

THE U.S.-EUROPEAN RELATIONSHIP: OPPORTUNITIES AND CHALLENGES

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WEDNESDAY, MARCH 8, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE AND EMERGING THREATS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 1:30 p.m. in room 2255, Rayburn House Office Building. Hon. Elton Gallegly (Chairman of the Subcommittee) presiding.

Mr. GALLEGLY. Today, the Subcommittee on Europe and Emerging Threats is holding a hearing on challenges and opportunities in the relations between the United States and Europe.

I am pleased to report that the transatlantic relationship has improved significantly in the past year. I believe much credit should go to President Bush and members of his Administration, especially Secretary of State Rice, for her hard work in developing both stronger personal relationships and policy initiatives that have gone a long way to getting the relationship back on solid ground.

Not only is the overall tone much better, but, more significantly, American and European leaders are working together to develop a common approach and practical solutions to difficult problems.

Regarding Iran, we are all aware of the close cooperation between the EU-3 countries and the United States regarding Tehran's nuclear enrichment program. Although difficult negotiations and tough decisions lie ahead, there is no doubt that the attention of the world is focused on Iran's behavior instead of divisions between America and Europe.

Likewise in the Balkans, the United States and our European allies are working together diplomatically and on the ground to maintain peace and promote a permanent political settlement in both Bosnia and Kosovo.

And in the former Soviet states, Europe and the United States share the same values and are pursuing similar strategies to strengthen democratic institutions and the rule of law. I would particularly like to mention the efforts of the European countries, the EU and the United States in helping to establish freedom and democracy in Belarus. Both Congress and the European Parliament are watching the upcoming Presidential elections in that country closely and both bodies have passed similar resolutions calling on free and fair elections.

I would also like to commend the European Union for its decision, at least in the near term, not to lift its arms embargo against China. We should not forget that 1 year ago the question was not

whether the EU would lift its embargo, but if it would happen in the first or second half of 2005.

Certainly significant points of contention remain in the United States-European relations, and we should not avoid an honest discussion on these issues. Most notably, their differences regarding the type of tactics that need to be used in fighting the global war on terrorism.

However, these differences of opinion should not obscure the fact that the transatlantic relationship is based on common values, and that both Europe and America can accomplish much more in the world, from fighting terrorism and the spread of weapons of mass destruction to spreading democracy, by working together.

I look forward to hearing from you, Ambassador Fried, on these issues, and since Congressman Wexler is not here yet, Mr. Ambassador, I would just like to express my apologies for the slight delay this afternoon. But we will move ahead.

I would like to introduce our witness, Ambassador Fried. He is the Assistant Secretary for the Bureau of European and Eurasian Affairs at the Department of State. Prior to his current position, Ambassador Fried served as a Special Assistant to the President and Senior Director for European and Eurasian Affairs at the National Security Council. His long and distinguished career has seen service in the former Soviet Union as a Senior Advisor on European policy for multiple Administrations.

In addition, he has served as our Ambassador to Poland from November 1997 to May 2000.

At this time, Ambassador Fried, we welcome your comments.

STATEMENT OF THE HONORABLE DANIEL FRIED, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Ambassador FRIED. Thank you, Mr. Chairman. I thank you for the opportunity to speak about how we are putting our relationship with Europe to work in addressing common challenges around the world. Chairman, you have me at a disadvantage, because your statement not only summarizes what I was going to say very well, and I endorse it enthusiastically, but it is also much shorter than my statement.

Chairman, we seek to extend the freedom and prosperity that we and Europe enjoy beyond the borders of Europe. We want to work with Europe to advance freedom and resolve conflicts, both far afield and along what we call Europe's frontiers of freedom—Belarus, the south Caucasus, and the Balkans.

To achieve these objectives, we seek to empower and strengthen the key multilateral institutions like NATO, the Organization for Security and Cooperation in Europe (OSCE), and to strengthen the U.S.–EU relationship. We have had differences with some in Europe on some issues, including famously, the decision to overthrow Saddam Hussein. But like you, sir, I have seen over the last year a shift among Europeans from a focus on past differences to a commitment to work together to take on global challenges. President Bush and Secretary Rice believe in America's alliance with Europe. Our European counterparts share that commitment and vision.

We no longer hear so many in Europe calling for a strong Europe as a counterweight to American economic, political, and military power. A developing transatlantic consensus recognizes that our shared interests cannot be separated from our shared values.

The democratic governance has a legitimacy greater than any other form of government, and that this is true everywhere in the world. This consensus includes, moreover, recognition that the purpose of the United States-European cooperation should be therefore to extend to common action in the pursuit of freedom.

Iran is a major example. My colleagues, Nick Burns and Bob Joseph, have testified today, and I cannot hope to add to what they said. But I will say that our success in curtailing and stopping Iran's nuclear weapons program will depend on our cooperation in Europe, and I should laud the solidarity and the strength of the EU-3 (Germany, France, and the United Kingdom).

I am told that today at the board of governors in Vienna, the EU-3 statements were as strong as we would hope them to be. As Nick Burns said today, the United States is also reaching out to the Iranian people, who are not our adversary, and who deserve freedom as much as any other people.

On Iraq, we are hearing in Europe more voices like that of German Chancellor Merkel, who reminded Americans and Europeans alike, that a democratic Iraq is in everyone's interests; or French Prime Minister de Villepin, who now says that the international community must "go forward all together" to achieve success.

Europeans now realize that democracy's failure in Iraq would be a grave blow to our common security, and the prospects for reform and stability throughout the Middle East. Nineteen European partners operate under Operation Iraqi Freedom, and all of our allies contribute to the NATO training mission in Iraq, which is helping to stand up a competent, self-sustained, non-sectarian Iraqi Security Force.

Since 2004 the European Union has provided 200 million Euros annually in development assistance to Iraq, and plans to do so again this year. Last year, in Brussels, in June, the United States and EU co-hosted a conference on Iraq to reaffirm international support for democracy there.

When the new permanent and democratically elected Iraqi government stands up, we hope and expect that Europe will embrace it, because the way to peace in Iraq is through a capable Iraqi government, with legitimacy at home, and support abroad.

Transatlantic cooperation includes efforts to bring peace between Israel and the Palestinians. The United States and Europe share deep concerns about Hamas, and insist that the new Palestinian government recognize Israel, renounce violence, and accept the existing agreements and obligations between the parties.

Like us, the European Union is reviewing its assistance programs to ensure that while assistance does not benefit the Hamas, humanitarian aid to the Palestinian people continues. Together, we and our allies in Europe have made major advances in Afghanistan, where NATO-led forces, International Security Assistance Force (ISAF), will expand their presence to southern Afghanistan.

Mr. Chairman, I traveled last week to Afghanistan with Supreme Allied Commander Jones and saw firsthand how ISAF and NATO nations are preparing to take on additional responsibilities there.

Our cooperation with Europe extends to transnational issues. We work together every day to prevent the proliferation of nuclear weapons, to combat disease, fight corruption, and stop the narcotics trade.

The transatlantic community has a stake in the integration of Europe's Muslim community into their respective countries, the challenge of which was illustrated in the Danish cartoon controversy.

We believe that the cartoons are offensive, but freedom of the press is an inalienable right essential for all free societies, and that the issue of the cartoons has been abused by cynical and hypocritical governments, such as the regimes in Syria and Iran, and that democracy, and not its detractors, is a system best able to reconcile the different, but ultimately compatible, values of freedom, tolerance, and respect.

The United States may have a contribution to make in support of the integration of Europe's growing Muslim populations. One of our goals is to improve European Muslims' understanding of the United States.

Our tools for this are public diplomacy programs, such as exchanges, sending American experts on speaking tours, and speaking to the media. Our Ambassador in Brussels organized an innovative program, bringing together American and Belgium Muslims, which seemed to generate enthusiasm among the participants.

To improve communications and relations between minority and majority populations, our Embassy in The Netherlands, and the American Chamber of Commerce, are launching an internship program for minority youth.

We also encourage the leaders and grass roots of Muslim communities in Europe to push for peaceful approaches, and to speak out for democracy and against advocates of violence. Mr. Chairman, we remain acutely aware of the need to advance or consolidate democracy within Europe and along its frontiers where it did not exist even a generation ago.

There are places in Europe where unfortunately freedom has not arrived even yet. The United States and the European Union increasingly speak with a single voice in support of the democratic aspirations of the people of Belarus.

This was shown by our recent unsuccessful efforts to send my EU counterpart and myself together to Minsk to deliver a message about the conduct of the upcoming Presidential elections in 2 weeks.

When the Belarussian authorities refused our travel at the same time, in an attempt to split us, we remained united, and refused to go to Minsk under those conditions. The United States and Europe have agreed to use this election, however flawed it is, to shine a spotlight on Belarus, its people, and its government's dismal record.

We share with our European friends and allies a strong commitment to the Ukraine's sovereignty, continued democratic and economic development, and Euro-Atlantic integration. We consult

closely with our European partners on the crucial issue of energy security in Ukraine and the region.

Ukraine's politics are difficult, as politics in the early phases of post-Communist political evolution can be, but we will work with Ukraine's next government after its elections later this month to support Ukraine's reforms and its European and transatlantic aspirations.

Georgia has been called a success for our freedom agenda, though its work has just begun. Since the Rose Revolution, President Saakashvili's government has taken Georgia from a failing state to a democratizing nation, with a growing market economy.

Georgia's future lies in the Euro-Atlantic community. The hard work of reform is Georgia's to do, but our government, working with Europe, will do what we can to help Georgia help itself.

The United States is also working hard to promote a peaceful resolution to the separatist conflicts in Georgia, and we do not support and will not support any military solution to those conflicts.

We do support the Georgian Government's peace plan for South Ossetia, and its outreach to Abkhazia, and we encourage continued constructive steps. We also hope that Russia will do whatever it can to help resolve both the South Ossetia and Abkhazia conflicts.

There is no better illustration of current transatlantic cooperation than in the Balkans. We have just passed the 10 year anniversary of the Dayton accords, which ended the Bosnian war, and are working to advance Bosnia's reforms so that they can join Europe.

We are working with our European friends on a final status settlement that will bring lasting peace to all of Kosovo's people. While difficult issues remain, we expect that 2006 will be a year of decision about Kosovo's future: A future of stability, democracy, and European integration.

The United States will promote these goals through our continued presence in NATO's K-4 operation, and through support to the UN Special Envoy, Martti Ahtisaari, as he seeks a just settlement of Kosovo's future.

United States-Russia relations include elements of cooperation as well as areas of disagreement. Our cooperation with Russia is broad. The United States and Russia seek to advance Middle East peace through the Quartet.

While we will not meet with Hamas, we appreciate Russian assurances that it used its March 3 meeting with Hamas representatives to reinforce the Quartet conditions. I have already mentioned our cooperation in Iran, and I think you are aware of Foreign Minister Lavrov's statements yesterday about the need not to allow Iran to enrich uranium on its territory.

We both recognize the challenges of reconstruction in Afghanistan, and Russia has recently forgiven \$10 billion of Afghan debt that it held. We are working together in the G8 on priorities that Russia has identified for its presidency: Infectious diseases, education, and energy security. We are making progress toward Russian accession into the World Trade Organization (WTO).

We do not shy away from areas of disagreement with Russia. United States relations with Russia's neighbors and other countries in Eurasia seem to be viewed suspiciously by some in Russia in

zero-sum terms, an approach that we have publicly and privately told the Russians is mistaken.

Reform and democratic progress in this region will benefit everyone, and the way to stability is through reform and not repression. We seek to work with Russia and others to resolve dangerous and debilitating conflicts, in places like South Ossetia, Transnistria, Abkhazia, and Nagorno-Karabakh.

We are concerned also about democratic trends in Russia, particularly and recently Russia's new NGO law scheduled to go into effect April 10. The United States worked closely with our European and G8 allies to communicate our concerns about this legislation when it was still under Duma consideration.

We remain concerned that the law will chill and deter independent civil society in Russia, and we will watch how that law is implemented.

While our relations with Europe are increasingly positive, there remain issues on which we have different views. Our trade relations are positive. They generate \$2.5 billion in transatlantic trade and investment each year, but we do have issues with Europe. Some are very well known.

As the world's two largest economies, we have a responsibility to lead in the trade area. We believe that greater flexibility from the European Union on agricultural trade is necessary if advanced developing countries like Brazil and India are to open their markets to industrial goods and services.

Europe's approval process for agricultural biotechnology remains a sticking point. We think it important that the European community, that the EC, the European Commission, comply with obligations to provide agricultural biotechnology products timely, transparent and scientific review.

We and Europe share the goal of promoting economic growth while reducing negative impact on the environment, but have famously differed on the means. United States efforts are focused on addressing the problem of climate change through clean technologies, as well as the need to develop alternative sources and supplies of fuel.

Issues surrounding United States detainee operations continue to generate controversy in Europe. We are trying to promote a better understanding of United States perspectives, and to correct significant misperceptions. We remain concerned about one-sided treatment and the rush to judgment that this issue has received in the European media.

Let me comment briefly about NATO and the OSCE. NATO, long America's premier alliance, is emerging as a center of a global democratic security community. NATO's mission remains the same, the collective defense of its members.

But collective defense in 2006 requires different approaches and tools than it did in 1956, or even 1996. Until 1992, NATO had never conducted a military operation. By 2005, NATO was conducting seven operations on four continents, from Afghanistan, to Iraq, the Mediterranean, Africa, the Balkans, Pakistan, and even briefly to Louisiana, in support of transatlantic security and humanitarian relief.

We hope that by NATO's summit this summer in Riga the alliance will be on a path to deepening its capabilities for its current and future operations, and enhancing its global reach to meet today's demands.

On human rights and support for democracy especially, the OSCE has a unique mandate and demonstrated record of advancing democracy in Europe and Eurasia. Its election observation methodology and missions represent the gold standard in the field.

The organization has undertaken ground breaking work in combating trafficking in persons and intolerance, including anti-Semitism; promoting basic freedoms, including religious freedom and freedom of the media, and resolving regional conflicts, such as Nagorno-Karabakh.

In conclusion, as Secretary Rice has said, strategy consists of understanding where history is going and giving it a push. To advance our global agenda of democracy, we have engaged Europe to go beyond the status quo, to work together to give history and freedom a push ahead.

The core values of our country and tenets of our society—human rights, democracy, and the rule of law—are the basis of our relations with Europe. While there will always be transatlantic differences over tactics, I do not see a transatlantic rift over strategy or over values.

How we work with Europe is and will remain worthy of debate, but the value of our alliance with Europe is beyond question. Mr. Chairman and Congressman Wexler, I am grateful for the opportunity to speak before you today, and I look forward to your questions.

[The prepared statement of Ambassador Fried follows:]

PREPARED STATEMENT OF THE HONORABLE DANIEL FRIED, ASSISTANT SECRETARY,
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Gallegly, Congressman Wexler, members of the Committee, thank you for the opportunity to speak to you today about how we are putting our relationship with our European friends and allies to work in addressing our common challenges around the world. The State Department, and particularly the Bureau of European and Eurasian Affairs, is at work constantly with the 43 countries of Europe as well as the multilateral institutions of NATO, the European Union, the Organization for Security and Cooperation in Europe (OSCE), and the Organization for Economic Cooperation and Development (OECD). Our Ambassadors, colleagues in the field, and members of the Bureau of European Affairs work as a team to advance President Bush's and Secretary Rice's vision of the United States working with Europe to promote freedom and prosperity in the world.

Our common effort seeks to extend the freedom and prosperity we enjoy beyond the borders of Europe, not just to provide for our own security but to improve the security and prosperity of the world as a whole, with which our future is linked. Second, we continue to work with our European partners to confront tyranny and resolve conflict in those places where it persists along Europe's frontiers of freedom, such as Belarus, the south Caucasus and the Balkans. To achieve these objectives, we seek to empower and strengthen the capabilities of key multilateral institutions like NATO and the OSCE, and to strengthen the U.S.-EU relationship.

We have differences with some in Europe on certain issues, including, famously, the decision to overthrow Saddam Hussein. But I have seen over the last year a shift in emphasis among Europeans from a focus on past differences to a commitment to work together to take on global challenges. President Bush and Secretary Rice believe in America's alliance with Europe. In his Second Inaugural address, the President said it very clearly: "All the allies of the United States can know we honor your friendship, we rely on your counsel and we depend on your help. The concerted effort of free nations to promote democracy is a prelude to our enemies' defeat." Our European counterparts share that commitment and vision. As Prime Minister Tony

Blair noted, “A world that is fractured, divided, and uncertain must be brought together to fight this global terrorism in all its forms, and to recognize that it will not be defeated by military might alone but also by demonstrating the strength of our common values.”

European and American views on global challenges and the appropriate strategic approach to them in a post-9/11 world are increasingly in harmony, though we may sometimes differ on tactics. As we work with Europe on our global agenda, it is important to acknowledge and reaffirm the special relationship and partnership we share with the United Kingdom. The UK has been our most reliable partner on the widest range of issues, from Iraq to counter-terrorism to Afghanistan, the Middle East Peace Process, UN reform and more. The UK’s support has been crucial to advancing U.S. interests in our most important foreign policy priorities. In his address to a joint session of Congress, Italian Prime Minister Berlusconi observed, “Europe needs America and America needs Europe.” German Chancellor Merkel’s statement on common purpose is another affirmation that a strong Europe can act in partnership with the United States.

We no longer hear so many voices calling for a strong Europe as a “counter-weight” to U.S. economic, political and military power. Despite the debate in 2003 and 2004 over Iraq, there exists, I contend, a developing transatlantic consensus that recognizes that our shared interests cannot be separated from our shared values, that democratic governance has a greater legitimacy than other forms of government, and that this is true everywhere in the world. This consensus includes, moreover, recognition that the purpose of U.S.-European cooperation is not simply to manage problems, or to serve as a regulator of value-free competition, but to support common action in the pursuit of freedom.

I am aware of the skepticism with which some segments of the European public regard the United States. The media has long given more-than-ample attention to occasional provocative poll results that show divisions or gaps between Americans and Europeans. But most have overlooked other, more hopeful signs. According to a German Marshall Fund poll released last September, an enormous majority of the European public—74 percent—supports joint European-American action to advance democracy in the world. While the same poll reflected a desire for Europe to take on “superpower status,” the Europeans would use such status to work with the United States to promote the number one U.S. foreign policy objective—the advancement of freedom.

Our freedom agenda is urgent. Throughout the world, and particularly in the Middle East, our joint and direct involvement is needed. In each of these areas, the United States is committed to support positive change, and to work with partners from Europe and elsewhere to achieve those objectives. Europeans are reaching the same conclusion that we share common interests. And from common interests we are seeing common action.

Iran

Iran is a major example. Over the past year, and culminating with the overwhelming vote on February 4 by the IAEA Board of Governors to refer Iran to the Security Council, we have worked closely with the EU-3—France, Germany, Britain—to try to curtail Iran’s nuclear weapons program and to find a way forward. We fully backed EU-3 efforts to hold Iran accountable after Iran refused to halt its nuclear program. Our decision to work with the EU-3 and other stakeholders on Iran has led to historic IAEA votes and transatlantic unity in response to the nuclear threat posed by Iran’s program. Russia’s efforts to pursue a diplomatic solution to this standoff were energetic, but met with frustration because, for Iran, the talks were not about solving this crisis, but about buying time. We have strongly backed Russia’s proposal to provide Iran an off-shore enrichment capacity to meet Iran’s questionable energy needs while ensuring Tehran does not acquire the fuel cycle.

Iran’s pursuit of nuclear weapons is alarming. But the problem is broader. Not only is the regime in Tehran determined to develop nuclear weapons; it also supports terrorism and global instability and continues to oppress its own people—denying their basic liberties and human rights.

The United States is also reaching out to the Iranian people, who are not our adversary, and who deserve freedom as much as any people. Last month Secretary Rice requested from the Congress \$75 million for democracy-building in Iran. With these funds we can increase our support for the people of Iran in their efforts to secure a freer life for themselves. Europe, with its commercial and diplomatic ties to Iran, has an opportunity to support reform in that country. We will continue to work with Europe to ensure the international community speaks with one voice on Iran, particularly regarding the need for human rights and democratization there.

Iraq

Across Iran's border to the west, Iraq's Shia, Sunni, Kurd and other communities are seeking to realize their aspirations through democracy. The religious tensions sparked by the bombing of the Askariya shrine on February 22 marked a major challenge for the Iraqi people—and we have seen how government, religious and civil society leaders condemned the bombing and are working together to quell the reaction. American and European leaders unequivocally condemned this heinous act as well. We appreciate High Commissioner Solana's statement, as well as from a number of EU members, condemning the violence in Samarra and urging all sides to resume the process of forming the government of national unity. His positive words of dialogue have been very helpful.

Europe's focus on Iraq is moving away from differences of the past to a common commitment to a better future for that country. We hear more voices like that of German Chancellor Merkel, who reminded Americans and Europeans alike that a democratic Iraq is in everyone's interest, or French Prime Minister de Villepin, who now says the international community must "go forward all together" to achieve success.

Whatever our disagreements with some Europeans about the decision to remove Saddam Hussein from power, Europeans now realize that democracy's failure in Iraq would be a grave blow to our common security, and to prospects for reform and stability throughout the Middle East. Last June in Brussels, the United States and the EU co-hosted a conference on Iraq which was attended by over 80 countries at the Ministerial level and which reaffirmed the international community's support for Iraq's democratic future. Success in Iraq would set the stage for the further advancement of freedom throughout that region.

Europeans are not just helping us change the tone of the discourse, but are taking action. Nineteen European partners operate under Operation Iraqi Freedom and all of our Allies contribute to the NATO Training Mission in Iraq, which is helping to stand up a competent, self-sustained, non-sectarian Iraqi Security Force (ISF). Our strong allies, Italy and the United Kingdom, lead the Training Mission, which is helping to establish ISF command, doctrine and training structures and training commissioned Iraqi officers at all levels. In December, Allies agreed to extend training to senior non-commissioned officers. In recent weeks, several Allies, including Germany, Norway and the United Kingdom, have pledged additional funds to support this mission. European allies have also donated over 120 million dollars worth of military equipment to Iraq. For the past few years, the EU has provided over 200 million dollars in development assistance to Iraq and plans to do so again in 2006.

When the new permanent and democratically-elected Iraqi government takes office, we hope and expect that Europe will embrace it, because the way to peace in Iraq is through a capable government with legitimacy at home and support abroad.

Israel-Palestinian Issues

Transatlantic cooperation includes efforts to bring peace between Israel and the Palestinians. The United States and the EU share deep concerns about Hamas, and insist that the new Palestinian government recognize Israel, renounce violence, and accept the existing agreements and obligations between the parties. Like us, the EU is also reviewing its assistance programs to the Palestinians to ensure that while assistance does not benefit Hamas, humanitarian assistance to the Palestinian people continues.

Lebanon

For over a year, the United States and France have led the international community's sustained efforts to promote Lebanese sovereignty and independence. The international community has spoken with one voice on the need to end Syrian interference in Lebanon, particularly when the UN Security Council unanimously adopted resolutions 1636 and 1644 compelling Syrian cooperation with the UN inquiry into the assassination of former Lebanese PM Hariri.

Afghanistan

Together, we and our Allies in Europe have made major advances in Afghanistan, where the NATO-led International Security Assistance Force (ISAF) will expand its presence this year to southern Afghanistan. I traveled to Afghanistan with Supreme Allied Commander General Jones last week, and saw first-hand how ISAF is preparing to take on this additional responsibility, which advances our shared interest in a secure, democratic, stable Afghanistan that never again becomes a haven for terrorism.

BMENA/Forum for the Future

The US-European agenda now includes efforts to advance reform and democracy throughout government and civil society in the broader Middle East. We began with the Broader Middle East and North Africa (BMENA) initiative under America's G8 presidency at Sea Island in 2004. Since then, the BMENA initiative has grown beyond the G8 and now includes several other European nations among its staunchest supporters. One of the exciting outcomes of the BMENA initiative is the Forum for the Future, a ministerial-level body that, since its launch in Rabat, has become the principal venue for developing common views on reform, democracy, and development, and bringing civil society groups into the meeting as participants, speaking directly to governments.

I traveled last November with Secretary Rice to the second Forum, in Bahrain, where the agenda focused on "civil society and democracy" and "knowledge and education." A highlight was the launching of the BMENA Foundation for the Future, to support grass-roots civil society organizations working toward democracy and freedom, and the Fund for the Future, to provide much-needed capital to small and medium-sized businesses. Europe has an important role to play, as its historic, political and economic ties to the region give it a voice that will be heard, and I am pleased that eight European governments and the European Commission have pledged contributions to the Foundation and Fund for the Future. The governments of the region do not yet universally embrace these democratic dreams with the same enthusiasm. But reformers are there, within and outside government. And the United States and Europe, the two great centers of democratic legitimacy in the world, are standing with them.

Global Issues

In addition to addressing concerns in the Middle East and Afghanistan, our cooperation with Europe also extends to transnational issues. We work together every day to prevent the proliferation of nuclear weapons, to combat disease, to fight corruption, and to stop the narcotics trade. For instance, for years the United States has helped support the South East European Cooperative Initiative, which serves as the mechanism for many European countries to share information and mount anti-crime operations. We are also working closely with Austria during its EU Presidency this year to build on its desire to make more progress in the fight against organized crime and corruption, especially in the Balkans.

On counter-terrorism, European countries are providing vital contributions in areas ranging from information and intelligence-sharing, dismantling terrorist cells, interdicting terrorist logistics and financing, and participating in the rebuilding of Afghanistan. We work every day with European partners to strengthen the effectiveness of their anti-terrorist efforts and to help less capable states around the world improve their abilities to combat terrorism. In cooperation with those partners, we have made great progress in building an international consensus to fight terror through UN conventions, restricting terrorists' freedom of action and blocking terrorists' assets. Joint U.S.-European intelligence-sharing and law enforcement efforts have led to successes in arresting terrorists and in interdicting terrorist financing and logistics. To highlight a few areas, I would note the progress made during the past year on Passenger Name Recognition, the Container Security Initiative, incorporation of biometrics for documentation, and cooperation on telecommunications data retention.

European cooperation remains critical to our efforts under the G8 Global Partnership Against the Spread of WMD. Within the framework of our own contributions to the fight against the spread of WMD, the U.S. commitment to the Cooperative Threat Reduction (CTR) program continues, and we are working on programs with Russia, Ukraine, Albania, Azerbaijan, Moldova, Kazakhstan and Uzbekistan to eliminate WMD threats.

Our partnership to address the threat of Avian Influenza has made crucial strides in understanding the nature of its movement westward from Asia and in building key infrastructure and capacity to confront a pandemic. Late last month, U.S. policy-level officials and European Commission counterparts held the first of what will likely be many Digital Video Conferences to strengthen planning and coordination of our respective international activities. The United States and EU will co-host the next meeting of the President's International Partnership on Avian and Pandemic Influenza, to take place in Vienna in June.

The transatlantic community has a stake in the complex process of integration of Europe's Muslim communities into their respective countries, the challenge of which was illustrated in the Danish cartoon controversy. Thankfully, in Europe the demonstrations against the cartoons have been peaceful, although some of the rhetoric has been unnecessarily inflammatory. We believe that the cartoons are indeed offen-

sive; that the freedom of the press is an inalienable right essential for all free societies; that the issue of the cartoons has been abused by cynical and hypocritical governments, such as the regimes in Syria and Iran; and that democracy is a system best able to reconcile the different, but ultimately compatible, values of freedom, tolerance and respect. The United States will continue to encourage dialogue in connection with the cartoons based on these principles.

The United States may have a contribution to make in support of the integration of Europe's growing Muslim populations. One of our goals is to improve European Muslims' understanding of the United States. Our main tools for this are our public diplomacy programs, including exchanges, sending American experts on speaking tours, and engaging with the media. Our Ambassador in Brussels organized an innovative program bringing together American and Belgian Muslims, which seemed to generate enthusiasm among the participants. A second goal is to find ways to facilitate improved relations between minority and majority populations. Our embassy in The Netherlands is partnering with the American Chamber of Commerce to launch an internship program for minority youth. Another key goal is to encourage the leaders and grassroots of Muslim communities to push for peaceful approaches and to speak out against advocates of violence.

Working with Europe along Europe's Frontiers of Freedom

We remain acutely aware of the need to advance or consolidate democracy within Europe where it did not exist even a generation ago. And unfortunately there are places in Europe where freedom has not arrived even yet.

The United States and EU increasingly speak with a single voice in support of the democratic aspirations of the people of Belarus. This was shown recently by our unsuccessful effort to send my EU counterpart and me together to Minsk to deliver a message on the conduct of the March 19 presidential election. When the Belarusian authorities refused our travel at the same time, in an attempt to split us, we remained united. We have agreed to use this election, however flawed it is, to shine a spotlight on Belarus, its people, and its government's dismal record. One recent and significant example of cooperation in assistance is our joint efforts to support independent media, and especially external broadcasting, to break Lukashenko's information stranglehold.

We share with our European friends and allies a strong commitment to Ukraine's sovereignty, continued democratic and economic development, and Euro-Atlantic integration. We are consulting closely with our European partners on the crucial issue of energy security of Ukraine and the region. We appreciate the principled position of a number of European states that energy markets should not be manipulated for political gain. We are also working with the Europeans to support free elections and civil society in Ukraine. Ukraine's politics are difficult, as politics in the early phases of post-communist political evolution tend to be, but we will work with Ukraine's next government after its elections later this month, seeking to support Ukraine's reforms and its European and transatlantic aspirations.

Georgia has been called a success for our freedom agenda, though its work has just begun. Since the Rose Revolution, President Saakashvili's government has taken Georgia from a failing state to a democratizing democratic nation with a growing market-economy. During President Bush's May 2005 visit to Georgia, he promised the United States would do its utmost to help the people of Georgia consolidate these changes. Georgia's future lies in the Euro-Atlantic community. The hard work of reform is Georgia's, but the U.S. Government will do what we can to help Georgia help itself, working with our European allies, in NATO and the EU.

The United States is also working hard to promote a peaceful resolution to the separatist conflicts in Georgia. The Georgian Government has developed a peace plan for South Ossetia, supported by the international community, and is beginning to implement unilateral steps to demilitarize the region. We support this effort with our friends in the OSCE and will continue to encourage progress in negotiations. As a member of the Friends of the Secretary General of the United Nations for Georgia, the United States participates in negotiations on a peaceful settlement in Abkhazia. We have seen a lack of progress in recent months and are urging Georgia and Abkhazia to take concrete steps to move the process forward. In both South Ossetia and Abkhazia, the Russian Federation could do more to help to resolve the conflicts.

There is perhaps no better illustration of the value of transatlantic cooperation than our efforts to bring peace to the Balkans. We have just passed the ten-year anniversary of the Dayton Accords, which ended the war in Bosnia. Six years after NATO intervened to stop a humanitarian disaster in Kosovo, we are working with our European friends on a final status settlement that will bring lasting peace to all Kosovo's people. While there are still difficult issues to address, we expect this

to be a year of decision that will mark the path toward Kosovo's future—a future that will cement stability in Southeast Europe, promote the development of democracy and put the region firmly on the path of integration with Euro-Atlantic institutions. The United States will promote these goals, through our continued presence in NATO's KFOR and through support to UN Special Envoy Martti Ahtisaari as he seeks a just settlement of Kosovo's future.

With Turkey, a long-time NATO ally and EU candidate state, we are working to strengthen and modernize our partnership. The United States and Turkey share a forward-leaning global agenda that includes active engagement and cooperation in NATO and Turkey's co-sponsorship of the BMENA Democracy Assistance Dialogue. Turkey is working to bring political and economic stability and prosperity to Iraq, and has played a major role in bringing peace and development to Afghanistan. We believe that a Turkey, making economic progress, deepening its democracy, and firmly anchored in Europe, will be a major and better partner to the United States and Europe. Turkey's 150 years of modernizing reforms can inspire those in the broader Middle East and beyond who seek democratic freedoms for their predominately Muslim populations.

U.S.-Russian relations include elements of cooperation as well as areas of disagreement. We remain actively and constructively engaged bilaterally, regionally and multilaterally on key issues from counterterrorism to stopping trafficking in persons. We work together daily to cut off terrorist financing, share law enforcement information, improve transportation security, and prevent proliferation of weapons of mass destruction.

Our cooperation with Russia is broad. I have already mentioned Iran. The United States and Russia seek to advance Middle East peace through the Quartet. While we will not meet with Hamas, a designated Foreign Terrorist Organization, we appreciate Russian assurances that it used the occasion of its March 3 meeting with Hamas representatives to reinforce Quartet conditions by making clear that a Hamas-led government in the Palestinian Authority must renounce violence, recognize Israel, and abide by pre-existing agreements, including the Middle East Roadmap. We both recognize the challenges of reconstruction in war-torn Afghanistan, with Russia recently forgiving ten billion dollars of Afghani debt it held. Beyond that region, the United States and Russia, as members of the Six-Party Talks, seek to bring stability to the Korean Peninsula by addressing the North Korean nuclear program. We are also working together in the G8 on priorities Russia has identified for its Presidency: infectious diseases, education, and energy security. Economic cooperation continues, especially in the energy sector, and we are making substantial progress towards Russian accession to the World Trade Organization.

We do not shy from the areas of disagreement. U.S. relations with Russia's neighbors and other countries in Eurasia seem to be viewed by some in Russia in zero-sum terms, a model that we have both publicly and privately told the Russians is false. We seek to work with Russia and others to resolve dangerous and debilitating conflicts in places like South Ossetia, Transnistria, Abkhazia, and Nagorno-Karabakh. We hope that Russia will take advantage of Georgia's proposals for a peaceful settlement of the South Ossetia conflict and work toward a solution that respects both Georgia's territorial integrity and the interests of the people of South Ossetia. The United States and EU are both observers in the "5+2 Talks" on Transnistria. We urge the Armenian and Azeri leaderships to seize the moment and help bring the Nagorno-Karabakh conflict to a close. We hope that Russia decides to support reforms in Belarus and Uzbekistan, whose leaders have set these countries on courses of repression. The United States and our NATO Allies continue to urge Russia to fulfill remaining Istanbul commitments relating to withdrawal of its military forces from Georgia and Moldova. We've made clear that fulfillment of the Istanbul commitments is a prerequisite for us to move forward with ratification of the Adapted CFE Treaty.

We are concerned about democratic trends in Russia. Russia's new NGO law, scheduled to go into effect April 10, is a particular object of our attention. The United States worked closely with our European and G-8 allies to communicate our concerns about this legislation while it was still under Duma consideration. We believe the law will chill and deter independent civil society in Russia. We have pledged, together with our European allies, to observe how that law is implemented.

Continued Cooperation

While we have an increasingly positive, action-oriented record of cooperation with Europe on a range of issues, there remain issues on which we have differing views or competing interests.

Our economic relations are overwhelmingly positive. At the 2005 U.S.-EU Summit in Luxembourg, President Bush and European Commission President Barroso,

recognizing the special responsibilities of the world's two largest economic entities, launched an ambitious effort to re-invigorate our bilateral economic relations. Our economies generate over \$2.5 trillion in transatlantic trade and investment each year and account for millions of jobs on either side of the Atlantic. Even with the rise of emerging economies such as China and India, our relationship will be the engine of the global economy for at least the next generation—our positive, cooperative relationship generates global growth and economic reform. And the key to the health of our economic relationship is continued shared, robust growth.

The United States and EU are working to reduce barriers to growth, focusing on unnecessary regulatory barriers and intellectual property violations. Our financial markets dialogue with the EU is bearing fruit, helping to further align our accounting systems, the building blocks of private sector operations. We are exploring new areas of cooperation on innovation with the EU such as e-accessibility and e-health, harnessing the power of our combined intellectual capital. Great strides have been taken in negotiations with the EU on liberalizing air travel between the United States and Europe, sure to be a boon to consumers, business, and to the airline industry.

With all this progress, however, Europe still needs to address its structural barriers to growth. The re-launched Lisbon Agenda is being challenged from within, with initiatives such as the Services Directive running into opposition from some Member States. We need to care about these obstacles to the integration of the single market, because they affect overall European growth, which in turn affects the balance sheets of our companies and affiliates located within the EU. And an economically strong Europe will ensure that Europe can partner effectively with the United States in our common goals on security and development.

As the world's two largest economies, we also have a special responsibility to assert our leadership in the trade area. Advanced developing countries like Brazil and India will only open their markets to industrial goods and services with greater flexibility from the EU on agriculture. Trade Promotion Authority expires in June 2007, driving the urgency for an agreement. We continue to stress these points with the EU.

The relationship is not without challenges, and trade disputes still grab the headlines. European's approval process for agricultural biotechnology, for example, remains a sticking point. News reports have stated the WTO has preliminarily found the EC has a de facto moratorium on agricultural biotechnology products that is inconsistent with WTO rules. We think it is important that the EC comply with obligations to provide agricultural biotechnology products timely, transparent and scientific review.

As the world's primary sources of development assistance, the United States and the EU have a long tradition of cooperation and coordination on our respective development assistance programs. Most recent figures show that the United States and EU combined contributed a total of \$62.6 billion or 79 percent of all global assistance in 2004.

Closely related to trade issues are matters of climate and energy security. We are working hard to engage the Europeans on climate. We both share the same goal to promote economic growth while reducing negative impacts on the environment. Our effort has been focused on addressing climate by stressing the need for new, "clean" technologies which promote energy efficiency as well as the need to develop alternative sources and supplies of fuel, thus linking climate, energy security and development challenges. In 2006 alone the President proposed over \$5 billion in funding for climate-related activities. Cooperation with the EU in this arena is improving. The EU has joined U.S.-led partnerships in carbon dioxide capture and storage, nuclear power, hydrogen, and Earth Observations. We are creating opportunities for dialogue with EU policy leaders to establish the intellectual link between climate and energy, creating neutral space for future agreement.

Energy security is an increasingly important issue, as we and others reap the benefits of global economic growth, which translates into increasing need for energy resources. We share a common goal of reliable energy resources to support economic growth on the basis of market forces. Europeans are reexamining their state of energy security. Our continuing U.S.-EU dialogue, particularly during the upcoming Finnish Presidency, will cover issues such as: promoting open energy markets with stable, transparent regulatory regimes for foreign and domestic investment; encouraging market actors to help strengthen and secure greater redundancy in global energy transit routes, and promoting integration of European gas pipeline systems to achieve efficient redistribution to affected regions during supply disruptions. We will work together to help Europe secure diversified gas supplies for the next decade by helping companies and countries develop and deliver gas from the Caspian region.

Detainee Issue

As you know, issues surrounding U.S. detention operations continue to generate significant controversy in Europe, both in the press and, increasingly, in the form of calls to investigate allegations of U.S. abuses. This issue was at the center of the Secretary's visit to Europe in early December, and has been on the top of the agenda in a variety of more recent European visits by me and other senior State Department officials. We are trying to promote a better understanding of U.S. perspectives and to correct significant misperceptions. We are deeply concerned by the one-sided treatment and rush to judgment that this issue has received in Europe, especially among governments who know from painful experience that the terrorist threat is real, not imagined, and that governments have a critical responsibility to protect their citizens from terrorist attacks.

We have indicated that U.S. officials are prepared to continue to engage in dialogue with our European partners about these issues, just as we have had discussions and debate at home. These issues are complex and deserve serious consideration. There are no easy answers. But we must ensure that our discussions and the public attention paid to these issues remains healthy and balanced. In raising questions about the treatment of terrorists, we must not forget that our societies remain under serious threat of terrorist attack. In questioning the value of certain intelligence activities, we must not forget the vital contributions that our intelligence and security services, and cooperation among them, make in protecting our citizens. And we must not forget the strong historic ties between the United States and Europe and that our countries are based on the same fundamental values, including the protection of freedom and respect for rule of law.

NATO

NATO, long America's premier alliance, is emerging at the center of our global democratic security community. It is a place where transatlantic power—and I mean power in the broadest sense, including also political, economic and moral power—is translated into action. NATO's mission remains the same—the collective defense of its members—but collective defense in 2006 requires different approaches and tools than it did in 1956 or even 1996.

Conversations about NATO's relevance may always be with us in some form, and that's a good thing, because NATO must continue to demonstrate its usefulness and relevance. But many overlook the fact that NATO has already reinvented itself since the Cold War, and it continues to evolve rapidly. Until 1992, NATO had never conducted a military operation. By 2005, NATO was conducting seven operations on four continents from Afghanistan to Iraq, the Mediterranean, Africa, the Balkans, Pakistan, and briefly, even to Louisiana—in support of transatlantic security. Today, when challenges arise and our leaders need someone to take action, they often look to NATO.

We hope that by NATO's Summit this November in Riga, the Alliance will be on the path to deepening its capabilities for its current and future operations, and enhancing its global reach to meet today's demands.

OSCE

The OSCE is an asset and platform for advancing a wide range of our interests in the Euro-Atlantic region. In the Balkans, Central Asia, and the Caucasus, OSCE's 17 field missions have impressive records as vehicles for "transformational diplomacy." On human rights and support for democracy, the OSCE has a unique mandate and demonstrated record of accomplishment. Its election observation methodology represents the gold standard in the field, and the OSCE's efforts have advanced democracy in Europe and Eurasia. The organization has undertaken groundbreaking work in combating trafficking in persons and intolerance, including anti-Semitism; promoting basic freedoms including religious freedom and freedom of the media; and resolving regional conflicts, particularly the Nagorno-Karabakh conflict between Armenia and Azerbaijan, the South Ossetia conflict in Georgia, and the Transnistria conflict in Moldova. Promoting these interests through the OSCE allows the United States to share both costs and political responsibility with other states and, at the same time, to coordinate actions to avoid duplication and maximize success.

Conclusion

As Secretary Rice has said, strategy consists of understanding where history is going and giving it a push. To advance our global agenda of democracy, we must engage Europe to go beyond the *status quo*.

The core values of our country and tenets of our society—human rights, democracy, and the rule of law—have long been the basis of our relationship with Europe.

While there will always be transatlantic differences, I do not see a transatlantic rift. How we work with Europe is worthy of debate. Whether the debate is on advancing freedom, on issues of global consequence, on confronting those outposts of tyranny or conflict within Europe, or on how we develop our common institutions to maximize their capacity to facilitate rather than impede our goals, Europe and America alike must be mindful that the debate is necessary, and that the stakes are high.

Mr. Chairman, Congressman Wexler, members of the Committee, I am grateful for the opportunity to speak before you today, and I look forward to your questions.

Mr. GALLEGLY. Thank you very much, Ambassador Fried. Before we go into the questions, I would like to defer to my good friend and colleague, the Ranking Member, Rob Wexler, for an opening statement.

Mr. WEXLER. Thank you, Mr. Chairman, and I thank Ambassador Fried. I think I caught the last two-thirds of your statement. I want to thank the Chairman for holding this hearing and for keeping all of us on our toes as to what the starting time would be.

In a very serious fashion, I would like to thank Ambassador Fried. I don't think there is any coincidence that America's relationship with Europe has been enhanced greatly under your stewardship, and I give you a great deal of the credit. I give Secretary Rice the credit for having the smarts to have you in the position. I know the Chairman and I, and many others, have been greatly impressed with your efforts. On a personal level, I just want to thank you for your very kind efforts at times when I have reached out to you and asked you for your advice and counsel as I was preparing to travel to Europe, and I greatly appreciate that.

Having just traveled to Brussels and Vienna and having the privilege to meet with EU leaders including Foreign Policy Chief Solana, there is no doubt in my mind that the strategy laid out by the President and the Bush Administration following the President's inauguration last January to move America and Europe closer has been a dramatic success and critical to addressing the security, defense and economic challenges facing both sides of the Atlantic.

Although it is not often talked about, I think actually the President's trip a year ago February to Brussels has been, in many ways, the President's most important trip. I was greatly impressed when Chairman Gallegly and I were both invited, along with other Members of the Senate and House International Relations Committees, to the White House to meet with the President when he had come back. A dramatic statement in describing his primary purpose of the trip as it related to Iran, and at that time involving the American position in support of the efforts of the EU-3, was to make certain that at the end of the process that it would be Iran that is isolated, and not the United States and Europe.

I congratulate the President on that profound and successful strategy, and I congratulate members of the State Department for implementing it. I think what it shows us is that essentially there are two models of American leadership. There is the Iraq model, which is a model of leadership where America was divided from Europe in-part, and Europe was divided amongst itself. Then, we have the Iran model, where America and Europe act in coordination, and as a result of that coordination, have created an extraordinary multinational coalition, including countries like China, Rus-

sia, Brazil, India, and even Yemen and Egypt, and so forth. That is an extraordinary achievement of diplomacy, and I give you and others, like Ambassador Burns, a great deal of credit.

I also think that we have an obligation on our side of this relationship, as do the Europeans, but many of us that are engaged in transatlantic relations often times will question the tenacity or the commitment of European leaders, sometimes to their own policies. While that questioning may at times be appropriate, I also think that they deserve their due, particularly at times like this. Britain, France, and Germany have remained as resolute as is humanly possible on the issue of thwarting Iranian nuclear development. Not in any significant way have they altered from their commitments, and I think it is very important that leaders in America acknowledge that.

Our relationship with France has changed dramatically for the better, and there have been significant reports outlining and detailing the degree of cooperation between the United States and France at the highest levels of both governments. The type of cooperation that I don't think either the American or the French public perceives as occurring, and it has been to the benefit of both countries. I would respectfully suggest that the election of Chancellor Merkel, from what I can tell in my visits in Europe, has profoundly and dramatically changed the equation in Europe, both benefiting America and benefiting Europe. The potential for leadership from Chancellor Merkel, I think, is extraordinary in defining Europe's role in coordination with the United States and in concert with us in dealing with Iran, Hamas, and the like.

I will close by just focusing a bit on how Ambassador Fried closed, which was talking about NATO. It seems to me that the danger presented by the Iranian nuclear program makes very ripe the discussion of what role NATO will play in concert with the Democracies in the Middle East and, in particular, Israel. Although in the past the discussions at NATO have focused on the Mediterranean equation; Israel, Egypt, Jordan, and others; but it seems to me now that Israel needs to be separated from the pack.

The NATO Secretary's visit to Israel was very significant, and the bringing of the Airborne Warning and Control System (AWACS) plane. Last week, Congresswoman Ros-Lehtinen and I introduced a resolution supporting Israel's ultimate membership in NATO, asking that in the short term and near term that Israel's relationship with NATO be enhanced.

I would be curious to hear Ambassador Fried's thoughts and comments on the advisability of separating Israel, in terms of its relationship with NATO, from the other nations in the region. I would argue that the grounds for Israel receiving different and preferential treatment are self-evident; the fact that it is a democracy, and the fact that it adds an enormous benefit to NATO and to Israel for closer relationships between Israel and NATO, and the notion that the unique threat that Iran poses requires the West to increase the umbrella of security to formally include Israel in some fashion.

Thank you, Mr. Chairman, for giving me the time.
[The prepared statement of Mr. Wexler follows:]

PREPARED STATEMENT OF THE HONORABLE ROBERT WEXLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA

Chairman Gallegly, I want to thank you for holding today's hearing on "What is Next for the US-European Relations." I also want to thank Assistant Secretary Fried for testifying before the subcommittee today. I can say without hesitation that under Ambassador Fried's stewardship American's relations and cooperation with our European allies particularly in the European Union and NATO are stronger than they have been in many years and we are fortunate to have him in such a critical position.

Mr. Chairman, having just traveled to Brussels and Vienna to meet with EU leaders including Foreign Policy Chief Solana—I have no doubt in my mind that the strategy laid out by the Bush Administration following the President's inauguration last January to move the United States closer to our European allies has been critical to addressing the security, defense and economic challenges facing both sides of the Atlantic. I also believe the President's historic trip to EU headquarters—the first by an American President—was an important signal to the EU and its member states that the Bush Administration now views Brussels in a new light as an equal partner with the respect is so rightfully deserves.

While there is still fallout in Europe and globally from our disastrous Iraq policy—which not only strained American's relations with Europe but also created an undesirable split within the EU—it has become increasingly apparent that the US-EU foreign policy agendas are joined at the hip. The most successful model of US-EU cooperation has been the EU3 negotiations with Iran, which has been effective along with closely coordinated efforts in dealing with the recent election of Hamas, rebuilding and providing greater security in Afghanistan, continuing to support the goals of democratization and prosperity in Ukraine, Georgia, the Balkans and Belarus, preventing genocide in Darfur and ending Syrian control from Lebanon.

Preventing the Iranian regime from obtaining nuclear weapons is the most significant challenge facing the US, EU and international community. I have been impressed by the EU3's resolve in the face of constant Iranian intransigence and deception. With no daylight between the US and EU, we have been able to build a broad international coalition both at the IAEA and at the UN; this needs to continue. Without this cooperation it would have been impossible to bring China, Russia, India and countries such as Yemen and Egypt to support our efforts at the IAEA and eventually to the Security Council. It is critical that this joint effort continue and that the Iran's effort to split the US-EU front is not successful—nor can we afford to capitulate and support any deal with Tehran that allows them even limited amount of nuclear fuel on its own territory.

In addition to strengthening US-EU relations the Transatlantic community's efforts to ensure global stability, security and freedom will not be realized unless a robust and transformed NATO is prepared to deal with a growing array of international threats and catastrophes. Since the end of the Cold War, the international community has experienced profound change culminating with September 11th and the onset of the war on terror. Facing new global realities, NATO's—still the most important guarantor of security in the West—has shifted in the past ten years from defending Europe to peacekeeping operations and rebuilding in the Balkans, leading post-war stabilization efforts in Afghanistan, and providing logistical assistance in Iraq and Sudan.

The scope of NATO's international role has shifted since its inception, and its theater of operations has expanded well beyond Europe to include the Middle East, Central Asia, and Africa. At this juncture, NATO, which is set to meet in Riga in November, must set in motion an effort to include democratic allies such as Australia, New Zealand, South Korea, Japan and Israel—who possess the desire, capability, and experience to enhance NATO's capabilities and bolster its strategic depth. In addition, we need to upgrade NATO relations with states participating in the Mediterranean Dialogue, Partnership for Peace and the Istanbul Cooperation Initiative with NATO, which would be mutually beneficial to NATO and these countries.

Mr. Chairman, Assistant Secretary Fried has one of the most important and difficult jobs in Washington, which is to maintain and strengthen America's most important alliances with our European allies and help transform NATO so it can address the greatest challenges of the 21st century. Undoubtedly the transatlantic relationship will be tested as it was often during the cold war. I believe the Administration has learned important lessons from its experiences leading up to and after the war in Iraq—that it is not in our interests to have a divided America and Europe.

Mr. GALLEGLY. Thank you very much, Rob. Since this area covers such a broad spectrum, I think we could literally go on for days on issues that are of a great concern to all of us and that all identify with the purpose of this hearing today. So we are going to have to be fairly limited in the questions that we ask. I would like to have unanimous consent that both Rob and myself could submit additional questions to you, Ambassador Fried, that you might answer in a timely fashion, and that we could make a part of the record of the hearing for the purpose of documenting several areas that we obviously will not be able to cover in our short period today.

I would like to take a second and get into the issue and concern of growing Muslim extremism, and there is no question that there has been a growing concern both in Europe and the United States regarding the rise of Islamic extremism within European borders. How serious of a threat is this to European countries specifically?

Ambassador FRIED. The cartoon issue demonstrated the depth of emotions, and the difficulties that exist in the process of Muslim communities finding their home in Europe. It also showed how governments in the Middle East, some governments in Middle East, can manipulate this issue in an attempt to create a clash of civilizations, in which they would play a role on one side. I am thinking of Syria and Iran.

Within Europe, I will answer the question first narrowly, and secondly, a little more broadly. There is obviously a problem of Islamist-inspired, if I can use the word, or extremist-inspired terrorism. That is self-evident. It exists.

There is a much larger problem having to do with the social alienation of large Muslim minority populations. We saw this in the riots in France last year. There may be a relationship between the two, but the problems are not quite the same.

When I was in Europe the time before last, and this is now about 3 weeks ago, I met with the leaders of Belgium's Muslim community, because I was in Brussels. We talked about the cartoon issue. I had just come from Denmark, where I obviously talked about this, and I was frankly rather heartened by what I heard.

These Muslim leaders embraced democracy. They were happy, they said, to be living in a democracy, and not under some kind of dysfunctional dictatorship in the Middle East. They were glad to be citizens of Belgium. They wanted to live in a society that accepted them.

They said more or less that all of their communities were struggling with the challenge of being Europeans and being Muslims at the same time. I found that heartening because this is a problem that democratic societies know how to resolve if we put our minds to it.

It seems to me that the issue of the integration of Muslim minorities is one which Europe is now facing, or has been facing, but is now facing in a much more serious way; and one in which the United States has something to offer.

We obviously have our own experience as a multinational nation forging a national identity from many ethnic groups. So I think that this is a long-term challenge, and I think that Europeans, both native populations, immigrants, and Muslim immigrants, are now getting their minds around this, and we want to help them.

Mr. GALLEGLY. Let us kind of jump over to Iran. I know that Rob has some, I am sure, issues there. But to start with, how satisfied are you with the EU-3 countries in their attempt to resolve the nuclear issue?

Ambassador FRIED. Well, I agree with Congressman Wexler that they have been quite staunch. It was interesting to see and to watch the evolution of the position of Great Britain, France, and Germany, because they negotiated in good faith with the Iranians.

Their good faith was not rewarded with reciprocal good faith, and instead of caving, they became quite committed to their position of principle, and they have remained very firm. Their solidarity is very important and I applaud it.

Mr. GALLEGLY. Despite Russia and China's recent support for reporting Iran to the UN Security Council, many observers note that these two countries, among others, may be unlikely to back significant punitive measures against Iran, especially economic or trade.

Would European countries be willing to impose a separate sanctions regime with the United States if sufficient support cannot be mustered within the United Nations?

Ambassador FRIED. I do not want now to speculate on a hypothetical, but I will say that as time goes on that I have been impressed by European determination. What I cannot do yet is predict how things will go in the United Nations, and where we will be. But it is important that our words and our resolution mean something in the end.

Mr. GALLEGLY. I appreciate your candid remarks, and I am one that really does not like to deal with hypotheticals, but I think that this issue could be a very realistic hypothetical.

Ambassador FRIED. Oh, I think this is quite—this scenario that you laid out is one of the real possibilities. My reluctance to speculate does not mean that I don't regard it as possible. It means that I don't want to speculate on where we might be.

Mr. GALLEGLY. That is very fair. To what extent has the Israeli-Palestinian conflict contributed to difficulties in transatlantic relations? What sorts of actions or policies would the Europeans like to see the United States pursue in an effort to foster peace in the Middle East?

Ambassador FRIED. Well, traditionally, that is over. Until recently, differences between the United States and Europe over Israeli-Palestinian issues were a pretty staple feature of our relations.

This started to change partly because of changes on the ground, and partly because President Bush helped change the equation in Israeli-Palestinian issues. The Oslo process died, or rather Arafat killed it. Palestinian leadership changed, and Prime Minister Sharon took a bold step of Gaza withdrawal and withdrawal from some settlements on the West Bank, which opened up new possibilities in peacemaking.

Right now, we and Europe are closer on Israel-Palestinian issues than we have been in a very long time. We are united around the principles of the Quartet that I mentioned earlier. We are united that while we must continue to help the Palestinian people, we cannot help the Palestinian Authority when Hamas takes over governance in it until Hamas changes its positions.

That kind of resolve is critical if Hamas is going to make the choices it has got to make to turn toward peace and away from terrorism.

Mr. GALLEGLY. Before I throw this over to Rob, I would like to get your perspective on the issue of Turkey, what is the likelihood of a political settlement for Cyprus in the near future, and do you believe that such a resolution of this issue would significantly boost Turkey's EU prospects?

Ambassador FRIED. A resolution of Cyprus would certainly boost Turkey's prospects of EU membership, and it would be a good thing on this and many grounds. It would be good for all the people of Cyprus, and both the Greek and Turkish communities there.

The United States supports a resolution of the Cyprus problem based on a bizonal and bicomunal Federation. That is our position and it remains our position. We do not support separatism or a separate Turkish Cypriot state, and we will not support that.

What has changed in Cyprus is that the Turkish Cypriot leadership now supports reunification. The same wasn't true, and in fact, for years it was usually the Turkish Cypriot leader that played the role of spoiler. That has changed.

We regret that the UN brokered process, which resulted in a draft agreement, did not succeed. The Turkish Cypriots voted for it, and the Greek Cypriots voted against it. The plan died.

We want to do what we can to promote peace and a settlement when we are convinced that both sides are committed to it. In the meantime, we want to reach out to the Turkish Cypriot community to support their commitment to a settlement. We will not recognize a separate Turkish Cypriot state.

We will not do anything which would encourage separatism, but we do want to recognize that the people of the Turkish Cypriot community seem more committed than ever before to a settlement.

Mr. GALLEGLY. Rob.

Mr. WEXLER. Thank you. I very much appreciate both the Chairman's question to you regarding Europe and Hamas, and I very much appreciate your answer, or your response. If I could go at it maybe in a little different way, and I say this not from a critical point, but an analytical point.

I appreciate that the United States and Europe have acted in concert through the Quartet primarily in response to Hamas' election. But I think we also need to be cognizant, which I know you are, that Europe traditionally has played a bit of a different role than we have played in the context of this region.

Europe has provided far greater funding for the Palestinian Authority and the Palestinian communities than we have. There will come a point in time, not that our principles contradict one another, but the strategy in which to implement those principles may diverge.

I don't think that Europe has any greater desire than America to fund a terrorist organization. I think that they are as resolute in opposition to that as we are. I say that both on the level of European leaders, and from what little I know about European public opinion.

Likewise, I think Europe, like the United States, like Israel, understands the necessity of avoiding a humanitarian crisis, of which

there could be little benefit to either Europe, America, Israel, or any other conceivable constructive interest.

So my question is what do we do in the next 2 to 3 weeks in terms of the dialogue with Europe to ensure that once the Palestinian government becomes formally in place that the manner in which Europe goes about providing funding, and the manner in which America goes about providing funding, is in fact in concert with one another, beyond the principles which we all agree?

Ambassador FRIED. Congressman, first of all, let me thank you for your earlier generous remarks. Thank you for that. Secondly, let me express my agreement with you about your assessment of European dynamics, relations with France, and the significance of Chancellor Merkel's election.

I think that is right. That has helped us enormously. With respect to your question, the obvious way to do this is to work very closely with the Europeans on the details so that we simply do not find ourselves at odds about what the Quartet principles mean when it comes to practice.

We are doing that now. My counterpart, David Welch, is meeting with European Union—met last week with the European Union's Middle East person. We are continuing that dialogue, and you are quite right that now, and in the next month or so ahead, is the time when we need to nail down some of the details.

Now, I can give you with a fair degree of confidence, a prediction that the United States will remain quite staunch about Hamas. I think that Europe will remain equally staunch, but I can't say. We will have to see how this works in practice.

Right now I can say that our dialogue with Europe, along the lines that you suggested, is going on and going well.

Mr. WEXLER. If I could follow up, if the Chairman would permit. My impression from Mr. Solana was that in fact Europe would remain as staunch as we are relative to Hamas, but that Europe would attempt to find creative and innovative ways to fund programs or departments that are most closely identified with President Abbas. Europe might try to distinguish between President Abbas and Hamas, and try to zero in on supporting what would be perceived as the previous Palestinian leadership, or the current President.

Is that a distinction that you believe may have merit in an American strategy, or is that a distinction that really has no difference?

Ambassador FRIED. It may well have significance. I hesitate because I would want to see details of the arrangements of the post-transition Palestinian Authority before coming to you and saying, yes, we can support this element of the Palestinian Authority, because we are convinced and we are confident that it is not controlled by Hamas. I can't do that yet because I don't know what the arrangements are.

Mr. WEXLER. But please understand that I am not advocating.

Ambassador FRIED. No, I understand that you are not. You are asking some very reasonable questions. You are asking about the details of how we implement the Quartet principles. That is a very fair question to ask, and these are things that my colleagues in the Middle East Bureau are wrestling with.

My only point is that while we have decisions to make, these decisions will be difficult, as your question and my response suggests. Our objective is to see to it that Hamas faces the far greater and more urgent set of decisions. It is not up to us so much to decide what we will do with the Palestinian Authority and for the Palestinian people as it is up to Hamas to determine what it will do with its leadership.

Will it lead the Palestinian people through a wilderness of more bloodshed and disfunctionality, or will it take advantage of an opportunity to build a Palestinian state living side by side with Israel in peace and security.

To do this, it first has to meet the international community's three conditions. Our objective should be to make Hamas reconsider its position even as we work on the tactics of implementing our own.

Mr. WEXLER. I could not agree with you more. I think that I would like to hand it back to the Chairman.

Mr. GALLEGLY. Thank you very much, Mr. Wexler. I made a commitment that we would wrap up by 2:30, and so I have a couple of more questions, and then we will let you have another round.

I mentioned in my opening statement, Mr. Ambassador, concerns about the arms embargo, or the EU's position on potentially lifting the arms embargo with China. Can you give us a current status of the EU plans for lifting or maintaining the embargo, and has the new United States-EU security dialogue on China and Asia been helpful in shedding light on our mutual concerns, and resolving potential policy differences?

Ambassador FRIED. I do not, while it is difficult and therefore dangerous to predict the future, I will make an effort, and I will say that I do not believe that consensus exists in Europe to lift the arms embargo this year.

Mr. GALLEGLY. Would you say that it was fair when we were discussing that issue almost a year ago that it almost seemed as though it was a foregone conclusion?

Ambassador FRIED. Oh, indeed it did. It seemed as if the only thing left to negotiate or—well, there was nothing to negotiate, but the only thing left to decide was the EU's timing.

The advocates within the European Union of lifting the arms embargo were not helped by some of the actions by the Chinese. The EU sent a delegation to explain to the Bush Administration why lifting the arms embargo was a good thing. They arrived on the very morning that the Chinese Parliament voted to authorize themselves the right to use force against Taiwan if Taiwan took moves toward independence.

That did not make the EU position any better. In fact, it destroyed the case for lifting the arms embargo before the EU delegation could present it. The EU recognized this. Basically, they took a deep breath, listened hard to us, looked hard at what the Chinese were doing, and decided that they had better take another run at this.

They also asked us, and it was quite fair to do so, to open up a strategic dialogue with them about China so that we would simply not debate the arms embargo, but would put this into a bigger context.

We started this process last May, and my counterpart, Chris Hill, and I went to Brussels to begin it with the EU. We have had several rounds since. It has been useful and we intend to continue this.

Mr. GALLEGLY. Concerning Belarus, the United States and European Union have demanded that President Lukashenko ensure that the March 19 elections be fair and free. Given the regime's pre-election conduct so far, that really appears unlikely to most of us.

If Belarus' Presidential elections are not perceived as free and fair, what further steps, if any, should the United States take to promote democracy in Belarus? Might that include sanctions on the Lukashenko regime?

Ambassador FRIED. The United States and Europe have worked together with increasing intensity to shine a spotlight on the undemocratic behavior of the Belarusian authorities. We have increased our efforts to support a democratic process. We have not taken sides in the current election. That is, we have not and will not anoint a candidate, but we do definitely take sides in favor of democracy and civil society, and against repression.

We have made it very clear that we, the United States and Europe, expect these elections will be held in a manner that is free and fair. Many observers, in fact almost all observers in the democratic world, have pointed out that the playing field is far from level. Nevertheless, there is a range of outcomes for these elections still possible. We want to see what happens on the nineteenth before deciding our next steps. We are obviously considering and talking to the Europeans about what those next steps might be.

We are guided by certain principles. We do not want to punish the Belarusian people. We do want to focus on the Belarusian regime. We do want, to the degree possible, to keep at least some channels open to the government for the purpose of simple communication, but we will be very firm in high-level dealings with the regime if the elections are bad as we fear they may be.

Civil society in Belarus is organizing itself. Opposition candidates have shown enormous courage by simply running for office. Political opponents in that country have disappeared or have been disappeared.

Certainly the United States has put itself on the side of democracy. President Bush met with the widows of two Belarusian opposition figures that have disappeared. I did not go to Minsk as I said earlier. My deputy has recently been there, and met with the opposition. I met with the leading opposition candidate in Brussels recently. So we will continue our efforts working with Europe.

Mr. GALLEGLY. Finally, can you give us a status update on Northern Ireland and how you see our role there?

Ambassador FRIED. We have for some years worked with the British and the Irish governments, and with the parties to the conflict in Northern Ireland, to promote a settlement based on the Good Friday Accords.

We are disappointed that more has not been done. We think that there have been opportunities missed. Last year was especially disappointing because of the issue of the bank robberies, regarded to

have been committed by the IRA, and the murder of a Northern Ireland man at the hands of IRA members.

While I don't think that this was organized officially by the IRA, but it was by members, and there was a coverup. We are disappointed. On the other hand, there has been some progress this year. Decommissioning proceeded. That has been an area where there has been substantial progress made.

St. Patrick's Day is coming up, and traditionally we have invited people from the Island to come. The White House will shortly make decisions—well, the date is known, and so obviously the decisions must be made shortly about who will be there.

We will continue to work to promote peace and harmony, greater harmony, between the communities on the Island.

Mr. GALLEGLY. Mr. Wexler.

Mr. WEXLER. Out of respect for time, three quick points, questions, if you would be kind enough to respond to if you feel comfortable. One, on the issue of enhancing Israel's relationship with NATO. If you would not mind offering a comment or observation?

Two, I very much appreciated the Chairman's question regarding China and the arms embargo, and I very much appreciated your response. Often times here China receives much criticism for justified reasons. They rarely get praise. I think it is important to point out that they have voted with us on Iran. I imagine that there has been an extraordinary diplomatic effort to bring that about. I am curious if there is or has been a particular European element to that diplomacy which has enabled the Chinese to decide to at least thus far join with Europe and the United States in the context of Iran?

And, three, I read actually—and it may have been one of several—what seemed to be the lead interview that you had given after you had visited the Muslim community in Belgium. I was struck in-part because I just met with the Muslim community in Vienna, and what I was impressed by in Vienna was that—and granted, it is not apples to apples, because their community is largely Turkish. So it is a different set of circumstances. But if I understood it correctly, in Vienna, they had set up a system where a good bit of the Muslim leadership, the religious leadership, was able to be trained within Europe, or within Austria, so that an Austrian brand of Muslim leadership was being created.

Yet I know in other European countries that is not an opportunity, and they wind up importing religious leaders from Pakistan, and oftentimes Saudi financed and trained religious leaders.

I am curious if there is an effort that you are aware of that we can assist with to begin to develop a particular brand of European Muslim religious leaders that I think we would all hope would present a very different face.

Ambassador FRIED. Congressman, let me try to answer all three questions briefly. On Israel and NATO, let me say that we are now thinking about not just NATO's relations with Israel, but NATO's relations with partners around the globe.

There are countries such as Australia, and Japan, and South Korea, that are participating in NATO operations and working alongside NATO. I was in Kabul last week, I saw soldiers from

Australia and New Zealand at International Security Assistance Force (ISAF) headquarters.

So NATO needs to think about its partnerships generally, and as we do, the question of Israel will come up in that context. Now, at this point, I honestly don't think that Israel is on a NATO membership track, but as NATO reaches out in the Middle East and around the world, we need to think seriously about NATO's relationships with the countries which share our values, and are capable of contributing to NATO missions. Now, what I can't tell you is what that means operationally, because the Administration is still thinking about this. There is a very lively debate going on beyond the Administration. Op-Eds are being written, and people are talking about this.

I would say that this is an extremely healthy debate. It shows how NATO is thinking through its identity and its missions for the 21st century. So I am giving you an interim answer, but this debate is moving in the right direction.

Secondly, on China and diplomacy. Well, with your permission, I will pass on to Secretary Rice and my colleague, Chris Hill, your comments about the effort to get China to vote with us on Iran, and pass it on to Nick Burns, who is my colleague who works this account for Secretary Rice.

I can't honestly answer the specific question about Europe's role in bringing China along in the vote, except to say that without solidarity between the United States and the EU-3, there would have been no chance at a successful diplomatic approach. Just none.

If we were divided and squabbling with the Europeans, there is no way that China and Russia would have come on board a consensus. We had to build a consensus, starting with the EU-3, and working with Russia and China, and building out, and that is what we have started to do.

Third, the development of Islam in the democratic context is really the question that we are all asking ourselves. We, as a government, have to be very careful the way we approach the issue of any religion and religious training.

But the point of Muslim communities' integration with an adoption of the democratic values prevalent in Europe is a critical aspect of what we are trying to do in the world. We are looking at innovative ways to bring American and European Muslim communities together, to bring European Muslims over to the United States and to reach out to these communities in support of this process.

I do not believe that democratic values are the property of one religion, or one continent, or one ethnic group. I think that is historically false, patent nonsense. This is debated, but the Administration, President Bush, and Secretary Rice, have pretty strong views on the subject, which I enthusiastically endorse.

If that is the case, then we need to reach out to progressively modernizing elements in the Muslim communities in Europe, and work with them, and not allow ourselves to assume that radical Islamist voices are the sole or representative voices of those communities, and we will be working in that direction.

Mr. WEXLER. Thank you.

Mr. GALLEGLY. Thank you, Rob. I would like to associate myself with Congressman Wexler's earlier comments as it regarded your service, Ambassador Fried. I am always impressed with your direct, candid, and what I believe is a very complete, unequivocal answers to Members in hearings such as this, and we are fortunate to have you there.

And I appreciate very much your participation today. Again, I want to apologize for the early delay. It just seems inevitable around here that we can all get on the same page at the same time.

But again thank you very much for being here, Ambassador Fried. I look forward to working with you on this and many other issues in the future. Thank you, Rob.

Ambassador FRIED. Thank you, Chairman, for the opportunity.

Mr. GALLEGLY. The Subcommittee stands adjourned.

[Whereupon, at 2:35 p.m., the Subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

RESPONSES FROM THE HONORABLE DANIEL FRIED, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE GRACE F. NAPOLITANO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Question:

There are reports that U.S. Ambassador to Armenia, John Evans is being recalled because of his speech on the Armenian Genocide. Is there any truth behind these reports? If not, could you explain why his term is being cut shorter than his predecessors who normally served more than a year longer than he has?

Have State Department employees been directed not to use the word "genocide" when discussing the extermination of 1.5 million Armenians starting in 1915?

Response:

All U.S. Ambassadors serve at the pleasure of the President. State Department officers are charged with representing U.S. policy. On April 24, Armenian Remembrance Day, President Bush again enunciated U.S. policy on these tragic events, including the mass killings and forced exile of as many as 1.5 million Armenians in the final days of the Ottoman Empire. This was a tragedy for all humanity and one that we and the world must never forget

Question:

Contrary to U.S. and international law and standards with regard to recipients of our foreign aid and as a further threat to stability in the South Caucasus, Turkey refuses to end its now thirteen-year blockade against its neighbor, Armenia. What specific steps is the Administration taking to encourage the Turkish government to open the last closed border of Europe?

Would regional security be enhanced and U.S. interests furthered if Turkey lifted its blockade of Armenia?

Response:

The removal of all border closures in and adjacent to the countries of the South Caucasus would further regional stability, providing incentives for private investment and increased trade with the United States and the West as well as other increases in economic and political engagement with the global community.

The U.S. actively encourages Turkey to re-open its border with Armenia as part of these efforts.

Question:

United States policy in the South Caucasus seeks to foster regional cooperation and economic integration and supports open borders and transport and communication corridors. In a move that undermines U.S. efforts to end Turkey's blockade of Armenia, the President of Azerbaijan Ilham Aliyev has initiated a project to construct a new rail line linking Turkey, Georgia, and Azerbaijan while bypassing Armenia. The proposal is estimated to cost up to \$800 million and would take three years to complete. The aim of this costly approach, as publicly stated by President Aliyev, is to isolate Armenia by enhancing the ongoing Turkish and Azerbaijani blockades and to keep the existing Turkey-Armenia-Georgia rail link shut down. This ill-conceived project runs counter to U.S. policy, ignores the standing Kars-Gymri route, is politically and economically flawed and serves to destabilize the region.

a. This proposed rail link would not only undermine U.S. policy goals for the region, but would also specifically isolate Armenia as evidenced by President Aliyev's

recent remarks. Does the Administration support the rail line that would bypass Armenia as an alternative to the Kars-Gymri route?

b. Has the Administration allocated or expended any federal agency funds or otherwise provided financial support for the intended project?

c. What steps is the Administration taking to urge the government of Azerbaijan to reject this counterproductive proposal?

Response:

We consider this proposal to be a commercial matter between sovereign governments. None of these governments have specifically asked the United States to support the project politically or financially.

The U.S. Government strongly encourages regional integration in the Caucasus, including in our discussions with Armenia, Azerbaijan, Turkey, and other countries in the region. Removing trade barriers would improve regional integration and enhance economic cooperation and development.

The proposed railway would bypass Armenia and thus not be beneficial to regional integration. We have no plans to support such a railway financially.

The Administration has not allocated or expended any federal agency funds or otherwise provided financial support for the intended project.

