingham, England. I love to say Nottingham, I was always enthralled as a youth by the Sheriff of Nottingham. Well thank you all for being here, and without further ado, please proceed with your statements. Let us begin with Dr. Donfried.

STATEMENT OF KAREN DONFRIED, PH.D., EXECUTIVE VICE PRESIDENT, GERMAN MARSHALL FUND OF THE UNITED STATES

Ms. DONFRIED. Thank you very much. Mr. Chairman, I would like to begin by congratulating you on assuming the chairmanship of this important subcommittee, and thanking you for the opportunity to testify today. It is a real pleasure to participate with you and the other distinguished members of this subcommittee to talk about the future of transatlantic relations under this new Lisbon Treaty structure. I would like to ask that my written remarks be submitted to the record.

Mr. DELAHUNT. Without objection.

Ms. DONFRIED. I would like to highlight how the United States might constructively engage this post-Lisbon European Union. At its core, the Lisbon Treaty seeks to improve how a European Union of now 27 member states and 500 million citizens functions. The hope in this capital is that the European Union will now look beyond Europe and capitalize on more effective and more efficient decision making structures to help the United States meet the many global challenges that face us. What I would like to do is talk first about how Congress might engage this new EU and then focus on a couple of ideas for the Executive Branch.

I wanted to start close to home for you and others by looking at the new legislative powers that the Lisbon Treaty provides for. If you look at the history of European integration, the European Parliament is the one EU institution whose power has consistently increased with each treaty revision, and that is no different here. And what we see is that the Parliament is expanding its ability to have an equal footing with the Council on most legislation. Parliament will also now have a decision making role on the entire budget of the European Union.

What is interesting in the Lisbon Treaty is it not only increases the power of the European Parliament, it also increases the power of national parliaments, which will now have the opportunity to challenge a piece of European legislation if national parliaments deem it unnecessary. These changes were intended to make the European Union more democratic, as parliaments are in all sys-

tems the most democratic expression of public opinion. What does this mean for the U.S. Congress?

As we know, and Congresswoman Berkley was here earlier, the Transatlantic Legislators Dialogue has been the main forum through which Members of the European Parliament and Members of the House of Representatives have interacted. There is, of course, a separate web of bilateral exchanges at the national level between U.S. Members and their European counterparts, and the German Marshall Fund even participates in some of those. Given those existing structures and knowing that time is at a premium for Members of Congress, how do you structure deeper relationships recognizing that you don't have a lot of time for that? We can't just add meetings.

The suggestion that I wanted to make is that we target a limited number of legislators on both sides focused on discrete, substantive topics, so that you are engaging members of the European Parliament and members of the national parliaments around specific topics, creating an issue specific dialogue. It seems to me that if each parliamentarian came away from these dialogues feeling that they had gained something for their own legislative process back home, these meetings become "need to do," rather than just something that is "nice to do."

And I think we have to admit that it is hard to engage American Members in Europe. We need to engage them on the topics, whether it is homeland security or immigration, on which they have a legislative role to play. I think the Europe Subcommittee is well poised to try to generate ideas for how you might deepen this dialogue. I did notice that former colleagues, I used to work at the Congressional Research Service, are here in the room and you might want to see if CRS wants to prepare a report that is generating some new ideas on how to deepen this transatlantic parliamentary relationship under the new Lisbon Treaty.

Now if we think about the Executive Branch and how it engages the EU. We just heard from Assistant Secretary Gordon that the Obama administration looks forward to an EU that will play a larger role on the global stage. My question is, how do we encourage that development? I am asking that question because we need to acknowledge that the Lisbon Treaty offers the European Union the promise of a political role in the world commensurate with its economic weight, but the Lisbon Treaty only lays the framework that would provide the EU with the capacity to act, it does not guarantee a willingness to act.

We have to remember that the European Union remains an intergovernmental undertaking. The powers of the European Union can only grow to the extent that the member states surrender more of their national sovereignty to this unprecedented multinational enterprise. Today, foreign policy still remains in the hands of national leaders. Yes, we have President Van Rompuy, yes we have High Representative Ashton. It is interesting, some of the press around these appointments has complained that they are not political rock stars. The Economist went so far as to refer to the two of them as "two mediocre mice."

I honestly think these critics are missing a fundamental point. Washington, and for that matter the world, will listen to Mr. Van

Rompuy and Baroness Ashton if they genuinely speak for a united European Union. The Lisbon Treaty may solve the structural problem in providing the infrastructure to make possible a coherent voice for the EU, but only the member states can muster the requisite political will. To take just one example, will France and the United Kingdom be willing to give up their national seats on the United Nations Security Council some day in favor of a European Union seat? And the so-called “Big Three,” the UK, France, and Germany, are the key drivers of foreign policy at the EU level.

If we think about the United States, we are facing serious challenges on many fronts. The Obama administration may well not be picky about whether effective partnership with Europe comes through bilateral, NATO, or European Union channels, as long as it is forthcoming. That said, if the EU can prove itself to be an effective mechanism for catalyzing substantial European contributions to global challenges facing us, simply put, if the EU can show that it can deliver, then it would very quickly become a preferred partner for Washington.

Now, how can the administration encourage that development if we think it is a positive one for U.S. interests? Certainly one way is how President Obama will engage and work with President Van Rompuy. Another is how Secretary Clinton will engage High Representative Ashton. Beyond that, let me make two admittedly modest but concrete suggestions.

First, in the opening months of 2010, President Obama could make a visit to Brussels and engage the European Union and embrace publicly its post-Lisbon architecture. Such a visit could be a fitting and bipartisan bookend to the trip that then President Bush made to Brussels in February 2005.

Then President Bush met with representatives of the Parliament, the Council, and the Commission to express U.S. support for the development of the European Union into a more effective strategic actor on what most believed, wrongly it would turn out, was the eve of the European Constitution being approved, which as we know then failed. Given the continued phenomenal popularity of Barack Obama across Europe, even a short stop in Brussels could be a powerful sign of both United States support and also of heightened U.S. expectations for this relationship.

Second, I would encourage the Obama administration to engage in a full court press to encourage a substantial EU civilian surge in Afghanistan. Ideally the European Union could announce this stepped-up commitment at the international conference on Afghanistan that will take place in London on January 28th of next year. British Prime Minister Brown and German Chancellor Merkel, together with French President Sarkozy, pushed for this conference as a place to discuss plans for handing control of Afghanistan back to local authorities over time, as Afghan capabilities are strengthened.

A key deliverable at this conference will be the concrete measures the international community will pledge to support Afghanistan in this decisive phase. This conference would be an ideal venue for the EU to step up to the plate and redouble its efforts, again for the EU to show that it can deliver on an issue of great importance to the transatlantic community. I think it would be a

fitting way to mark with action the enhanced foreign policy role the Lisbon Treaty outlines with words.

The European Union has been, by almost any measure, a huge success. Two key elements of a state's sovereignty are money and troops. The EU has already succeeded in creating a common currency, the euro. It may seem light years away from establishing a European army, and certainly the Lisbon Treaty does not do that. None of us can know today where this remarkable experiment will end. What we do know is that, as revolutionary as many of the EU's accomplishments may seem, the process of European integration is in fact an evolutionary one.

The EU will continue to grow and change, sometimes gradually and sometimes in spurts, over time. We Americans have played a critical role in fostering that evolution. We need to decide how and to what extent we want to continue to do that in the 21st century. It is easy to criticize the EU's weaknesses and even to exploit them. The question is whether we want to help strengthen the union and if so how. I would argue the post-Lisbon architecture gives us new opportunities to engage and encourage a stronger partner on the other side of the Atlantic. Thank you so much for this opportunity to share my thoughts with you.

[The prepared statement of Ms. Donfried follows:]

**Testimony of
Dr. Karen E. Donfried
Executive Vice President
The German Marshall Fund of the United States**

**The Lisbon Treaty: Implications for Future Relations Between the European Union
and the United States**

**Subcommittee on Europe
Committee on Foreign Affairs
United States House of Representatives
December 15, 2009**

Mr. Chairman, I wish to begin by thanking you for the opportunity to testify before the Subcommittee on the implications for future transatlantic relations of the European Union's Lisbon Treaty.¹ It is a distinct pleasure for me to participate with you and the other distinguished Members of this Subcommittee in today's discussion of the relationship between the United States and the European Union (EU) going forward. I would like to request that my statement be included in the record.

The New Treaty

The European Union has arrived. After years of treaty revision, following decades of institutional restructuring, the Treaty of Lisbon entered into force on December 1, 2009.² At its core, the Lisbon Treaty seeks to improve how an EU consisting of 27 member states functions. The European Union, with its 500 million citizens, now replaces and succeeds the European Community.

This long-awaited change even touched our capital city in a concrete, if small, way. The Delegation of the European Commission to the United States became the Delegation of the European Union to the United States. Mr. Chairman, your predecessor on this subcommittee, Congressman Wexler, helped unveil that new name plate.

Beyond the glint of a new plaque, what does the end of this long focus on the EU's internal organization mean for Washington? The hope in the United States is that the European Union will now look beyond Europe and capitalize on its more effective, efficient decision-making structures and institutional set-up to help the United States meet the many global challenges confronting countries on both sides of the Atlantic.

The New Leadership

Of the many changes brought about by the Lisbon Treaty, the news that has captured headlines has been the creation of two new leadership positions: President of the

European Council, and High Representative for Foreign Affairs and Security Policy. The speculation was intense as to which politicians might be in the running or leading in the race for these slots. Jose Manuel Barroso, the recently re-elected President of the European Commission, presented Swedish Prime Minister Reinfeldt, in his role heading Sweden's EU Presidency, with the humorous gift of a Rubik's cube to congratulate him on having solved the puzzle of how to win consensus among the 27 heads of state on the new EU appointees. That puzzle consisted of finding just the right mix among political groupings, member state geography and size, and gender.

The European Council will now benefit from a full-time President. Former Belgian Prime Minister Herman Van Rompuy was elected by the member states to the post for a term of two and a half years, which may be renewed once. This position replaces the rotating Presidency, which saw a different member state chair the European Council every six months. Under the old system, each member reveled in having a spell at the EU's helm, but the rotation was disruptive, causing a lack of continuity of priorities and purpose. According to the treaty, Mr. Van Rompuy's primary responsibility will be to "chair" and "drive forward" the work of the European Council and work to "facilitate cohesion and consensus within the European Council." He will also represent EU leaders on the global stage.

The second new position is the High Representative of the Union for Foreign Affairs and Security Policy. Baroness Catherine Ashton was appointed by the European Council for this post, with the agreement of the President of the Commission. She will receive the consent of the European Parliament when it meets in January to vote on the entire Commission. She has served for the past year as EU Trade Commissioner and proved herself to be a fast learner and skilled negotiator. Her five-year term of office coincides with that of the Commission. Her new role combines three existing functions. First, she will serve as the Council's representative for the Common Foreign and Security Policy (CFSP); this was the position previously held by former NATO Secretary General Javier Solana. Second, she will serve as Commissioner for External Relations, the position previously held by former Austrian Foreign Minister Benita Ferrero-Waldner. Third, she will be President of the Foreign Affairs Council, the function previously exercised by the foreign minister of the country holding the six-monthly rotating Presidency of the EU. For example, at present, this role is played by Swedish Foreign Minister Bildt in the context of Sweden's EU Presidency. By combining these three roles, Baroness Ashton should be in a strong position to conduct the Union's foreign policy and provide the EU with greater influence in world politics.

Baroness Ashton will be supported in her work by a new European External Action Service (EEAS). This Service will be comprised of officials from the Council, the Commission, and staff seconded from the diplomatic services of the member states. The EEAS could prove highly significant for crafting a common foreign policy thanks, in no small measure, to the seconding of national diplomats. If national diplomats are in the field with their EU counterparts and they work together to form analyses, the likely result of this collaboration is consensus about necessary policy initiatives. It will take some time to set up this new EEAS; in the meantime, Baroness Ashton will benefit from the

existing global network of 130 EU delegations on all continents run by over 5,000 staff. These existing delegations will operate under the authority of the High Representative and will become a part of the EEAS structure.

As the EU organizes itself anew, the United States needs to figure out what this means for our interaction with the Union. In conceiving the new position of President of the European Council, former French President Giscard d'Estaing spoke about this key position as Europe finding its own George Washington.³ History will judge whether Mr. Van Rompuy turns out to be the George Washington of Europe, but, at first blush, it does not appear that this is what the 27 leaders of EU member states were looking for. Rather it seems that Mr. Van Rompuy was chosen for his consensus-building skills – well-demonstrated during his year as Belgian prime minister – and thus the expectation that he would be a skilled chairman of the European Council. He will bring continuity to a position that has traditionally changed hands every six months. And he will try to bring consistency to the message broadcast by a European Council seeking to unify the views of 27 different member states. Whereas the rotating presidency led to priorities shifting each half year, Mr. Van Rompuy can ensure that one set of priorities remains the focus for at least two-and-a-half years and likely five years, assuming he is re-elected. The critical measure of his success will be whether he is able to forge consensus without simply accepting the lowest common denominator.

President Obama will play a key role in deciding how he will interact with Mr. Van Rompuy. No doubt the bilateral relationships President Obama has, in particular, with the leaders of the larger member states, with Sarkozy, Merkel, and Brown, will not be eclipsed by Van Rompuy, but if the United States sees a more streamlined EU as being in our interest, President Obama should invest political capital in bolstering Mr. Van Rompuy from this side of the Atlantic.

Baroness Ashton will be central to strengthening the consistency and unity of the EU's role in the world. Unlike Mr. Van Rompuy, she will have substantial resources at her disposal given that she will be in charge of the EU's external relations budget. That said, she can still act only if there is unanimous agreement among all the member states. Forging a close relationship to Secretary of State Clinton would enhance the heft she carries within EU chambers. As Baroness Ashton strives to pull together the many strands of EU foreign policy⁴ – from crisis response to development – she may well find that she has a great deal in common with Secretary Clinton, who is working on the first-ever Quadrennial Diplomacy and Development Review. One can imagine Baroness Ashton immediately subscribing to the goal Secretary Clinton set out for that review of guiding “us to agile, responsive, and effective institutions of diplomacy and development.”⁵

One last, if obvious, point needs to be made about Catherine Ashton. She is British. It is not by chance that the person chosen for the High Representative hails from one of the so-called “Big Three” member states. Thanks to her nationality alone, she is seen as bringing a global perspective to this new position – another attribute that will enhance her appeal to Secretary Clinton.

The New Legislative Powers

A final and critical piece of the Lisbon Treaty worthy of being highlighted to this Subcommittee is the changes it brings for the role of legislatures. The European Parliament is the only EU institution whose power has consistently increased with each treaty revision. All member states see the Parliament as the principal means to ensure greater democratic legitimacy for the Union. The Lisbon Treaty expands the role of the European Parliament by increasing the use of the co-decision procedure in policy-making to ensure that the Parliament is on an equal footing with the Council on most legislation. This procedure has been extended to about forty areas, including justice and home affairs, agriculture, immigration, and energy security. That said, there continue to be fields – from tax policy to social security, from foreign and defense policy to operational police cooperation – that still require unanimity in the Council. Going forward, Parliament will also decide on the entire EU budget with the Council.

The Treaty also creates a new role for national parliaments, giving them eight weeks to examine draft European legislation. The treaty sets out provisions that provide national parliaments with the right to then challenge a piece of European legislation if they consider it unnecessary. These provisions are intended to buttress the principle of “subsidiarity,” meaning that the EU should legislate only when action cannot be taken more effectively at the national level.

This reality of increasing powers for both the European Parliament and national parliaments suggests that the time is auspicious for the U.S. Congress to reevaluate the mechanisms through which it engages its counterparts in Europe. The Transatlantic Legislators Dialogue (TLD) is the main forum for U.S. Members of the House of Representatives and Members of the European Parliament to interact, including through biannual meetings. There is a separate web of bilateral exchanges between U.S. Members and Members of national parliaments across Europe (for example, in the case of Germany, the Congressional Study Group on Germany or the German Marshall Fund’s Congress-Bundestag Exchange). One idea might be to expand the TLD to include European legislators from the national parliaments to discuss specific topics of mutual concern and relevance from agricultural subsidies to homeland security. Time is at a premium for every lawmaker and thus rather than call for a proliferation of new meetings and exchanges, the aim should be to target a limited number of legislators for each discrete substantive topic. If each parliamentarian has the opportunity to engage in a policy dialogue directly relevant to that individual’s legislative priorities and learn how counterparts are addressing similar problems and what they have found works or does not work, s/he will likely view these meetings as “need to do,” rather than “nice to do.”

A New Transatlantic Relationship?

The European Union and the United States are bound by deep economic, political, and cultural ties. The EU’s 27 member states include our largest trading partners and closest allies. The Obama Administration, like its predecessors, looks forward to an EU that will

play a larger role on the global stage.⁶ The Lisbon Treaty offers the European Union the promise of a political role in the world commensurate with its economic weight. The jury remains out as to whether that role is something the member states desire. Lisbon may lay the framework that provides the EU with the capacity to act, but that of course does not guarantee the willingness to act.

It is critical to remember that the European Union remains an intergovernmental undertaking. The powers of the EU can only grow to the extent that the member states surrender more and more of their national sovereignty to this unprecedented multinational enterprise. Today, foreign policy still remains firmly in the hands of national leaders. Some observers have complained that Mr. van Rompuy and Baroness Ashton are not political “rock stars.” *The Economist* went so far as to refer to them as “two mediocre mice.”⁷ But, honestly, these critics are missing the fundamental point. Washington, and for that matter the world, will listen to Mr. Van Rompuy and Baroness Ashton if they genuinely speak for a united European Union. Angela Merkel, Germany’s Chancellor, commands attention and respect not because of who she is, but because of the powerful country she represents. The Lisbon Treaty may solve the structural problems in providing the infrastructure to make possible a coherent voice for the EU, but only the member states can muster the requisite political will. To take just one example, will France and the United Kingdom be willing to give up their national seats on the United Nations Security Council some day in favor of an EU seat?

British Foreign Secretary David Miliband laid out in impressively frank terms the choice or perhaps the tension between strong national foreign policies and a strong EU foreign policy: “So the choice for Europe is simple. Get our act together and make the EU a leader on the world stage; or become spectators in a G2 world shaped by the US and China. But I think that the choice for the UK is also simply stated: we can lead a strong European foreign policy or – lost in hubris, nostalgia or xenophobia – watch our influence in the world wane.”⁸ This is the choice facing each EU member state.

As one would expect, the United Kingdom, France and Germany are the key drivers of foreign policy at the EU level. One of the more successful common policies has been the so-called “EU-3” effort on Iran. Interestingly, it was the big three member states that began this negotiating initiative with Iran and then invited Javier Solana, in his then-role as EU High Representative, to spearhead the effort going forward. In this way, the “big three” were able to unite an EU of 27 around a common approach to try to dissuade Iran from developing a nuclear weapon. In time, the United States also came to back the initiative. The general verdict at present seems to be that the initiative was highly successful in aligning transatlantic policy on Iran, even though the policy has thus far failed to change Iranian behavior.

The United States is facing serious challenges on many fronts. The Obama Administration may well not be picky about whether effective partnership with Europe comes through bilateral, NATO or EU channels, as long as it is forthcoming. That said, if the EU can prove itself to be an effective mechanism for catalyzing substantial European contributions to global challenges facing the transatlantic community – simply

put, if the EU can deliver – it would instantly become the preferred partner for Washington.

Two Final, Modest Suggestions

If a stronger EU partner is appealing to the Obama Administration, how can it encourage that development? Let me make two concrete suggestions.

First, in the opening months of 2010, President Obama could make a visit to Brussels and engage the European Union and embrace its post-Lisbon architecture. Such a visit could be a fitting bookend to the trip that then-President Bush made to Brussels in February 2005. He met with representatives of the Parliament, Council, and Commission to express U.S. support for the development of the EU into a more effective strategic actor on what most believed, wrongly it would turn out, was the eve of the European Constitution being approved. Given the continued phenomenal popularity of Barack Obama across Europe, even a short stop in Brussels would be a powerful sign of both U.S. support and also of heightened expectations on this side of the Atlantic.

Second, the Obama Administration could engage in a full court press to encourage a substantial EU civilian surge in Afghanistan.⁹ Ideally, the EU could announce this stepped-up commitment at the international conference on Afghanistan that London will host on January 28, 2010. British Prime Minister Brown and German Chancellor Merkel, together with French President Sarkozy, pushed for the conference as a place to discuss plans for handing control of Afghanistan back to local authorities over time, as Afghan capabilities are strengthened. A key deliverable at the conference will be the concrete measures the international community will pledge to support Afghanistan in this decisive phase. This conference would be an ideal venue for the EU to step up to the plate and redouble its efforts. It would be a fitting way to mark, with action, the enhanced foreign policy role the Lisbon Treaty outlines with words.

The European Union has been, by almost any measure, a huge success. Two key elements of a state's sovereignty are money and troops. The EU has already succeeded in creating a common currency, the Euro, while it may seem light years away from establishing a European army. None of us can know today where this remarkable experiment will end. The EU is unique and our powers of prediction are limited, especially for an entity without precedent. What we do know is that, as revolutionary as many of the EU's accomplishments may seem, the process of European integration is, in fact, an evolutionary one. The European Union will continue to grow and change, sometimes gradually and sometimes in spurts, over time. We Americans have played a critical role in fostering that evolution. We need to decide how and to what extent we want to continue to play that role in the 21st century. It is easy to criticize the EU's weaknesses or even exploit them. The question is whether we want to help strengthen the Union and, if so, how. The post-Lisbon architecture of the European Union gives us new opportunities to engage and encourage a stronger partner on the other side of the Atlantic.

¹ The views expressed here are those solely of the author.

² The Lisbon Treaty replaced the failed “constitution” championed by former French President Giscard d’Estaing, when he served as chairman of the “Convention on the Future of Europe.” The rejection of that European constitution in 2005 in referenda in Giscard’s own country of France, as well as in the Netherlands, led to most of the constitution’s key provisions being repackaged in the blander, more digestible, form of a treaty. All of the Lisbon Treaty’s provisions will not be discussed here, but include creation of a single legal personality, new positions for a President of the European Council and High Representative of the Union for Foreign Affairs and Security Policy, a new European External Action Service, a redistribution of voting weights among the member states to be phased in starting in 2014, new powers for the European Parliament, a smaller European Commission with fewer commissioners slated for 2014, a new role for national parliaments, a citizens’ right of initiative, and the Charter of Fundamental Rights. For detailed information, see the EU’s website (europa.eu).

³ Gilles Andreani, “A European Union of Nations Needs Dcft, Discreet Leaders,” German Marshall Fund Blog, Nov. 25, 2009 (blog.gmfus.org).

⁴ In the press release announcing the new European Commission, asterisks were placed by the names of the Commissioners for (1) enlargement and European neighborhood policy, (2) international cooperation, humanitarian aid and crisis response, and (3) development, with a note at the end stating that those Commissioners would work in “close cooperation with the High Representative/Vice President in accordance with the treaties.”

⁵ “The Department of State’s Quadrennial Diplomacy and Development Review,” Press Release, Department of State, July 10, 2009.

⁶ For example, see Marc Grossman, “New Partnership Dawns,” *The Baltimore Sun*, Nov. 16, 2009, p. A13, or Stephen Castle, “Europe Haggles Over Filling Presidential and Foreign Policy Posts,” *The New York Times*, Nov. 19, 2009, p. A11, quoting Charles Kupchan: “The view from Washington is ‘bring it on.’ I cannot think of any time since World War II when Democrats and Republicans alike have yearned for a Europe that can be a more capable partner.”

⁷ “Europe’s motley leaders: Behold, two mediocre mice,” *The Economist*, Nov. 26, 2009.

⁸ Speech by David Miliband, Secretary of State for Foreign and Commonwealth Affairs, “Strong Britain in a Strong Europe,” The International Institute for Strategic Studies, Oct. 26, 2009.

⁹ For more detail on what the components of an EU civilian surge might look like, see Karen Donfried and Mitchell Reiss, “Now Comes the Hard Part,” *The International Herald Tribune*, Oct. 5, 2009.

Mr. DELAHUNT. Thank you, Dr. Donfried.
And now we will go to Ms. McNamara.

STATEMENT OF MS. SALLY MCNAMARA, SENIOR POLICY ANALYST, EUROPEAN AFFAIRS, MARGARET THATCHER CENTER FOR FREEDOM, THE HERITAGE FOUNDATION

Ms. MCNAMARA. Mr. Chairman, Ranking Member Gallegly, and distinguished members of the committee, thank you very much for holding today's hearing on this very important issue. Mr. Chairman, with your agreement I would like to request that my prepared testimony be entered as my formal statement for the record and just offer brief remarks to you today.

Mr. DELAHUNT. Without objection.

Ms. MCNAMARA. Thank you. Mr. Chairman, members of this distinguished committee, as legislators who uphold the democratic values of openness, honesty, transparency, and rule of law, it is important to note that the Lisbon Treaty has finally been ratified after 8 years without a shred of democratic legitimacy or public support. The appointment of two anonymous and underwhelming figures to the EU's top post, Herman Van Rompuy and Cathy Ashton, was described by the Times newspaper as a Byzantine Brussels stitch-up.

This largely describes how much of Europe feels about the Lisbon Treaty, a treaty that takes Europe in a direction inimical to people's interests and inimical to the interests of the United States of America. On the face of it, it is easy to see why the U.S. would welcome the Lisbon Treaty. The EU argues that it finally has one telephone line to Europe and successive United States administrations, both Republican and Democrat, have called for Europe to shoulder a greater share of the world's security problems.

However, there is nothing in the institutional restructuring of the EU that will mean greater resources and political will to do more in places like Afghanistan, the Middle East, or Iran, just to name a few security hot spots. The EU might tell you that the Lisbon Treaty now means that Europe will speak with one voice on external relations, however sovereignty cannot be traded for influence. As the EU has grown in size it has essentially lost punch, taking forward the lowest common denominator positions which often frustrate American leadership on the world stage.

It is vital that the United States recognizes the value in dealing with its enduring allies on a bilateral level and appreciates the Lisbon Treaty's threat to these relationships. On issues of foreign affairs, defense, security, justice, and home affairs, including counterterrorism, bilateral relations work best for the United States. Replacing individual European allies with a single EU foreign minister means inevitably America's interests will lose out most in the discussions that really matter, or as Dr. Henry Kissinger says, when the United States deals with the nations of Europe individually it has the possibility of consulting at many levels and to have its views heard well before a decision is taken.

In dealing with the European Union by contrast, the United States is excluded from the decision making process and interacts only after the event. Growing estrangement between America and Europe is being institutionally fostered. It is worth considering

what has taken place to date as a forewarning of what is to come. The EU has consistently frustrated the prospect of tougher sanctions against Iran and has acted, in the words of Oskar Fischer, as a protective shield for Tehran against the United States.

The EU rolled out the red carpet for brutal Zimbabwean dictator Robert Mugabe in 2007, officially suspending its own travel ban on him to welcome him to Lisbon. In Afghanistan, the EU has been nothing more than a bit part player with a police training mission criticized by the NATO Parliamentary Assembly as too small, underfunded, slow to deploy, inflexible, and geographically restricted. However, it is the EU's disastrous handling of the Russia-Georgia war that fully illustrates the EU's limitations as a regional power.

Then EU President Nicolas Sarkozy took the reigns of leadership following Russia's illegal and immoral invasion in August 2008. Yet despite the failure of Sarkozy's cease fire and Russia's redrawing of Europe's borders by force, the EU abruptly and without warning to NATO returned to business as usual with Moscow. Coincidentally, at the height of the crisis in the south Caucasus, the EU signed a deal with Moscow to provide Russian helicopters for an under-resourced EU mission to Chad, and it was recently announced that France is \$0.5-billion Mistral class helicopter carrier to Russia.

The Lisbon Treaty also reigns in its members from taking independent action on the world stage and potentially from standing alongside the United States where and when they choose to do so. The Lisbon Treaty poses the biggest threat to national sovereignty in Europe since the Second World War. It hands power to unelected, unaccountable bureaucrats far removed from member states. It removes Europe's policy commitment to free and undistorted competition and instead favors protectionism, which will likely see the continued persecution of successful American companies.

It duplicates NATO's roles and functions and decouples America from Europe, killing the concept of indivisible security which has kept the peace in Europe for 60 years. The Lisbon Treaty will do huge damage to American interests in Europe, and contrary to any democratic tradition it is a self amending treaty which can aggrandize power not explicitly conferred on it by the treaties. As Lady Thatcher states in "State Craft," that such an unnecessary and irrational project as building a European super state was ever embarked upon will seem in future years to be perhaps the greatest folly of the modern era. Thank you very much, Mr. Chairman.

[The prepared statement of Ms. McNamara follows:]



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CONGRESSIONAL TESTIMONY

**The Lisbon Treaty: Implications for Future
Relations Between the European Union and the
United States**

**Testimony before:
Committee on Foreign Affairs
Subcommittee on Europe
U.S. House of Representatives**

Tuesday, December 15, 2009

**Sally McNamara
Senior Policy Analyst, European Affairs
The Heritage Foundation**

My name is Sally McNamara. I am Senior Policy Analyst for European Affairs at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

Testimony

After eight years of popular rejection, political cajoling and endless hand-wringing, the EU has finally ratified the Lisbon Treaty without a shred of democratic legitimacy or public support.

The Treaty contains all the essential components of an EU superstate including a single legal personality, a permanent EU presidency, an EU-wide public prosecutor, and the position of foreign minister in all but name. The Lisbon Treaty shifts power away from nation-states to Brussels in critical areas of policymaking--such as defense, security, foreign affairs, criminal justice, judicial cooperation and energy--where the United States finds more traction on a bilateral basis. It restricts the sovereign right of EU member states to independently determine foreign policy and poses a unique threat to the Anglo-American Special Relationship. Above all, it is a treaty that underscores the EU's ambition to become a global power and challenge American leadership on the world stage.

An Undemocratic Passage Which Lacks Public Legitimacy

The Lisbon Treaty was borne from the twice rejected European Constitution, which was voted down in public referenda held in France and Holland in 2005. The Lisbon Treaty itself was rejected in a referendum held in Ireland in 2008, until Dublin was forced into holding a second referendum in October 2009. Ireland's EU Commissioner, Charlie McCreevy stated that if the Lisbon Treaty had been put to a public vote across the European Union, it would have been rejected by 95 per cent of EU member states.¹

In one of the biggest acts of political betrayal in modern British history, the Labour Party denied the British public a long-promised referendum on the Treaty, despite overwhelming support for a public plebiscite.² The widespread lack of public support and legitimacy suffered by this Treaty should be of concern to all institutions who uphold the democratic values of openness, honesty, rule-of-law and transparency.

Negative Foreign Policy Implications for the United States

As with past EU treaties, one specific policy area has been heralded as critical to further European integration. The Single European Act brought about the Single Market and the

¹ Martin Banks, "Ireland commissioner says most EU countries would reject Lisbon Treaty," *The Daily Telegraph*, June 28, 2009, at <http://www.telegraph.co.uk/news/worldnews/europe/ireland/5675481/Ireland-commissioner-says-most-EU-countries-would-reject-Lisbon-Treaty.html> (December 10, 2009).

² Nile Gardiner, Ph.D. and Sally McNamara, "The EU Lisbon Treaty: Gordon Brown Surrenders Britain's Sovereignty," The Heritage Foundation WebMemo #1840, March 7, 2008, at <http://www.heritage.org/Research/Europe/wm1840.cfm> (December 10, 2009).

Maastricht Treaty instituted the single European currency. Undoubtedly, the major success of the Lisbon Treaty will be the EU's power-grab of foreign and defense policy, which is vital to realizing the EU's ambition of becoming the world's first supranational superstate.

The EU boasts that the Lisbon Treaty compels member states to speak with a single voice on external relations, and with a single legal personality Brussels will now sign international agreements on behalf of all member states. The Treaty formally abolishes the EU's pillar structure that provided for nation states to maintain the lead role in foreign affairs. Brussels' elites are claiming to finally have one telephone line to Europe.

All of this may sound enticing to the United States, which has long called for Europe to shoulder a greater share of the burden for global security. However, it is worth considering what has taken place to date, as a forewarning of what is to come.

Prior to the Lisbon Treaty, the EU already had an extensive sanctions arsenal through the Common Foreign and Security Policy (CFSP) but has repeatedly chosen not to use them. The EU has consistently frustrated the prospect of tougher sanctions against Iran, and has acted, in the words of Joschka Fischer, as a "protective shield" for Tehran against the United States.³ The EU even rolled out the red carpet for brutal Zimbabwean dictator Robert Mugabe in 2007, officially suspending its own travel ban to welcome him to Lisbon.⁴ In Afghanistan, the EU has been nothing more than a bit-part player with a police training mission criticized by the NATO Parliamentary Assembly as too small, underfunded, slow to deploy, inflexible, and largely restricted to Kabul.⁵

However, it is Brussels' disastrous handling of the Russia-Georgia War that fully illustrates the EU's limitations as a regional power. Then-EU President Nicolas Sarkozy took the reins of leadership following Russia's illegal and immoral invasion in August 2008; yet despite the failure of his ceasefire and Russia's redrawing of Europe's borders by force, President Sarkozy went on to engineer a return to "business as usual" between Russia and the EU with indecent haste. This was done without any formal negotiation with NATO, who had suspended all high-level diplomatic contact with Russia in support of the EU-led ceasefire negotiations.⁶ Coincidentally, at the height of the crisis in the

³ Rory Miller, "If the US Makes Peace with Iran, Europe Will Pay the Price," *Al Arabiya*, April 7, 2009, at <http://www.alarabiya.net/views/2009/04/07/70096.html> (December 10, 2009).

⁴ Henrique Almeida, "Mugabe to Attend EU-Africa Summit, Brown to Boycott," November 27, 2007, at <http://www.reuters.com/article/worldNews/idUSL2747890420071127?pageNumber=1&virtualBrandChannel=0> (December 10, 2009).

⁵ NATO Parliamentary Assembly, "NATO Operations: Current Priorities and Lessons Learned," 2008 Annual Session, at <http://www.nato-pa.int/Default.asp?CAT2=1458&CAT1=16&CAT0=2&COM=1476> (December 10, 2009).

⁶ Sally McNamara, "The EU's Common Foreign and Security Policy: How It Threatens Transatlantic Security," *The Heritage Foundation Backgrounders* #2250, March 17, 2009, at http://www.heritage.org/Research/Europe/bg2250.cfm#_ftn21 (December 10, 2009).

South Caucasus, the EU signed a deal with Moscow to provide Russian helicopters for the EU-led mission to Chad.⁷

The Lisbon Treaty's ability to reign in its members from taking independent action should also concern Washington. Under the Lisbon Treaty, EU member states are now required to consult the other members *before* undertaking international action and to ensure that their decisions are in line with EU interests.⁸ Giving the EU the ability to supersede the autonomy of its member states in areas of foreign policy—such as the decision to join the United States in military action—will seriously impair the ability of America's allies in Europe to stand alongside the United States where and when they choose to do so. It will see America isolated and facing hostility from an organization which is designed to serve as a counterweight to American “hyperpower.”⁹

The Lisbon Treaty poses the biggest threat to national sovereignty in Europe since the Second World War. It erodes the legal sovereignty of European nation-states and hands power to unelected and unaccountable bureaucrats and foreign-service officers, far removed from member states. It duplicates NATO's role and function and decouples America from Europe, killing the concept of indivisible security which has kept the peace in Europe for 60 years.¹⁰

A Threat to the Anglo-American Special Relationship

The institutional and political constraints imposed by the Lisbon Treaty will severely limit Britain's ability to build international alliances and independently determine its foreign policy. The biggest damage would be done to Britain's enduring alliance with the United States.

It is frequently argued that the United States can make its voice heard in the European Union by virtue of its Special Relationship with the UK. However, sovereignty can not be traded for influence. According to *The Times*, the EU's increase in size has been bought by losing its punch.¹¹

⁷ Jamie Smyth, “Russian Military Force to Assist EU Mission in Chad,” *The Irish Times*, September 4, 2008, at <http://www.irishtimes.com/newspaper/world/2008/0904/1220372097381.html> (December 10, 2009).

⁸ “Before undertaking any action on the international scene or entering into any commitment which could affect the Union's interests, each Member State shall consult the others within the European Council or the Council. Member States shall ensure, through the convergence of their actions, that the Union is able to assert its interests and values on the international scene. Member States shall show mutual solidarity.” Conference of the Representatives of the Governments of the Member States, “Treaty of Lisbon Amending the Treaty on European Union and the Treaty Establishing the European Community,” Article 16b, December 3, 2007, at www.consilium.europa.eu/uedocs/cmsUpload/ce00014.en07.pdf (December 10, 2009).

⁹ Former Socialist French Foreign Minister Hubert Vedrine (1997–2002) coined the word “hyperpuissance” (“hyperpower”), to define America's political, military, and economic strength after the Cold War.

¹⁰ Sally McNamara, “The EU's Common Foreign and Security Policy: How It Threatens Transatlantic Security.”

¹¹ “Shrouded in Myths,” *The Times*, February 10, 1996.

Further, the imposition of qualified majority voting in 40 new areas represents a significant loss of sovereignty for member states, and a removal of Britain's ability to block the most egregious aspects of EU policy. For example, French President Nicolas Sarkozy successfully removed the EU's policy commitment to free and undistorted competition from the Lisbon Treaty. Sarkozy did not even attempt to hide his intention in doing so: "The word 'protection' is no longer a taboo," he said.¹² The EU has already been described by the *International Herald Tribune* as the "global antitrust regulator." The Lisbon Treaty confirms the EU's move away from the Anglo-American free market economic model, toward a statist sclerotic Rhineland model.¹³

It is vital that the United States recognize the value in dealing with its enduring allies on a bilateral level. On issues of foreign affairs, defense, security, justice and home affairs – including counterterrorism cooperation and intelligence sharing – bilateral relations are especially important to the U.S. However, in its desire to create a United States of Europe, the EU has pursued policies which downgrade the possibility of traditional alliance-building by the United States. Replacing individual European allies with a single EU Foreign Minister means inevitably, even if unintentionally, American interests will lose in the discussions that matter most. As Dr. Henry Kissinger stated in 2001:

"When the United States deals with the nations of Europe individually, it has the possibility of consulting at many levels and to have its view heard well before a decision is taken. In dealing with the European Union, by contrast, the United States is excluded from the decision-making process and interacts only after the event Growing estrangement between America and Europe is thus being institutionally fostered."¹⁴

Conclusion

Europe doesn't need a constitution. The European Union is not the United States of Europe. The EU is a grouping of 27 nation-states, each with its own culture, language, heritage, and national interests. The EU works best as an economic market that facilitates the free movement of goods, services, and people. It is far less successful as a political entity that tries to force its member states to conform to an artificial common identity. The Lisbon Treaty will bring Europe much closer to the French vision of a protected integrated European Union than the British vision of a free-trading, intergovernmental Europe. It will do huge damage to American interests in Europe; and contrary to any democratic tradition it is a self-amending treaty which can aggrandize power not explicitly conferred on it by the Treaties. As Lady Thatcher states in her seminal book *Statecraft*: "That such an unnecessary and irrational project as building a European superstate was ever embarked upon will seem in future years to be perhaps the greatest folly of the modern era."¹⁵

¹² "EU Treaty deal meets praise and criticism," *EurActive*, June 25, 2007.

¹³ Stephen Castle, "Ruling on Microsoft Reflects EU's Global Reach," *International Herald Tribune*, October 22, 2007, at www.ihl.com/articles/2007/10/22/business/ruling.php (December 10, 2008).

¹⁴ Henry Kissinger, *Does America Need a Foreign Policy?* (New York: Simon & Schuster, 2001), p. 57.

¹⁵ Margaret Thatcher, *Statecraft: Strategies for a Changing World* (London: HarperCollins, 2002), p. 410.

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Mr. DELAHUNT. Thank you, Ms. McNamara.
Dr. Hamilton.

STATEMENT OF DANIEL HAMILTON, PH.D., RICHARD VON WEIZSÄCKER PROFESSOR AND DIRECTOR OF CENTER FOR TRANSATLANTIC RELATIONS, THE PAUL H. NITZE SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY

Mr. HAMILTON. Thank you, Mr. Chairman, and it is a pleasure to be here again before this committee. And let me again extend congratulations to you at the helm of this subcommittee. I have a prepared statement which I would like to submit and I will just summarize briefly.

Mr. DELAHUNT. Without objection, thank you.

Mr. HAMILTON. The other witnesses have stressed particularly foreign policy issues, and in fairness, not to duplicate that same testimony, I think it is probably appropriate to identify a few other elements of Lisbon that I believe affect American citizens and American interests and perhaps have not quite gotten as much attention. And I think the reason for thinking about these things is a point that you made, Mr. Chairman, Mr. Gallegly made and others, that if you think about the relationship between the United States and Europe, the societies, the deep integration of our economies, we really have the most complete relationship we probably have with any countries in the world, and it is one that reaches so deeply into our domestic societies that one has to look not just at the foreign policy dimensions of what Europeans do or what we do, but how it affects really people.

Our estimate, our latest estimate, we do an annual survey of the transatlantic economy, it is about to come out, is that this is a \$5 trillion economy, employing up to 14 million people on both sides of the Atlantic. Europeans employ more Americans in the world than they do any other nationality, and American companies employ more Europeans than any others in the world. It makes a real difference in people's lives the way this relationship works. So the area I would suggest that Lisbon is probably going to have more of an immediate impact is actually not in foreign policy but actually in justice and home affairs.

It was mentioned briefly, but if one looks at the provisions of the treaty, this is an area that will move faster I believe than building the External Action Service, and it puts freedom, justice, and home affairs, as it is discussed freedom, justice, and security in EU terms, also what we would call homeland security, at the center of EU priorities. It has the potential for giving us a partner that is more effective to dealing with human trafficking, crime issues, terrorism, building up European societal resilience to challenges that we face potentially with the United States.

The Congress passed recently, ratified treaties that we have had with the EU now on mutual legal assistance and extradition, there is much work to be done in this area, discussions about legal agreements and data protection, on principles in combating terrorism, these all go centrally to issues of our domestic security and that of our major partners. So there are significant areas to develop here.

One result of Lisbon in this area is a discussion of forming within the European Council a committee on internal security.

This would be a new development, it would perhaps take on functions similar to the National Security Council, and it is something I think to watch because it could directly influence U.S. efforts. Another development which is in the Treaty is what is called a solidarity clause, and that is in the event of any natural or man-made disaster to civilian societies in Europe, each of the European EU members would come to each other's assistance. This has I think considerable ramifications for how the Europeans will organize their societal security, and given the fact that terrorism knows no bounds, could have implications for the United States.

Mr. Tanner mentioned the questions about Article 5 of the NATO treaty, the North Atlantic Treaty, and as you know, over this coming year there is a debate going on in the NATO strategic concept about how we think about Article 5 today. Our obligation across the Atlantic is through NATO. It is defined in Article 5 of the North Atlantic Treaty as coming to each other's defense in the event of "armed attack." And yet today we face a different realm of security challenge, and that is the networks that move people, goods, services, ideas across the Atlantic, the networks upon which free societies develop, are increasingly vulnerable.

And we have yet to really in a systematic way address those challenges to our security, societal security. I believe while NATO can play a role there, and we have identified that in the report we issued earlier this year, it is at most a supporting player, and that if these are challenges to civil society, then certainly the main instruments of our civilian interaction, that is the U.S. and the EU, have to come together and think hard about how we protect the networks that frame our society.

When the airplanes flew into the World Trade Center on September 11th and the Pentagon, The Economist noted this was not only an attack on freedom, it was an attack through freedom, using the very instruments of free societies to attack and disrupt those societies. We face the same challenges today, either through intimidation of cyber networks, of energy, or directly through terrorism. I would propose that we must consider now a supplementary clause, a pledge that we would make to each other through the U.S.-EU channel, and that is a transatlantic solidarity pledge.

That is, in the event of a natural or man-made disaster that we would come to each other's assistance at the invitation of political authority and as deemed appropriate. It would not compete with the NATO clause of armed attack, it would actually supplement it and provide us a new bond across the Atlantic to deal with what I believe is a much more direct security challenge that we have yet to face. A second area in which there is considerable change is in the area of development assistance and humanitarian assistance.

The Lisbon Treaty gives the EU a legal basis for control over this, the High Representative would have huge resources now at her disposal in this area, and together the United States and the European Union provide 80 percent of the world's development and humanitarian assistance. Certainly we can try to work to harmonize that better or be more effective together. At the last U.S.-EU summit the United States and the EU revived the high level

dialogue on development, and I believe if you read the summit statement you see they moved ahead with some low hanging fruit, I would put it, but I believe there is much more that could be done to make, as was mentioned earlier, better use of our scarce resources, really devoting attention to build synergies in development assistance, humanitarian assistance, and to reach out to other donors.

It is in fact odd that we together provide 80 or more percent of assistance in both of these areas, and yet there are many other potential donors that we should be reaching out to, both in the Islamic world and I think to rising powers that could play more of a role. Another area that I think is perhaps underestimated but could potentially have considerable repercussions as yet uncertain is that in the Lisbon Treaty there is a reference to what is called the Charter of Fundamental Rights. This was a charter approved some years ago, was tried to be incorporated into what was called the constitutional treaty that failed, and yet in Lisbon, there is a reference to the Charter and it accords it legal status, which means that now the Charter of Fundamental Rights has equivalent legal status throughout the European Union as well as these treaties.

And before, those were unenforceable principles, but today they will become European law, and it is important to look at those principles and those rights now because they are considerable. They not only include most U.S. rights under the American Constitution, rights that we are familiar with, but a catalogue of social rights, and positive social rights that the U.S. to date does not adhere to, rights to education, health, environmental protection, social assistance, unjustified dismissal, for instance, and a new right to petition, which is actually much more in the American tradition but had not existed in Europe before that, as 1 million European citizens can now petition their legislators to address issues which they had not before.

I think it is uncertain what this catalogue of rights will mean, but it will mean that European Court of Justice will start to interpret this type of legal catalogue similar in ways to what the U.S. Supreme Court does now for the United States, and yet it is a whole other body of rights for which we have not experience, it will affect American citizens living in Europe, it will affect those American companies operating in Europe, and I think it is worth examining a bit further than seems to have been the case.

Another element which has already been mentioned, I will only mention briefly then, is the growing role of the European Parliament. This has been stressed but I think it is important to look at specifically what is happening, and that is that this co-decision right, so called co-decision right, and budgetary authority in a whole range of new areas, including trade, Mr. Gallegly asked Assistant Secretary Gordon whether there would be an impact on trade.

Actually I think Lisbon doesn't change the trade piece on the executive side but it does on the legislative side. The European Parliament has co-decision, has to give approval now on many elements of trade as well as justice and home affairs, budgetary matters, agriculture, agriculture was mentioned before, transportation issues. It now has to agree to a whole range of international agree-

ments, when the EU enters international agreements under these provisions it has to have the European Parliament on board.

This makes the European Parliament essentially the only Parliament in Europe with powers approximating those of the U.S. Congress, and I think distinguishes now the Parliament from national parliaments in many different ways, even though national parliaments also have a new role. So back to the point that has been the theme of this hearing in a way is, if we are not appreciating the role of each other's legislatures, this will now become even more significant with these changes.

And so I have submitted to Congresswoman Berkley and to the European members of the Transatlantic Legislators Dialogue a report we have produced recently suggesting very specifically a range of proposals of how the U.S. Congress, European Parliament, and national parliaments could have a more effective dialogue, and not only dialogue but engagement. I was pleased to see that those principles, those recommendations that I had sent her, were endorsed last week by the Transatlantic Legislators Dialogue.

I think there are a couple elements that are worth bearing in mind. One is that the Transatlantic Legislators Dialogue only involve members of the House, there are not members of the Senate involved. And likewise, on the European side only members of the European Parliament, even though national parliaments also under Lisbon now have more of a role. Our proposal is in fact to include members of the U.S. Senate in this dialogue, that in the House that the members of the Transatlantic Legislators Dialogue be made speaker appointments so they have a formal role within the House structure, and that on the European side there is another body within the EU called COSAC which is a grouping of the European Affairs Committee chairs in the national parliaments.

They will now play more of a role and yet they are not part of the dialogue. And as we have said, individual member states of the EU have to go along with what is going on here, they have to implement much of this legislation, and to exclude national parliamentary members from a U.S.-EU dialogue I think misses some of what the dynamic will be. We have also suggested that the Congress should in fact open an office in Brussels, and the reason is not just because of Lisbon but my first point, which is the deep nature of our interactions across the Atlantic.

Actions by the U.S. Congress deeply affect European societies and European economies. Actions now by the European Parliament and many European parliamentary authorities deeply affect the way Americans live today, they reach deep into our societies. There is more, you know, United States-European investment in any of the states that you represent, any single one, for instance in California or Massachusetts, more investment in the state of Massachusetts than all of U.S. investment in China and Japan put together. And those create jobs, and those deeply affect our communities.

And so understanding the impact of our legislation now I think becomes critical, and it should start first with this type of inter-crash across the Atlantic, because that is where globalization is actually happening quicker than other areas in ways that affect our citizens. Other things that could happen besides such a larger step

is a joint consultative committee on the extraterritorial application of our respective legislation, simply an early warning system as members consider any legislation that might have this extra reach or the same for European parliamentarians that we are at least notified about this, because as you know, in recent years many of our frictions have come from the impact of these extraterritorial applications.

We recommend that the members of the Transatlantic Legislators Dialogue or Members of Congress and the Parliament be full members of the Transatlantic Economic Council, of the new Transatlantic Energy Council which has just been created, and along the lines of what I proposed about the solidarity clause and justice and home affairs, we propose the creation of a Council of Resilience, a Resilience Council across the Atlantic to deal with these issues, and clearly members of parliaments and the Congress should be fully part of those.

So a whole range of areas, very specific ones, that we have submitted, I have it as an appendix in my testimony, which I would urge that the Congress give some due consideration to. In result, Lisbon I think together with a whole host of other issues that we are facing around the world today, we have to make this relationship more strategic. This is an important relationship with the European Union, but it is not strategic, and by strategic I mean a fluid, interactive way to interact with each other to confront the challenges we face and to look at the tools we have at our disposal, whether they be NATO, the EU, or bilateral relationships.

That is not the relationship we have yet, particularly with the EU. NATO is indispensable but it is insufficient to the broader range of challenges we are facing, it does not have the full toolbox, and only by supplementing our NATO agenda and expanding it with the European Union do I believe we can really adequately address the kinds of challenges we are facing, not only very far away in Afghanistan or the Middle East, but actually right here at home when we deal with the fundamental issues about people's livelihoods, about their jobs, their prosperity, and their freedom. I believe those are the kinds of specific issues we now must look at. Thank you.

[The prepared statement of Mr. Hamilton follows:]

**The Lisbon Treaty:
Implications for Future Relations between the European Union and the United States**

Testimony to the House Committee on Foreign Affairs
Subcommittee on Europe
December 15, 2009

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Mr. Chairman, congratulations on assuming your new duties at the helm of this Subcommittee. Thank you for the opportunity to appear before you today.

You asked me to discuss what the new Treaty of Lisbon might mean for the future of the European Union (EU) and relations between the EU and the United States. I'd like to do this by focusing first on key provisions of the Treaty itself, and second on how, in the wake of the Lisbon Treaty, the U.S. and EU could develop their relationship to meet future challenges.

The Treaty of Lisbon

First a brief comment on the European Union itself. The European Union is the most important organization in the world to which the United States does not belong. It is a unique partnership of 27 democratic European countries, comprising 500 million people, with the aim of seeking "ever closer union." It is an unprecedented endeavor among sovereign states, less than a federation yet more than a confederation. Since its basic rules were first enshrined in the 1957 Treaty of Rome, the EU has expanded and evolved through successive treaties and arrangements that continue to define new parameters for the Union and delineate authority both between member states and European institutions and among those institutions.

The Treaty of Lisbon, which went into effect on December 1, is the latest milestone in this decades-long evolution. European leaders believe they have designed a Treaty that can offer more efficient decision-making; more democracy through a greater role for the European Parliament and national parliaments; and increased coherence in EU engagement with other actors. The treaty stipulates where EU institutions have exclusive powers, such as in the EU's customs union, its common trade and competition policies; where the Union supports, coordinates or complements the sovereign decisions of member states, for instance in areas such as culture, education and industry; where there are shared lawmaking powers, such as in environmental affairs, transportation and consumer protection; and where member states retain full authority, such as in taxation, defense, and social security.

The treaty also defines the authorities of the major European institutions:

- the European Commission, the administrative apparatus of the Union that also has the authority to initiate legislation;
- the European Parliament, a body of 751 members elected by direct universal suffrage every five years to represent the citizens of the member countries, whose authorities are considerably enhanced by the Treaty;
- the European Council, where member states make decisions affecting the Union.

The Lisbon Treaty introduces a considerable number of innovations that are relevant to the United States and likely to affect American citizens and American interests. The Treaty enhances the EU's profile and powers in the areas of justice, freedom, and homeland security; defense, diplomacy and development; and trade and regulatory matters. New provisions boost the Union's purview over civil protection, humanitarian aid and public health. For the first time, the Union is tasked with the objectives of ensuring the proper functioning of its energy market, in particular energy supply; the promotion of energy efficiency and energy saving; and the development of new and renewable forms of energy. The Treaty makes combating climate change on an international level a specific objective of EU environmental policy.

The Council of the European Union, which represents the EU's member governments, will continue to share lawmaking and budget power with the European Parliament and maintain its central role in common foreign and security policy (CFSP) and coordinating economic policies. But the Treaty introduces some notable changes. First, it creates the position of President of the Council to chair EU summit meetings and coordinate EU policy-making among the member states for a two-and-a-half year term. The president cannot simultaneously hold any elected position or office nationally. On November 20, EU heads of state and government chose Belgian Prime Minister Herman Van Rompuy as President of the Council. Van Rompuy took up his duties on December 1.

The Treaty extends qualified majority voting in the Council to 40 policy areas previously requiring unanimity; of particular note are areas relating to asylum, immigration, police co-operation and judicial co-operation in criminal matters. The intent is to make decision-making faster and more efficient. Beginning in 2014, "qualified majority" will be based on a "double majority" principle -- the double majority of member states and citizens. Decisions will need the support of 55 percent of member states (currently 15 out of 27 EU countries) representing a minimum of 65 percent of the EU's population.¹ Unanimity will be retained, in some key areas, however, including taxation, foreign policy, defense and social security.

The EU Council of Foreign Ministers will no longer be chaired by a rotating minister from a member state. The Treaty introduces a High Representative for Foreign Affairs and Security Policy, who wears additional hats as a Vice President of the European Commission and head of the EU's new diplomatic corps, the European External Action Service (EEAS). This post replaces the previous EU High Representative for Foreign Affairs and the Commissioner for External Relations. On November 20 EU heads of state and government chose as the High Representative Britton Catherine Ashton, who previously served as the EU Trade Commissioner. Baroness Ashton took up her duties on December 1 upon the Lisbon Treaty's

¹ A transition period is envisaged until 2017, during which time any member state may request that an act be adopted in accordance with the more stringent definition of qualified majority contained in the previous Treaty of Nice.

entry into force. However, she is yet to be formally approved in her Commission post by the European Parliament. Hearings are scheduled for late January.

The Treaty will also change the role of the Presidency of the European Union, which rotates every six months among the member states. Sweden is the current Presidency country, and Spain will take on this position between January 1 and June 30, 2010, to be followed by Belgium for the second half of 2010 and Hungary in the first half of 2011. The rotating presidencies will continue to exist and will still be important, particularly for inner-EU issues. But in terms of relations with non-EU states, the President of the European Council and the High Representative now represent the Union, rather than the rotating Presidency.

The Treaty sets out common principles and objectives for the Union's external action: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, and principles of equality and solidarity. The Treaty also introduces a single legal personality for the Union that enables the EU to conclude international agreements and join international organizations.

The European External Action Service will be composed of officials from the Council, the Commission and the diplomatic services of the member states. It could lead to greater coherence and effectiveness of EU diplomatic and development activities. But it will take some time to implement. Moreover, this development is unlikely to be felt quickly in Washington, where EU member states all jostle to preserve their own bilateral relationships with the United States. U.S. officials are more likely to notice the impact of the EEAS earlier in places like Kyiv, Yerevan or Rabat, where the EU ambassador could have ten times the resources of the British ambassador and thus become a much more important partner when it comes to addressing joint challenges.

The Treaty introduces additional changes. European Security and Defense Policy (ESDP) is now called Common Security and Defense Policy (CSDP). The European Defense Agency (EDA), created in July 2004, is also now included within the legal framework of the CSDP. The High Representative does not have full authority over CSDP, as some special decision-making arrangements will be retained by member states. The Treaty extends the scope of the EU's so-called Petersberg tasks, which had been limited primarily to crisis management, to "joint disarmament operations; military advice and assistance tasks, peace-making and post-conflict stabilization; conflict prevention and post-conflict stabilization missions." The Treaty also stresses the contribution that these missions and operations could make "in the fight against terrorism, including by supporting third countries in combating terrorism in their territories." (Article 28 B, paragraph 1).

The Treaty does not create a European army; military capabilities remain in national hands. The Treaty does foresee that member states can make civilian and military resources available to the Union for CSDP operations. Each member state has the right to oppose such operations and contributions to them are voluntary.

Provision is made, however, for a subset of willing and able member states to deepen their collaboration by what is called “permanent structured cooperation.”² This is an innovation, as previous treaties had blocked such cooperation having military or defense implications. The scope of such cooperation is limited to the development of military capabilities and means of action for CSDP. It does not apply to the implementation of missions and operations proper. Related provisions are ambiguous, allowing for flexible interpretation and a *sui generis* form of cooperation that allows some member states to deepen their collaboration without necessarily excluding others.

The Treaty contains a mutual defense clause (Article 28, A7) that binds all member states to provide aid and assistance “by all means in their power” in the event of another member state becoming a victim of armed aggression, in accordance with Article 51 of the UN Charter, and without prejudicing some member states’ neutrality to or membership in NATO. It stresses that the CSDP-related provisions “shall respect the obligations of certain Member-States, which see their common defence realised in NATO” and that commitments and cooperation under CSDP “shall be consistent with the commitments under NATO which, for those States that are members of it, remains the foundation of their collective defence and the forum for its implementation” (Art. 42). Thus, NATO’s vital role as the cornerstone of Europe’s collective defense is not questioned. In fact, for the first time NATO’s role in European security is mentioned explicitly in this EU Treaty.

Most commentary has focused on the positions of the President of the European Council and the High Representative. But I would argue that the more immediate impact of the Lisbon Treaty for the United States is likely to be in the area of justice and home affairs. The Treaty of Lisbon puts freedom, justice and security at the center of EU priorities. Under the Treaty the EU should be more effective in tackling human trafficking, fighting crime, building resilience and combating terrorism, and to be a more effective partner with the United States in these areas. Until now, important matters in this field have required decision by unanimity in the Council with only a limited role given to the European Parliament and the European Court of Justice. The Treaty assigns a stronger role to the European Parliament as co-legislator (termed the “co-decision” procedure) and by the extension of the qualified majority principle in the Council. The Treaty also broadens the scope of the European Court of Justice, especially as regards police and judicial cooperation in criminal matters, and changes some of its procedures. Moreover, the so-called “Stockholm Program” for freedom, security and justice in the EU was adopted at the EU Summit last week. This is not part of the Treaty but outlines EU priorities in coming years. It places strong emphasis on prevention, opening doors for transatlantic cooperation on upstream security issues related to risk analysis, research, threat assessments, and disaster mitigation work. The Spanish Presidency plans to elaborate an action plan for implementing these priorities over the next few months.

² Specifically, “permanent structured cooperation” is intended to allow those member states “whose military capabilities fulfill higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework” (Article 28L and the ‘Protocol on Permanent Structured Cooperation’). These higher criteria are not defined.

An important innovation in this regard is the Treaty's "solidarity clause," which pledges the Union and its member states to act jointly in a spirit of solidarity if a member state is the target of a terrorist attack or the victim of a natural or man-made disaster.

The Treaty also introduces a specific legal base for humanitarian aid and emphasizes application of principles of international law and the core humanitarian principles of impartiality, neutrality, and non-discrimination. It also envisages the creation of a European Voluntary Humanitarian Aid Corps. The Treaty also states that the reduction and the eradication of poverty is the primary objective of the Union's development cooperation policy. This goal must be respected when the Union implements policies likely to affect developing countries. This implies that development policy is a policy in its own right, and not an accessory of common foreign and security policy. The Treaty of Lisbon classifies development cooperation and humanitarian aid as "shared parallel competences;" this means that the Union conducts an autonomous policy that neither prevents member states from exercising their competences nor makes the Union's policy merely "complementary" to those of the member states. In case of urgent financial aid, the Council can now act by qualified majority upon a proposal from the Commission. This should mean quicker financial aid in future crises.

The Treaty gives the directly elected European Parliament considerable new authority over EU legislation, the EU budget, and international agreements. The European Parliament will now have the same degree of lawmaking power as the European Council in areas where it used to be merely consulted or not involved. The most significant changes are likely to occur in areas where the European Parliament exercises co-decision, such as justice and home affairs, trade, budget, agriculture, and transport. The European Parliament's assent will also be required for all international agreements in fields where it has "co-decision." One particular problem looms: the European Parliament has received greater power to regulate, but has not received commensurate power to impose related taxes. This could lead to the problem of "unfunded mandates" familiar to Americans.

As you may recall, an earlier effort, entitled the EU Constitutional Treaty, failed to gain approval and never took effect. The Treaty of Lisbon adopts many provisions from that earlier effort, but it is perhaps useful to note which items were dropped from the rejected constitutional treaty and are not now in the Treaty of Lisbon. First, the "constitution" label was discarded. Second, a reference to free and undistorted competition as a goal of the EU was taken out at France's request; French President Nicolas Sarkozy argued that competition was not an end in itself. However, this will not have any practical effect on the general competition policy competences of the European Commission. Third, and most importantly, the full text of the Charter of Fundamental Rights was replaced in the Treaty by a short cross-reference to the Charter, but with legally binding value. This means that the Charter will become a core element of the EU's legal architecture, except in the Czech Republic, Poland the UK, which have submitted protocols limiting the justiciability of the Charter in certain areas.

The Charter contains most of the rights set forth in the American Constitution.³ It does not contain certain U.S. constitutional criminal defense rights, reflecting different criminal trial traditions. (It does not contain, for example, rights to grand jury indictment; jury trial; compulsory process to obtain witnesses; confrontation of witnesses; no excessive bail; no self incrimination; trial in the place where the crime is committed). The Charter includes several individual rights to which the U.S. Constitution does not explicitly refer. It contains certain positive social rights, such as rights to education (II-14), protection of health (II-35), the environment (II-37), social assistance (II-34) and employment, including protection against “unjustified dismissal” [II-30]. It proclaims additional rights not contained in the European Human Rights Convention, such as data protection, bioethics and the right to good administration. It reaffirms important steps to outlaw discrimination on the grounds of gender, race and color. It also mentions social rights applied within companies, e.g. workers’ rights to be informed, to negotiate and take collective action – in other words, the right to strike.

The Treaty also includes a right to petition: a petition with at least one million signatures obtained from a number of member states can be sent to the Commission inviting it to take a legislative initiative.

Previously, the Charter was a list of unenforceable principles. But the Treaty makes the Charter a legally enforceable document. The Charter’s catalogue of civil, political, economic and social rights will be legally binding not only on the Union and its institutions, but also on the member states as regards the implementation of Union law. At the same time, the Charter limits the scope of legal enforcement, for it says 1) that its provisions concern only the “institutions, organs, and agencies of the Union” along with the member states when they “put” EU law “into effect” [II-51]; and 2) that the provisions can be invoked in a court only in respect to interpreting or determining the legal validity of “executive and legislative acts” of the EU, or member state acts putting those EU acts “into effect” [II-52]. This language severely limits the legal enforceability of some of the Charter’s guarantees (say, the criminal trial provisions). The Charter will likely apply when the EU exercises its powers to harmonize many (*e.g.*, trade, business-related, environmental, safety, *etc.*) member state laws. A member state law “putting” an EU harmonization effort “into effect” would seem likely subject to the Charter’s Constitutional constraints. The Charter’s protection of workers against unjustified dismissal and its grant of various economic and social rights mean that the European Court of Justice will now interpret and enforce many of the Charter’s social and employment rights.

It is perhaps also useful to note areas in which the Lisbon Treaty is unlikely to have much impact. Financial services is one such area. The EU’s competences in this field are well-established, and it is making good use of these. Changes to the regulatory landscape are under way in the wake of the financial crisis, but not as a result of the Lisbon Treaty. There are no changes to taxation. Other policy areas which were already dealt with under co-decision before the Lisbon Treaty’s entry into force – such as internal market measures and health and safety laws – will remain as they were. No significant changes have been made to the role or powers of the European Court of Auditors, the European Central Bank or the status of the eurozone.

³ This summary draws in part from an analysis made by U.S. Supreme Court Justice Stephen Breyer for the Center for Transatlantic Relations, in Esther Brimmer, ed., *The European Union Constitutional Treaty: A Guide for Americans* (Washington, DC: Center for Transatlantic Relations, 2004).

In short, the Treaty of Lisbon offers a number of significant changes, many with legally binding character and with direct relevance to the United States. While some elements go into effect immediately, others will be implemented over a longer period. Some observers had hoped that with the Treaty's passage, the EU might turn from its inward preoccupations over the last decade and turn to a daunting range of challenges in wider Europe and beyond. Yet EU member states and EU institutions are likely to be preoccupied for some time with implementation of the Treaty's provisions. These changes could see greater convergence of policies, especially in relation to climate change and energy, perhaps leading over time to a more coherent voice for the EU. But that evolution is not guaranteed. Moreover, many of the new tools remain on paper. The Citizens Initiative and the European Voluntary Humanitarian Aid Corps, for instance, exist only in theory; there are no mechanisms for their development. The outlines of a new European External Action Service are unlikely to be presented until next April, and its actual development will take some years. It is unclear how the new President of the European Council will interact with the rotating presidency within the General Affairs Council. Who will set the agenda and how will they interact when positions diverge? And in the end the Treaty is vague when it comes to delineating the competences of the President of the Council and the High Representative with regard to representing the EU abroad and elaborating the Common Foreign and Security Policy. There is concern that much energy will be devoted to the search for internal compromise on these issues, at the expense of strategic thinking and outward-looking action.

Implications for Relations between the European Union and the United States

In terms of values and interests, economic interactions and human bonds, the EU and the U.S. are closer to one another than either is to any other major international actor. The U.S.-EU relationship is among the most complex and multi-layered economic, diplomatic, societal and security relationship that either partner has, especially if it is seen to encompass the relationships the U.S. maintains with the EU's 27 member states as well as its Brussels-based institutions. The networks of interdependence across the Atlantic have become so dense, in fact, that they transcend "foreign" relations and reach deeply into our societies. The \$5 trillion transatlantic economy, for instance, employs up to 14 million people on both sides of the Atlantic.

For all of these reasons, the Lisbon Treaty is of direct interest to the United States. But it does not necessarily make life easier. Despite some reforms, the EU's institutional complexity remains. The Treaty does not suddenly make the EU a united or coherent actor in or beyond Europe. At the end of the day, all policy-making in the EU still depends on the consent of member states, which remain sovereign; the U.S. continues to need strong bilateral relationships with EU member states. Yet the Treaty does usher in some key changes that offer both opportunity and necessity for the U.S. Administration and the U.S. Congress to adjust their relationships with the EU.

Those looking for global celebrities to lead the EU are disappointed by recent appointments. But EU coherence depends less on new structures in Brussels than new attitudes in national capitals. The key is less whether the European Commission and Council can act in coordinated fashion and more whether national capitals and Brussels can work in a more effective way. A stronger and more unified EU role on the world stage depends less on the ability of a single High

Representative than the willingness of 27 different governments to achieve greater consensus on approaching Russia, Afghanistan, regional conflicts and other issues.

The EU's real potential under the Lisbon Treaty should be measured by its ability to achieve greater unity of effect, not simply unity of structure. Its influence will depend on its capacity to be a "unitary actor plus" – not only forging consensus among member states, but also capitalizing on the "variable geometry" available to it in its countries and the many different institutions and tools it has created. It does this now in the economic and financial sphere by harnessing the aggregate influence of the European Commission, the European Central Bank, and the member states. It does not yet do this in the foreign policy sphere.

How the EU structures itself is of course a matter primarily for Europeans. Yet the United States has a vested interest in the nature of European integration, and has always been an actor in the building of Europe. It should make it clear that however EU members organize themselves, the U.S. supports an open, democratic, Atlanticist, outward-looking EU that is capable of acting shoulder to shoulder as America's counterpart, not counterweight.

It is urgent that the United States forge a more effective strategic partnership with the EU, in ways that support and complement the transatlantic link expressed through NATO -- for the world that created the transatlantic partnership is fading fast.

With the Cold War over and new powers rising, some say the transatlantic partnership has had its day. I disagree. Our partnership remains as vital as in the past, but now we must focus on a new agenda. The new world rising compels us to reposition our partnership to meet 21st century challenges, and to improve the mechanisms at our disposal. This includes the U.S.-EU relationship.

In recent years, Europeans and Americans have differed on the nature of some of these challenges and how best to confront them. Such differences can be powerful. But the history of European-American relations has often been the history of difference. Merely asserting difference or reciting lists of tough issues does not make the case for estrangement. It makes the case for more effective partnership.

Moreover, that which has driven us apart is much less fundamental than that which keeps us together: support for democracy, liberty, human rights, nondiscrimination and the rule of law; mutual peace and security; open, rules-based markets; and an open door to those who choose to abide by these principles and add their strength to ours. These beliefs are underpinned by deep security and economic linkages and an intensity and range of cooperation without parallel.

At times, each side of the Atlantic has honored these principles in the breach. Our achievements may not always match our aspirations, but the common body of accumulated principles, norms, rules and procedures we have built and accumulated together affirm basic expectations we have for ourselves and for each other. It offers a unique foundation upon which to build.

For sixty years this foundation has made the transatlantic relationship the world's transformative partnership. North America's relationship with Europe enables each of us to achieve goals

together that neither can alone -- for ourselves and for the world. This still distinguishes our relationship: when we agree, we are usually the core of any effective global coalition. When we disagree, no global coalition is likely to be very effective. Although at times we may differ on particular approaches, we invariably share the same fundamental interests in promoting peace, fighting terrorism and the spread of agents of mass destruction; advancing democracy, human rights, and rules-based open markets; eliminating poverty and disease; and protecting the environment.

Our partnership is needed now as before. Skeptics note that the U.S. and Europe represent a declining portion of the world's economy and population. This is reason for banding together, not drifting apart. Weaker transatlantic bonds would render Americans and Europeans less safe and less prosperous.

In this new world rising, the transatlantic partnership is indispensable but insufficient. Only by banding together with others are we likely to advance our values, protect our interests, and extend our influence. The stronger our transatlantic bonds, the higher the chances are that rising powers will join us as responsible stakeholders in a rules-based international order. The looser those bonds, the lower the chances are that rising powers will accommodate to such a system.

In short, our partnership remains as vital as in the past. But now we must focus on a new agenda. Unfortunately, there is a growing mismatch between the nature of our challenges, the capacity of our institutions, and the tools at our disposal. We have struggled to coordinate our policies and our capabilities in Afghanistan, Iran, and Darfur. We have found it difficult to work together on data protection, stabilization and reconstruction, energy sustainability, climate change, and financial regulation. Of course, a strategic partnership will never be easy when it involves many diverse nations on two continents, along with a constellation of institutions. Yet we can do better.

Strong bilateral relations between the U.S. and European countries are still essential. NATO remains vital to our security, and my Center has joined with other U.S. think tanks to offer recommendations for a more vibrant NATO in a report entitled *Alliance Reborn*, available at http://transatlantic.sais-jhu.edu/bin/1/y/nato_report_final.pdf.

For decades, NATO has been the institutional expression of the transatlantic link. There is no equivalent U.S. link, however, with the European Union (EU), even though the EU is increasingly the institution that European governments use to coordinate their policies and actions, and will be America's essential partner in many areas that are beyond NATO's purview and capacities. If we are to advance a more effective transatlantic partnership, including a reformed NATO, we must build a more effective U.S.-EU relationship.

The U.S.-EU relationship is important. But it is not strategic. By strategic I mean the type of partnership in which the U.S. and EU would

- share assessments about issues vital to both on a continuous and interactive basis;
- be able to deal with the daily grind of immediate policy demands while identifying longer-term challenges to their security, prosperity and values; and
- be able to prioritize those challenges and harness the full range of resources at their disposal to advance common or complementary responses.

Such a partnership is possible, but it is not the partnership we have today. Given the challenges we face, such a partnership is urgent. It will require a new type of politics, not simply new kinds of process. To succeed, the U.S.-EU relationship must overcome its image as a technocratic exercise with an overabundance of process disproportionate to actual output, producing laundry lists of deliverables that fail to fire political or popular imagination. Too often, it becomes a grab bag of issues dealt with in rather ad hoc fashion by a range of disparate agencies, with little sense of urgency or overall direction.

Our central challenge is to mobilize political leadership behind a set of ambitious goals, tied to pragmatic steps forward. Together with a coalition of seven other U.S. and European think tanks my Center has just released a report setting forth ten initiatives that together could help forge a more effective and strategic U.S.-EU relationship. The full report, entitled *Shoulder to Shoulder*, is available at http://transatlantic.sais-jhu.edu/bin/c/s/us-eu_report_final.pdf. I have included a summary of those recommendations as an appendix to my testimony.

The Lisbon Treaty should prompt a review whether the U.S. is adequately staffed and equipped to deal with the new EU. Currently, the U.S. mission to the EU lacks the number of people it needs to track the full spectrum of U.S.-EU interaction. For instance, there is only one person at the U.S. Mission to the EU assigned to work on defense cooperation, while hundreds are based in another part of Brussels assigned to work with Europeans on defense cooperation via NATO. Other agencies of the U.S. government have established attaches at the U.S. Mission, but these appear inadequate to the depth and breadth of issues affecting U.S. interests. A related problem is that as functions move from EU member state capitals to EU institutions, the State Department tends to reassign the officers fulfilling those functions but doesn't send any new people to the U.S. Mission to the EU to track that function with the EU.

Mr. Chairman, it is perhaps appropriate to conclude with a brief comment on what the Treaty of Lisbon might mean for relations between the U.S. Congress and the EU, including the European Parliament. Despite energetic efforts by some individual legislators on both sides of the Atlantic, the Transatlantic Legislators Dialogue (TLD) is perhaps the weakest link in the U.S.-EU relationship. The role of the U.S. Congress is not well understood in Europe. Neither is the growing role of the European Parliament appreciated in the United States. On the U.S. side, the dialogue is limited to members of the House of Representatives; U.S. Senators are not involved. U.S. members are identified on an ad hoc basis and membership has not garnered much recognition from the congressional leadership. On the European side the dialogue is limited to members of the European Parliament, even though the Treaty of Lisbon also raises the profile of national parliaments within the EU, not just that of the European Parliament. TLD meetings tend to scratch the surface of a huge range of policy areas, but devote little focused time to key challenges. To this end, I recommend the following changes. Many of my proposals were endorsed ten days ago by the U.S. and EU members of the Transatlantic Legislators Dialogue:

- U.S. Members of a reinvigorated TLD should be drawn from both House and Senate. U.S. House members should be appointed by the Speaker of the House; the lead U.S. Senator should be the Chair of the European Subcommittee of the Senate Foreign Relations Committee. Members of the Congressional Caucus on the EU should be asked to combine their efforts with those of the TLD.

- European Members of a reinvigorated TLD should be comprised of Members of both the European Parliament and leaders of COSAC, an EU body composed of European affairs committees from national parliaments of EU member states.
- The U.S. Congress should open an office in Brussels. The office would service the TLD and monitor legislation affecting U.S. interests. The European Parliament is opening an office in Washington.
- The TLD should convene a joint consultative committee on the extraterritorial implications of domestic legislation; and focus regular exchanges on upstream regulatory legislation.
- The TLD should hold joint hearings and conduct joint study tours to areas of common concern, for instance to the Middle East.
- TLD members should be full partners in the Transatlantic Economic and Energy Councils, and in the Resilience Council we propose in our report.
- The Congress and the European Parliament should ensure regular contacts between appropriate staff, not simply in foreign affairs-related work but across the board in key areas of mutual engagement.
- The TLD should spearhead a new generation of internships in Congressional and European Parliament offices. Each congressional office should offer to host one intern from an EU member state; each EP office should offer to host one intern from the United States.
- The model of the Congress-Bundestag Exchange Program should be used to create a Congress-European Parliament Exchange Program, sponsoring a new generation of student exchanges across the transatlantic space.
- A small, nimble TLD secretariat, modeled after the Helsinki Commission, should be established. The secretariat would be small and rely extensively on digital videoconferencing. It would
 - facilitate dialogue between members of Congress and the European Parliament—especially committee chairs or rapporteurs – who are at the forefront of legislative issues of mutual concern;
 - take primary responsibility for organizing staff exchanges and staff briefings.

Mr. Chairman, the Treaty of Lisbon is one of a series of concurrent developments that offer the transatlantic partners a moment – to win or to lose. It could be a moment lost -- the time the transatlantic partners turned from each other with expectations dashed, each believing the other to have failed to reconcile a new stage of European integration with the promise of a new partnership. Or it could be a moment won -- the time the U.S. and the EU transitioned to a more effective strategic relationship and thereby successfully positioned themselves to tackle the challenges and seize the opportunities of the new world rising. Thank you for your attention.

Appendix
Shoulder to Shoulder: Forging a Strategic U.S.-EU Partnership
Executive Summary

The world that created the transatlantic partnership is fading fast. The United States and Europe must urgently reposition and recast their relationship as a more effective and strategic partnership. It is a moment of opportunity -- to use or to lose.

The U.S.-EU relationship is important but not strategic. Such a partnership is possible, but it is not the partnership we have today. Given the challenges we face, such a partnership is urgent. It will require a new type of politics, not simply new kinds of process. Our central challenge is to mobilize political leadership behind a set of ambitious goals, tied to pragmatic steps forward.

Ten Initiatives

- **Adopt a Transatlantic Solidarity Pledge, anchoring transatlantic resilience strategies in a common space of justice, freedom, and security.** Together, Europeans and Americans must supplement their traditional focus on territorial security against armed attack with an additional focus on the security of critical functions of society -- from whatever source. At the 2010 U.S.-EU Summit the transatlantic partners should issue a joint political declaration that they shall act in a spirit of solidarity -- refusing to remain passive -- if either is the object of a terrorist attack or the victim of a natural or man-made disaster, and that they shall mobilize all instruments at their disposal to:
 - prevent terrorist threats to either partner;
 - protect democratic institutions and civilian populations from terrorist attack;
 - assist the other, in its territory, at the request of its political authorities, in the event of a terrorist attack, natural or man-made disaster.
- Advance a transatlantic Safer Societies initiative to this end -- a multidimensional strategy of societal resilience that goes beyond traditional tools to advance new forms of diplomatic, intelligence, counterterrorism, financial, economic, and law enforcement cooperation. Balance "pursue and protect" strategies with greater attention to prevention and response.
- Establish solid coordination between U.S. and EU operation centers.
- Negotiate an internationally binding agreement on data protection.
- Establish U.S.-EU guidelines on the detention and treatment of terrorists whose acts cross international borders, with a view to drafting a model legal convention on combating terrorism.
- Work cooperatively to ensure the earliest possible closure of the Guantánamo detention facility and Bagram prison.
- Improve U.S.-EU cooperation in justice and law enforcement:
 - Establish a transatlantic arrest warrant.
 - Establish joint investigation teams, including Europol and Eurojust.
 - Cooperate in new areas of criminal investigation, including cybercrime, trafficking in humans and drugs, and arms smuggling.
 - Reach out together to third states to enhance greater cooperation in law enforcement.
 - Include transatlantic cooperation in EU discussions of the external dimension of internal security.
 - Provide a legal and organizational basis for U.S. cooperation with Europol.
- Improve U.S. cooperation with FRONTEX, the new EU border protection agency.
- Establish a system of enhanced mobility for our citizens, while also providing a secure environment for those who travel:
 - Expand the Visa Waiver Program.
 - Encourage a European version of the U.S. ESTA

- Adopt a Transatlantic Registered Travelers System
 - Develop a U.S.-EU Critical Vulnerabilities Security Action Plan.
 - Collaborate on security-related research.
 - Launch a public-private Global Movement Management Initiative (GMMI) as an innovative governance framework to align security and resilience with commercial imperatives in global movement systems, including shipping, air transport, and even the internet.
 - Develop a common standard for port security to replace individual national efforts geared to 100% scanning and based on differing concepts and approaches.
 - Focus on prevention. The EU's new Stockholm Program places strong emphasis on prevention, opening doors for transatlantic cooperation on upstream security issues related to risk analysis, research, threat assessments, and disaster mitigation work.
 - Develop a common approach to "forward resilience" -- share societal resilience strategies with allies and partners. Identify -- very publicly -- our own resiliency with that of others.
- 2. Build a barrier-free Transatlantic Marketplace.** Coordinate strategies to reduce remaining tariff barriers, overcome regulatory obstacles, remove investment restrictions, and align future standards in ways that create jobs and promote mutual and sustainable prosperity while protecting health and safety.
- Announce a joint commitment to work towards a "tariff only" Free Trade Agreement, eliminating all duties on traded industrial and agricultural products, as an important intermediate goal.
 - Once such a deal is negotiated, invite others to join in certain sectors or in the overall arrangement.
 - Negotiate to reduce barriers in services -- the sleeping giant of the transatlantic economy.
 - Open our skies. The impact of this one single sectoral agreement could give an economic boost to the U.S. and EU economies equivalent to the entire Doha Round.
 - Boost bilateral regulatory cooperation. Adopt a goal to eliminate unnecessary regulatory differences by 2020. Identify "essentially equivalent" regulations for mutual recognition. Promote "upstream" regulatory cooperation for new technologies.
 - Address barriers to more sustainable consumption patterns.
 - Create a more efficient transatlantic financial market. Develop financial sector rules with similar "essentially equivalent" approaches to risk assessment and regulation. Prepare a detailed work program on transatlantic financial market integration. Use transatlantic cooperation to drive international cooperation.
- 3. Reform global economic governance.**
- Strengthen global financial regulation.
 - Create an informal "G2" to compare and coordinate approaches to global economic governance.
 - Consider a more focused and effective G20.
 - Establish task forces to lead reform of the World Bank and the IMF.
 - Work for fundamental governance changes in multilateral institutions.
 - Consolidate European representation at the IMF. Abolish the U.S. veto.
 - End the U.S./European leadership duopoly of the World Bank and IMF.
 - Head off the looming collision between climate policy and trade. Work with G20 partners to develop a "Green Code" of multilateral trade disciplines. Consider new trade negotiations to address potential commercial and climate trade-offs.
 - Better coordinate approaches to the major emerging economies, especially India and China. Explore a joint trade agreement with India, rather than negotiate rival accords.
- 4. Forge a partnership for energy sustainability.**
- Work together to develop the standards needed to support an international climate agreement, including a common metric for counting emissions reductions.

- Integrate the EU emissions trading scheme (ETS) with U.S. regional carbon trading schemes.
- Advance “minilateral” initiatives to engage China and Russia in efforts to combat climate change.
- Boost innovation with a U.S.-EU Clean Energy Bank and Transatlantic Energy Innovation Fund.
- Encourage energy efficiency; develop smart grid and carbon capture and storage technologies.
- Facilitate IEA membership for major energy consumers such as China and India.
- Enhance transparency and competition in energy markets and cross-border investments.
- The European Commission should enforce its own competition and antitrust rules. Companies such as Transneft and Gazprom should be held to the same anti-monopoly standards as Microsoft and Intel.
- The EU must develop a common energy policy and market.
- Work with Azerbaijan and Kazakhstan to secure a reliable supply of gas for the Nabucco pipeline. Encourage Turkey and Azerbaijan to reach appropriate agreements regarding gas transit.
- Be more active in preventing politically motivated disruptions in energy flows.
- Promote government, research, and business interaction through integrated approaches such as the “One Big Thing” and the Transatlantic Climate Bridge.

5. Complete a Europe, whole, free and at peace.

- Deliver a clear message to transition countries: closer association with the West begins at home.
- Remain strongly engaged with the Balkan countries, using good governance and economic development to facilitate integration not into EU and Euro-Atlantic institutions.
- Develop transatlantic complements to the EU’s Eastern Partnership and Black Sea Synergy, while also giving those initiatives greater content.
- Consider U.S.-EU “Atlantic Accords” for countries in wider Europe to provide political reassurance and substance to a joint commitment to create conditions drawing them closer.
- Consider a U.S. Black Sea Charter, similar to the U.S.-Baltic Charter or Adriatic Charter; and a Stability Pact for the Wider Black Sea Region.
- Encourage smaller groups of Western countries to ‘mentor’ regional partners.
- Actively address wider Europe’s festering conflicts.
- Boost democracy support via institutions/processes, not individual leaders.
- Advance a dual track approach to Moscow based on engagement and resolve. The first track should set forth the potential benefits of more productive relations. The second track should make it clear that these relations cannot be based on intimidation or outdated notions of spheres of influence but rather on respect for international law, the UN Charter and the Helsinki principles.

6. Address conflicts more effectively.

- NATO is and should remain the primary transatlantic mechanism when North Americans and Europeans decide to use military force to address security challenges together. Should North Americans or Europeans choose to act on their own, each should have the capacity to do so.
- The U.S. and EU should also be able to act jointly, or in complementary ways in situations that require rapid civilian deployments, either to prevent a crisis escalating into a conflict or to respond in a post-conflict situation. And where Europeans and American act together in situations that require both civilian and military capabilities, a trilateral arrangement in which EU and U.S. civilian assets complement NATO’s military efforts may make sense. But these two situations are not yet reality.
- Continued U.S. scepticism of the utility of U.S.-EU security collaboration can only be overcome by improving EU capacity and effectiveness. Unless the EU can offer support in the areas that the U.S. cares about or can spend money and send experts in greater numbers to the world’s hotspots, working with the EU is unlikely to be a priority for the Obama administration in its own right. The situation in Pakistan and Afghanistan is likely to remain a U.S. national security priority for the next decade. Greater European commitment there will be crucial to advance broader U.S.-EU cooperation.

- Improving coordination between civilian forces is an area of great promise and great need. The priority focus should be on successful conduct of operations and development of capacity.
 - The U.S. and EU should establish a standing common task force on civilian crisis management and eventually a joint planning center.
 - Once joint civilian planning is well established, the U.S., EU, and NATO should create a “Transatlantic Fusion Center” to bring together planning for civil-military missions.
- Develop a joint focus on conflict prevention.
 - Share intelligence-based “watch lists” of countries-at-risk.
 - Work to develop civilian capacities in third states and in relevant multilateral organizations.
 - Focus on a few key countries, including Somalia and Yemen.
- Develop a common framework, including doctrine and training, for civilian/military state-building missions. To date, U.S.-EU cooperation has relied on ad hoc coordination. It is past time to develop shared doctrine to provide a framework for cooperation, establish agreed objectives, and provide more standardized structures and procedures.
 - Reinforce this shared doctrine by establishing a U.S.-EU school for conflict prevention, management, and post-conflict stabilization.
- The U.S. and NATO should facilitate having European constabulary forces participate in the post-combat phase of multinational military operations. The U.S. should develop a similar capacity.
- Support a truly strategic partnership between NATO and the EU, including capabilities to enable rapid coordinated response to crisis; joint planning of operations; and a joint operations command.

7. Redouble efforts to halt the proliferation of weapons of mass destruction.

- Biosecurity is a unique challenge that requires its own set of responses, not approaches grafted from the nuclear world.
 - Advance a bold initiative in bio-resilience through improved global biosurveillance capabilities; better early warning and detection systems; robust information-sharing, investigative and preparedness mechanisms; harmonized standards; and medical countermeasures and stockpiles.
 - Our ultimate goal should be to remove bioagents from the commonly accepted definition of “weapons of mass destruction.”
- Continue efforts to stop Iranian nuclear proliferation.
- Strengthen the International Atomic Energy Agency (IAEA).
 - Provide enhanced resources and other support.
 - Establish an international nuclear fuel cycle bank supervised by the IAEA.
 - Assist third countries in complying with IAEA requirements.
- Develop a joint approach to the 2010 NPT review conference that will address major concerns of non-nuclear countries.
- Work to secure the adoption of multilateral arms control agreements.

8. Improve the effectiveness of development policies and humanitarian assistance.

Development policies

- Focus on food security and agricultural development. Advance country-led action, broadening from an initial Africa focus to Latin America, developing Asia, and other regions. The U.S. and EU should significantly reduce their own domestic agricultural and biofuel subsidies.
- Support regional integration in Africa.
- Complement in-country efforts with stronger policy dialogue, coordination and consistency.
- Promote partnerships with key private and public-private institutions that are frequently more efficient, better funded and more focused than governments.
- Increase multilateral aid.
- Work on aid effectiveness.

- Focus. Diversification has brought a lack of a clear strategy in tackling poverty and an inability to determine the core competencies of the different multilateral institutions and donors. Reduce the areas of work in which the U.S. and the EU, as well as the multilateral institutions, are active.
- Choose target countries more selectively. Development assistance should largely focus on low-income countries. For middle-income countries other means of support -- such as the direct promotion of trade and investment, or funds for social and territorial cohesion -- can prove more effective.

Humanitarian assistance

- Strengthen enabling conditions for cooperation between U.S.-EU and with other humanitarian actors.
- Address the challenge of linking relief, rehabilitation, and development.
- Maximize business contributions to humanitarian assistance, while minimizing their risks.
- Address normative problems of civil-military interaction and improve operational approaches.
- Continue to strengthen humanitarian mechanisms, while engaging non-Western donors.
- Energize growing donor interest in extending the definition of humanitarian action.
- Strengthen operational security for humanitarian response.

9. Forge an open and competitive transatlantic defense market. Complex and interrelated market access barriers serve as a drag on transatlantic defense markets. Yet transatlantic defense markets are in transition to more competitive markets and “better value” buying habits. Given economic realities and common challenges, the U.S. and EU share an interest in more open and competitive defense markets.

- Focus U.S.-EU cooperation on low-intensity capabilities.
- Boost armaments cooperation to support coalition operations and transatlantic market development.
- The U.S. should review ITAR; adopt needed defense export control reforms; consider merging export control and national disclosure regimes; and accept the EU’s emerging role as regulator and buyer.
- The EU should avoid the development of a European Procurement Preference in the implementation of its new Defense Procurement Directive.
- Create a Transatlantic Defense Industrial Dialogue to catalyze change.

10. Explore an Atlantic Basin Initiative. Globalization is not confined to one region of the world. For all the talk of the Pacific, the Atlantic Basin is a central arena of globalization. More trade and investment flow across the Atlantic than any other part of the world. The well-being of people across this vast region is increasingly influenced by interrelated flows of people, money and weapons, goods and services, energy and technology, toxins and terror, drugs and disease. Issues that are particular to the nations of the Atlantic Basin deserve concerted attention. This new dynamic should prompt leaders to erase the line between the North and South Atlantic, considering ways to work more effectively together.

- Explore this initiative initially in a modest way through creation of an Eminent Persons Group. Encourage foundations and policy-oriented research institutes to examine the notion and its possibilities.

Conclusion: Harness Process to Purpose. A strategic U.S.-EU partnership is urgent and calls for a new politics, not just a new process. But there are implications for process.

- No relationship is as complete as that among the U.S., the EU and its member states. The ties that bind are a web of networks across the full range of our endeavor. The more united, integrated, interconnected and dynamic these bonds, the greater the likelihood that rising powers will rise within the international rules-based order. The looser or weaker those bonds, the greater the likelihood that rising powers will challenge that order.
- The key to greater U.S.-EU effectiveness lies in encouraging and orchestrating our networks, rather than seeking new formalistic structures to direct and control. Yet networks alone are insufficient. They also must have access to senior political leadership.
- U.S.-EU mechanisms urgently need updating and upgrading. Cannibalize the current framework, the New Transatlantic Agenda of 1995, taking what works and leaving the rest.

- Abolish the Senior Level Group and appoint two Sherpas to prepare summits and lead a Standing Joint Task Force, co-located in Washington and Brussels, comprised of officers seconded from across the U.S. interagency and EU institutions.
- Refocus Political Directors on foreign policy challenges rather than summit preparations.
- Upgrade the ministerial councils and U.S. dialogues that work. Create a Transatlantic Resilience Council. Revamp the Transatlantic Economic Council.
- Establish a regular system of joint long term assessment.
- Convert Troika working groups into new functional networks of U.S. and EU officials with easy access to one another, focused on common or complementary approaches to common challenges, elimination of duplication, and addressing differences. These networks should be actively encouraged by senior political leadership, and be fluid, informal, continuous and action-oriented.
- Establish a NATO-EU “Troika” network. NATO and the EU need a breakthrough process to enable them to be able to conduct business at multiple levels nearly simultaneously across a wide spectrum of issues. An EU-NATO Troika process could cover a range of issues; the agreed framework allows staffs to exchange and to discuss classified information to do their collective work, and each side, respecting autonomy of decision making in both, could separately submit their negotiated EU-NATO ideas to their respective memberships for separate approvals.
- Consider a Euro-Atlantic forum of 34 countries that would include the 21 EU/NATO members, plus the 13 states that belong to one but not both of these institutions, as a convenient forum for the discussion, and implementation, of common efforts.
- On a case-by-case basis, create plurilateral initiatives of countries and institutions with the most relevant capacity, resources and interest to address foreign and security policy crises.
- Upgrade Congressional and parliamentary participation. Congress should open an office in Brussels.
 - U.S. Members of a reinvigorated Transatlantic Legislators Dialogue (TLD) should be drawn from both House and Senate. U.S. House members should be appointed by the Speaker of the House; the lead U.S. Senator should be the Chair of the European Subcommittee of the Senate Foreign Relations Committee.
 - European Members of a reinvigorated TLD should be comprised of Members of both the European Parliament and leaders of COSAC, an EU body composed of European affairs committees from national parliaments of EU member states.
 - The TLD should convene a joint consultative committee on the extraterritorial implications of domestic legislation, and focus regular exchanges on upstream regulatory legislation.
 - TLD members should join the Transatlantic Economic, Energy and Resilience Councils.
 - The United States Congress and the European Parliament should spearhead a new generation of exchanges and internships across the Atlantic space.

Daniel S. Hamilton and Frances G. Burwell, *Shoulder to Shoulder: Forging a Strategic U.S.-EU Partnership* (Washington, DC: Center for Transatlantic Relations, 2009).

Mr. DELAHUNT. Thank you, Dr. Hamilton. And I know my staff has a copy of the proposal you have put forward, and I want to state that I find that interesting and I do really think the order of magnitude of the engagement has to be ratcheted up substantially, and it does come back to this Parliament to Parliament, particularly as you indicate, the enhanced role of Parliament almost becoming more of a counterpart to our own institution here. Your suggestion about the Senate, however, is problematic.

Mr. HAMILTON. I am very sorry about that.

Mr. DELAHUNT. Yes. I am going to go first to the ranking member, I will save my questions for last, and then I will start and I will try to be the clean up hitter. Elton?

Mr. GALLEGLY. Thank you very much, Mr. Chairman. I will stay away from the Senate for a few minutes, we will have to deal with them another time. Ms. McNamara, thank you very much for your statement along with the other witnesses at the desk, but I would like to get your assessment of what you believe the EU could do to improve the perception of what has been referred to as the legitimacy concern among many of its citizens?

Ms. MCNAMARA. Well it could start by obeying its own rules. When the Lisbon Treaty was first constructed it was called the European Constitution. It was rejected in two free and fair referenda in France and Holland, and the EU went away, made some very minor cosmetic changes and changed the name of it and said, the only thing we need to do now is not have referenda. This is completely illegitimate. You can't just keep going back and asking for the right answer.

Under the Lisbon Treaty a rejection by one was meant to be a rejection for all. Ireland rejected it in a referenda, and perhaps I have a nice passion for Ireland because my father is Irish, but I don't like bullying. Ireland was badly bullied by the EU into saying yes. President Sarkozy preceded a visit by calling them bloody fools. I don't think I have ever seen diplomacy on this level. So I think the EU should start by obeying its own rules, quite frankly.

Mr. GALLEGLY. Dr. Hamilton, do you want to touch that one?

Mr. HAMILTON. Well clearly as Dr. McNamara said, the process leading to this treaty was fraught with problems, and I agree with her that there were issues there involved. But I think democracy is an evolving process, and so the previous treaty, the constitutional treaty, was rejected, there were a few other elements that were taken out of it and amended, it was submitted again, and in other referenda and in this process of ratification it was approved by all member states and by these other additional referenda. So there was a democratic process there, it was simply an evolving one, elements that didn't work were revisited. So we can look at it from here I guess and evaluate if it meets our standards, it seemed to meet the standards of the people of Europe and the EU, and now I think our question is how do we deal with it. As I said, I think there are elements pro and con maybe for American interests here.

Mr. GALLEGLY. But more specifically, the perception, what more definitively can be done to improve on that?

Mr. HAMILTON. Well I am happy to give advice to my European colleagues of how they can improve their democracies, but as I said

there is one element in the Treaty about this right to petition which does give some authority to citizens. How it evolves, as Assistant Secretary Gordon said, will take time, but it is an innovation that didn't exist there before. As we said, the national parliaments are also given a role now, an important principle of the European Union sometimes advanced in the breach is that of what is called subsidiarity, that is the basic principle that decisions within the EU should be taken at the level most close to the citizen.

That doesn't always work, and there was no procedure for trying to assure that in the past. What Lisbon does is now give national parliaments two measures in which they could flag their objections to proposed legislation that is at an EU level when they believe it should either be at a national or even local level. And so there is a procedure now, again, will be tested, that would allow any national Parliament to flag concern about this type of legislation. How that will develop I don't know, but I think that was an effort to try to address some of this question of legitimacy of the institutions.

Mr. GALLEGLY. Dr. Hamilton, I posed a question to Ambassador Gordon, and I would like to get your perception or assessment. Do you see a more coherent EU as being problematic for U.S. foreign policy as it relates to future commitments of troops to different parts of the world?

Mr. HAMILTON. As Assistant Secretary Gordon said, it is very hard to say that in advance because much of it is case by case. I think the basic realization that is important is that we are talking about the same set of forces across the Atlantic, 21 of the countries are in the same institutions NATO or the EU. There is not a creation of a separate army here or any other elements of defense. Defense is not in the Lisbon Treaty, and so it is still the prerogative of national authorities. The question is how do we, as a united set of nations, try to aggregate the potential we have together and deploy it to deal with the security challenges we face.

We have a block between EU and NATO, part of it is related to the Turkey Cyprus issues that we discussed, but there are elements that we could explore that I think get around that or address issues we have to face right now. For instance, a more coherent Europe in the, as I mentioned, the internal security world is in American interests. In fact after September 11th it was the United States frankly that pushed the Europeans to create what is now a European arrest warrant and what is called Eurojust, an area of justice and home affairs.

That debate had been going on for years inconclusively until the United States after September 11th says, we need this coherent Europe because we are directly threatened and a weaker Europe does not allow us to deal with that. It was the Bush administration that pushed that, and it was successful, and there are some treaties also negotiated during the Bush administration that I mentioned that have advanced that. So we clearly in that area have interests in coherent Europe.

The other area I think which is worth exploring, we have submitted some recommendation, is not just in the purely military area but in civil reconstruction and stabilization. When we send our troops to places around the world they do their business, but

usually stability is not ensured by the military alone. We see that in Afghanistan today. And so the EU is actually the framework in which the civilian deployments, as Dr. Donfried mentioned, are where that resides. The United States is trying to build up in the State Department this civilian response corps.

The idea is to build and to be able to deploy rapidly civilian authorities and experts to deal with these kinds of civilian crises. There is a tremendous interest in the State Department in working with the EU in this area of civilian to civilian cooperation, where a more coherent EU capability would certainly be in U.S. interests. We are just building in fact our capability, the EU already has eight missions underway around the world in this area where they deploy civilians, they have 3,000 or more people on the ground in other countries doing things either with the United States or instead of the United States because it is relieving some of the burden.

This is not an area we have developed very well, it is an ad hoc set of arrangements. It could be something that could be developed much further and I think in fact relieve NATO from some of the efforts it is having to do. Instead of sending our troops to do these kinds of tasks for which they are not trained, it could be a supplement. As I say, I think many of these areas are supplementary, not competitive, if we would manage it right, with what we do within the Alliance itself.

Mr. GALLEGLY. Thank you, Dr. Hamilton. Mr. Chairman, if I might just have one final quick question, and the same one would be posed to Ms. McNamara, follow up to Dr. Hamilton's statement?

Ms. MCNAMARA. I slightly have a different perspective. When it comes to defense there are three areas in the Lisbon Treaty where qualified majority voting will take place now, so it is not all exclusively in the unanimity voting category. One of those areas was the appointment of the foreign minister, the High Representative Cathy Ashton. The Poles suggested when a suitable candidate couldn't be found maybe they should do interviews to try and find the best person for the job, and they were told to shut up, go away, we will find someone tonight. You know, a revolutionary concept, try and find the best person for the job.

Under Article 28 of the Lisbon Treaty there is now the legal basis for an EU army. This inevitably will lead to duplication. We already have a certain amount of duplication, we have a European Defense Agency, I believe in interoperability, but we should be using NATO for that, the Allied Command Transformation. The EU has its own operational headquarters when it was offered to use NATO's shape. And the EU now wants to create a rapid reaction force of 60,000 men. Now this would be great if there 60,000 men out there to help out with European security problems, but as we have seen in Afghanistan, Europe doesn't have 60,000 men that it can deploy on a moment's notice, so I think this definitely does pose a challenge to missions that America wants to undertake in the future.

In terms of where the EU can help, I agree with both of my fellow panelists here that the EU could do civilian things. When Sarkozy was challenged, why doesn't the EU become a civilian complement to NATO since you like doing peacekeeping missions, since

this is the sort of thing that the EU is made up for? He outright said, absolutely not, the EU will be a military power too.

Mr. GALLEGLY. Thank you very much, Ms. McNamara. Thank you, Mr. Chairman.

Mr. DELAHUNT. Thank you, Elton.

Mr. McMahan?

Mr. MCMAHON. Thank you, Mr. Chairman. Dr. Donfried, I want to thank you again for what the German Marshall Fund has done through the years in forcing transatlantic relations and keeping them strong. In your testimony you recommend for the Obama administration to seek a civilian surge, if you will, for Afghanistan, and then you make reference in footnote number 9 in your testimony to an article that you had co-written. Could you elaborate a little bit for the committee how you envision that?

Ms. DONFRIED. Absolutely, and in a sense this is connected to the conversation that we were just having as well, which is how can the EU best contribute to the challenges that we face? I would argue that it is on the civilian side much more than the military side, and I think the test for the EU is, if it can produce a result that is greater than the lowest common denominator, if it can produce the result that is not just the sum of the individual parts. There are 27 member states in the EU, and certainly the United States can approach each one bilaterally and say, we need help with Afghanistan, what can you do?

If instead Secretary Clinton could go to High Representative Ashton and say, you do this for us, you rally EU resources for Afghanistan, that would be hugely beneficial. Now, you can look at the glass as half full or half empty and you can say Europe hasn't made a huge contribution to Afghanistan, or you can say \$1 billion a year for Afghanistan is helpful to what the United States is trying to do. Could the Europeans do more, would we like them to do more? Absolutely. Let us try to figure out the right mechanism for doing it.

I was struck when Secretary Clinton was at the NATO foreign ministers meeting in early December, Assistant Secretary Gordon referenced that in his testimony, and NATO put forward 7,000 additional troops for Afghanistan. Interestingly, Germany and France were not willing at that point to step up their military commitment to Afghanistan, saying they wanted to wait for this international conference on Afghanistan in late January. So we have two of the big member states already having given incredible significance to this conference in late January, and that is why my hope is that if we encourage not only those two member states but the EU as the EU to step up and say, in the wake of this renewed commitment that the Obama administration has made to Afghanistan, we too want to be there on the civilian side as a key partner. So maybe that is a hope, maybe it is an aspiration, but I do think it is an area where we should be pushing.

If I could just make one comment on the democracy point that Congressman Gallegly raised, because I don't want to leave the impression that the EU is an undemocratic institution. If we think about the Council, the Parliament, the Commission, the Council represents the member states and all of those individuals are directly elected, the heads of state. If we think about the Parliament,

those are members that are directly elected. And you have the Commission, commissioners are proposed by the member states and then their selection has to be approved by the Parliament.

Beyond the fact that the Parliament's powers were increased and the role of the national parliaments was increased, with Lisbon there are democratic controls that exist. We should be careful to distinguish between direct democracy and representative democracy. Referenda represent direct democracy. We tend not to have those in the U.S. We have a system of representative democracy. You all are elected by your constituents and if they don't like what you do here, then you are not reelected 2 years later.

Mr. DELAHUNT. Please, Doctor.

Ms. DONFRIED. That would not happen in your case, I am sure. But my point is that in this country we feel representative democracy is a reasonable way to check the legitimacy of action. So the referendum isn't necessarily the only instrument of democracy and in fact may not be the favored one unless you have a system of direct democracy. So I just want to suggest that representative democracy is alive and well in Europe and also is reflected in the way the European Union is structured.

Mr. MCMAHON. Thank you, Dr. Donfried. And now, Ms. McNamara, I got the sense from your testimony and what you said in follow up is that you are really not a big fan of this Lisbon Treaty, is that fair to say?

Ms. MCNAMARA. That is a fair assessment, sir.

Mr. MCMAHON. And do you have the same feeling toward the EU itself, its existence, do you think it is also the height of folly?

Ms. MCNAMARA. If the EU were a collection of member states where we all get along and it was an intergovernmental alliance I think it would be a jolly good thing. I think it would be silly to say that we shouldn't get on with our neighbors. However, good fences make good neighbors, not supranational treaties.

Mr. MCMAHON. The thing is though, I guess—

Mr. DELAHUNT. Would the gentleman yield for a moment?

Mr. MCMAHON. Certainly.

Mr. DELAHUNT. I think there is a certain philosophical view, is it fair to say, and you quote Margaret Thatcher, that she would not be a fan of a United States of Europe for example?

Ms. MCNAMARA. No one is really a fan of the United States of Europe, history is against it. If you look at the European Parliament as well, turnout for the European Parliamentary elections was 43 percent. If you had a 43 percent turnout for your Presidential elections you would think it was a crisis.

Mr. DELAHUNT. Well, please, you are getting on very thin ice here because we have had some elections recently that we are happy to get 20 percent. I find it interesting that, you know, you quote Margaret Thatcher, and I didn't realize that she and another very popular conservative prime minister had such a disagreement, because back in 1946 at Zurich it was Winston Churchill who said, the time has arrived for a United States of Europe, given the lessons learned from World War II, and he certainly wasn't submitting it as a purely economic relationship with neighbors. It was clear if one reads the speech in full that he was talking about engagement in a very real way in terms of a political relationship

that would evolve over time. But I thank the gentleman for yielding, and I yield back.

Mr. MCMAHON. Thank you, Mr. Chairman, and I had the same.

Mr. DELAHUNT. You can see me afterward, Ms. McNamara.

Ms. MCNAMARA. I would love to get into a conversation about Winston Churchill and Margaret Thatcher.

Mr. DELAHUNT. We will have a jolly good time.

Ms. MCNAMARA. Just to quickly say, I think Churchill would turn in his grave if he ever thought that his words were used to subsume Britain's sovereignty in a United States of Europe. He said famously he wasn't going to fight the Second World War to be subservient to the Germans.

Mr. DELAHUNT. Well, he also said this in that same speech, the structure of the United States of Europe will be such as to make the material strength of a single state less important.

Ms. MCNAMARA. I would love to have this debate further, but he also says, you know, we will trade with you, we will be partners with you, but by God we will never be governed by you.

Mr. DELAHUNT. Well, we can have it, I just can't take the time from Mr. McMahan.

Mr. MCMAHON. Of course, thank you, Mr. Chairman, and actually I had the same quote from Winston Churchill here. No, I am kidding.

Mr. DELAHUNT. Well I know you do your homework, Mr. McMahan.

Mr. MCMAHON. Thank you, sir, and I appreciate you following up on those points that I think is well taken and certainly it is a debate to have further because I think we, and you should know, that we in America certainly do not want to go back to those days when every European country had that fence up around it and it meant two world wars and continued conflicts in the Balkans and hundreds of thousands of lives, millions in Europe and hundreds of thousands of Americans as well. So there has to be I think some steps in the right direction, I guess you think the Lisbon Treaty goes too far. Do you envision an EU that makes sense to you in your philosophical parameters?

Ms. MCNAMARA. I think the EU makes far better sense as an economic entity than as a political entity, although I believe that the EU now is in danger of killing the goose that laid the golden egg. In the EU we have regulations now about the curvature of bananas, about what kind of light bulbs you can buy. With that amount of overregulation, which is also being applied to American companies, and we saw how Microsoft was terribly persecuted for creating a very successful product, I think the EU is going in the wrong direction.

The Lisbon Treaty takes out for the first time the EU's commitment to undistorted competition. Overwhelmingly we are going down a protectionist direction. President Sarkozy has convened a meeting of 22 EU member states, not the United Kingdom and those who are in favor of reforming, in order to protect the common agricultural policy. Now, I am not here to defend American agricultural subsidies, I know you guys have some of your own, however, Europe's agricultural subsidies are far higher and they kill more Africans every year than they should.

Mr. DELAHUNT. Ms. McNamara, I am just going to have to cut you off because I want these other members to have an opportunity. So let me go to Mr. Boozman. The thing is we are having votes, so I want to give everybody a chance and not ask the three of you to linger any longer, you have been remarkably patient.

Mr. BOOZMAN. Well I really don't have a question, but in entering into the discussion, I think that the EU has the same problem somewhat we as Americans, if we entered into a North American, you know, pact and ceded sovereignty to Mexico and Canada, in my district I would have major problems explaining with that and it would be a huge problem. And so that is something that I would be very much against, I get a lot of mail, you know, about things like that. So these are difficult problems, they really are, and I guess the real balancing act is trying to figure out, you know, how your populations are happy with the final product that you come up with. So like I say, it takes the wisdom of Solomon.

Mr. DELAHUNT. Thank you, Congressman Boozman.

Mr. Scott.

Mr. SCOTT. Thank you so much. Congressman Scott from Georgia. First of all, Ms. McNamara, what I get you saying is that the military component, this joint defense, is the major cog in the wheel that brings about your major level of discomfort. Let me ask each of you, do you see this Lisbon Treaty making now the European Union a threat to the United States because of that? I have a number of questions, so if you could be real quick?

Ms. MCNAMARA. If I can go first, to answer quickly, yes I think the EU, the idea for an EU common foreign policy came out of this whole idea that we need to counter balance the United States of America, it was the French Defense Minister who said America is a hyper-puissance, is a hyper-power, and we need to find a way and it is only the EU that can counter balance that. I could bore you to death with about 100 quotes from European leaders who have said similar things, but I won't do so on the basis of time.

Mr. SCOTT. Let me follow that up with, do you see the EU being, there is some validity to your statement, because one has to question whether or not the EU with a military component serves as a confrontational conflict within NATO who has a military component, but also within the 23 nations themselves who each have their own military component, I mean, which takes precedence over which? Then on the other side though there is the argument that a military component being added to the European Union could very well, if used properly and strategically, add to the effort for global security, particularly in an area that we have not touched upon but is a major growing threat, and that is of piracy. And so I am wondering if each of you might comment very briefly on the pros and cons of this to kind of get an opinion of what do we have to gain from EU getting a military component and what do we have to fear?

Mr. DELAHUNT. If the gentleman would yield for a moment, I just would make the note that in fact, in terms of the antipiracy effort that is ongoing in so called hot spots, there is an EU presence and then there is a NATO presence, which I think there is compatibility and there seems to be coordination, even with nations such as Iran with whom we have a frosty relationship.

Mr. SCOTT. Mr. Chairman, let me tell you what I am really getting at here.

Mr. DELAHUNT. Sure.

Mr. SCOTT. The big problem with the piracy situation is that we have no mechanism to get in and do what is essential to bring about some resolve to it, which is to provide a way to give some stability to that fledgling government, if it can be called that, in Somalia.

Mr. DELAHUNT. Right.

Mr. SCOTT. And with al-Qaeda and terrorists and al-Shebaab building up going against that force, and that becoming again another threshold of terrorists in that Horn of Africa region, several of us in the NATO meetings examined that and it is a very, very topical issue within NATO and how we can respond to that. But let me get to a couple other questions, I want to know about the future enlargement, your opinions on the future enlargement of the European Union.

One critical point is that of Turkey, will the Lisbon Treaty give any movement one way or another to Turkey's request to become a part of the European Union, and do you see a problem with that, and isn't it a good counter for the movement by some in the European Union do not want Turkey because of the Muslim culture, but that is also checkmated because Turkey has a very, very significant European and Christian foundation? So I am wondering will we see more positive movement of them bringing Turkey into the European Union as a result of this Lisbon Treaty?

Ms. MCNAMARA. It is my expert opinion that Turkey will never be a member of the European Union. I believe that the forces hostile to its membership are too large to make it happen. I think you saw President Obama, who is wildly popular, he went over to Europe and to Turkey and advocated for Turkey's membership and he got incredible pushback on that. The main problem here which I see is that the EU is not a good faith actor in negotiating with Turkey, it is bringing Turkey along saying, you have got to fulfill the *acquis communautaire*, you have got to do X, Y, and Z, but ultimately I don't think politically it will ever happen because as long as France and Germany and Austria don't want it to happen I don't think it will happen. The Lisbon Treaty I think will allow Croatia to get in and some of the less controversial accession countries, but I cannot see a situation where France is going to allow Turkey to accede.

Mr. SCOTT. Do you agree, Dr. Donfried?

Ms. DONFRIED. On the question of Turkey and the EU, we are engaged in a negotiation process that will last for the next 10-15 years. There are 40,000 pages of EU legislation that Turkey has to assume. And my fervent hope would be that the Austrias and Frances of Europe would not talk about Turkish membership and whether they want it or not because it is not going to happen in Sarkozy's term in office. And so I would prefer to say, let us have the negotiating process, wherever it ends, I think everyone agrees it is a good thing for Turkey to be looking west and coming closer to western institutions. So my hope would be that you could have this process of negotiation without prejudice to what the outcome

is, because in 15 years it will be a different Turkey and it will be a different EU, so that is what I would say on that.

On your point about an EU military role, we have experience in this, the EU is engaged now in multiple military operations, and, I think for the most part, it has been beneficial to the United States, whether it was NATO handing over the military role in Bosnia to the EU, whether it is the EU piracy operation Atlanta that we are talking about off the Horn of Africa, that coordination has worked quite well. And the EU is not something out there, the EU is a creation of its member states. Why? Not because they want to create some multilateral nightmare, but because these countries of Europe realize they are losing national power.

The British Foreign Secretary in October gave a compelling speech where he said the choice for Europe is simple, get our act together and make the EU a leader on the world stage or become spectators in a G-2 world shaped by the United States and China. The member states want to use the EU to aggrandize their power, and in all of the cases I have seen this has been good for the U.S. The EU having more power has meant that the EU can play a greater role in the world. Their interests, in 99 percent of the cases, are compatible with ours. So my concern is not too much Europe, it is too little Europe.

Mr. SCOTT. Thank you. Dr. Hamilton, I want you to get into this and respond to that, but I also want you to respond to a very profound statement that you made that I grabbed at the end, and I think you were saying this Lisbon Treaty with new reforms for the European Union will have a direct impact here in the United States on our domestic situation particularly in terms of jobs, the economy, and so forth, and I would be very interested for you to explain to us how this Treaty and the reforms through the European Union will help us with our own domestic concerns of jobs and the economy here, as well as you can take your shot at those other questions as well. And thank you, Mr. Chairman, that will conclude my questions.

Mr. DELAHUNT. Thank you, Mr. Scott.

Mr. HAMILTON. Thank you, just to enter back into this debate. You know, we are in this debate on the security side as if this is an either or kind of choice between NATO and the EU, and I go back to my basic point, these are all the same nations, 21 of the countries are the same countries, and the others are all members except one of the Partnership for Peace with NATO. If you ask, you know, who is with us? Traditionally not aligned countries like Sweden, which are not in NATO, are actually some of our best allies.

And they are not creating some separate entities here, this is one set of forces on the military side, they are double- or triple-hatted depending on the kinds of engagements they are in, and we have to step back a minute and not get locked into this institutional debate it seems to me because we are all the same countries we are trying to engage on these kinds of issues. And if we look at that, it is not the luxury of, you know, which institution gets to go deal with these challenges. As Assistant Secretary Gordon said, there is enough to go around. And given strapped resources for the United States and for our European allies, if they can pick up some of the slack in areas where the United States either does not want to be

or cannot engage because of our other preoccupations, that should be welcome.

Our concern should not be about a competitive, strong, you know, European counterweight at the moment, although I agree there are some in Europe that think that way, it is a weak Europe, it is the weak Europe that has gotten us into trouble in the past. It is a weak and fragmented Europe that was the principal preoccupation of the United States in the 20th century, and it is the potential for a stronger Europe that could be our counterpart and not a counterweight that I think would be strongly in the United States' interest.

Mr. DELAHUNT. Excuse me, Dr. Hamilton, but we have 2 minutes left.

Mr. HAMILTON. Okay, very briefly then, if I could.

Mr. DELAHUNT. Sure.

Mr. HAMILTON. On the NATO EU, as the chairman said, on piracy it is a combined effort, and there is I think realization that both institutions have to work together in that. But as you said, the real answer to piracy is not in sea, it is on land. Here again the question is, can we work together, exchange watch lists of failing states with the EU Crisis Center, can we deploy the civilian authorities to deal with terrorism that is now building in Somalia and Yemen and other places? That is actually through the EU that we would do that, it is not a NATO per se effort. And so those are the kinds of things we have to do.

On the enlargement issue, the basic principle that has I think given us success is that of the open door. Who is to say today what Europe will look like in the future? As Dr. Donfried said, our successes have come to say, let us build in the dynamism of change and, you know, 15 years from now it may be different. The President said, let Turkey in on the same conditions that you have let other countries in, no more, no less, it will take years, it is not an operational issue for today, for this administration I believe, it will be something for the future.

And finally on your question about domestic, my point was simply that our relationship per se with Europe reaches deep into our societies, is driven by the private sector, is driven by our people. We have no deeper links than across the Atlantic, and those links since the end of the Cold War, seems counterintuitive, have deepened, not loosened. And so as I mentioned, the state of Georgia, there are just tens of thousands of Georgians who are employed by European companies, more than anybody else in the world. On shore jobs come from Europe, most of them, in the United States. So how Lisbon affects that, whether it helps or hinders those kinds of rules to provide free flow of goods and services and ideas, will be important to Americans. That is my basic point.

Mr. DELAHUNT. Thank you, Dr. Hamilton.

Mr. SCOTT. Thank you.

Mr. DELAHUNT. And we are just about out of time. It has been a great panel, you have all educated us. I think I spotted Ms. McNamara's not being a Sarkozyphile, is that a fair statement?

Ms. MCNAMARA. I think he is a great advocate for French interests.

Mr. DELAHUNT. Okay. I noticed that you said in your written statement, above all it is a treaty that underscores the EU's ambition to become a global power and challenge American leadership in the world. You know, that conjures up in my mind a little cabal sitting over in the corner plotting our demise. I tend to agree that, you know, these are not those stark kind of choices, and I don't think they are necessarily adversarial. And maybe it is because of my age, I have learned one thing, and the only certainty is that there will be change, and what we are trying to accomplish is change that is nonviolent and change that evolves over time with import from everyone. But you have been a great panel, and I conclude this hearing, and we are adjourned.

[Whereupon, at 4:53 p.m., the subcommittee was adjourned.]

A P P E N D I X



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SUBCOMMITTEE HEARING NOTICE
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U.S. HOUSE OF REPRESENTATIVES
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SUBCOMMITTEE ON EUROPE
William D. Delahunt (D-MA), Chairman

December 9, 2009

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend the following **OPEN** hearing of the Subcommittee on Europe, to be held in Room 2172 of the Rayburn House Office Building:

DATE: Tuesday, December 15, 2009

TIME: 2:00 p.m.

SUBJECT: The Lisbon Treaty: Implications for Future Relations Between the European Union and the United States

WITNESSES: **Panel I**
The Honorable Philip H. Gordon
Assistant Secretary
Bureau of European and Eurasian Affairs
U.S. Department of State

Panel II
Karen Donfried, Ph.D.
Executive Vice President
German Marshall Fund of the United States

Daniel Hamilton, Ph.D.
Richard von Weizsäcker Professor and Director of Center for Transatlantic Relations
The Paul H. Nitze School of Advanced International Studies
Johns Hopkins University

Ms. Sally McNamara
Senior Policy Analyst, European Affairs
Margaret Thatcher Center for Freedom
The Heritage Foundation

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations please call 202-225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee as noted above.
