

CHÂTEAU BÉLA 2011 SUMMARY



SESSION 1: Defence Austerity and the Necessity of Regional Cooperation

- *Several barriers need to be removed to deepen the necessary regional defence cooperation – insufficient transparency and flexibility of national defence planning, the rigidity of defence budgets, diverging legal systems and intense national defence industry lobbies;*
- *The defence community must open a national debate on regional defence cooperation to increase political will in the area and to promote a better understanding of the issue among the public;*
- *We should build on the experience of others and in our planning focus on a balanced and gradual approach to increasing trust and sharing capabilities;*
- *The V4 countries must remember that defence cooperation is not an end in itself, but rather a means allowing us to maintain our capabilities in times of austerity, which is necessary to maintain our credibility within the NATO alliance and solidarity among its members;*

The current period of austerity has caused several states – including members of the V4 – to actively look for alternative ways of maintaining their military capabilities in order to effectively offset reductions in their defence budgets. Reflecting also the positive experience of the Nordic Defence Cooperation, security and defence cooperation has consequently been identified as a necessity for the countries of the Central European region. The prospects for and the details of such cooperation among the V4 countries have been analysed by defence ministries of the respective countries and independent analysts as well as by the recently assembled DAV4 expert group. The thoughts of its members on this issue were presented and discussed during the first „Defence Austerity and the Necessity of Regional Cooperation” panel of the Chateau Béla Central European Strategic Forum.

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As one of the panellists stated early in his presentation, from Slovakia's perspective there are three levels of possible cooperation on defence matters. At the top there is the wider EU/NATO level. In the middle there is the V4/Central European level with a joint V4 battle group expected to be operational by 2016. And at the bottom level there is bilateral cooperation in areas such as logistics, training, higher education and even air space control. With all the potential provided by the V4 platform and some partial initiatives under way, it is noteworthy that closer and truly regional defence cooperation has not yet been effected. As another panellist suggested, there is a number of basic barriers that make the Central European states disinclined to create any deeper defence cooperation. One of the problems is that the national procedures for identifying necessary capabilities in the V4 countries are not transparent, since only small groups of people participate in defence planning without a wider discussion. This creates considerable inflexibility, despite the proclaimed willingness for international cooperation. This is then furthered by rigid national procedures of setting up defence budgets as well as by intense lobbying of national defence industries. Another barrier, according to the panellist, is the diverging national legal systems and security requirements that prevent relevant people from speaking openly to each other about transformation capabilities.



However, many panellists and participants identified the lack of political will as an important source of difficulties when thinking about defence cooperation. According to several discussants, this might be due to the fact that the international defence cooperation aimed at using available resources effectively paradoxically requires increased investments in the initial phases since substantial unification is necessary in such areas as procurement, training, or technology.

And as one of the panellists remarked, ministries of defence are practically tasked these days with justifying their own existence in the first place. In such a climate new initiatives are instinctively resisted among the populations and consequently – since they are often interested in immediate and highly visible results – by the politicians too. The participants in turn agreed that it should be the role of defence officials and analysts who already fully understand the necessity of cooperation to initiate an open national debate to explain to the public the essence of regional cooperation. The political elites need to feel like they “own” this defence cooperation initiative so they can provide political leadership and guidance.

Reflecting on the above mentioned issues related to defence cooperation, it was said during the panel that the V4 countries do not need to reinvent the wheel and should learn from both the positive and negative experience of others, namely the Nordic states. In addition to the long-term visions and large-scale projects, somewhat less ambitious cooperation plans should also be devised. A balanced and gradual approach to building trust and sharing common capabilities and focus on achieving something concrete that is deliverable in the short term might help. According to one panellist, the areas of initial cooperation should

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include socialization among armies via joint training in crisis management. Attempts to quickly implement any deeper cooperation that involves sharing and pooling of vital capabilities might prove problematic and could possibly lead to setbacks. As another panellist explained, sharing and pooling of vital capabilities is not only politically difficult because of the issue of sovereignty but also raises substantial practical questions of trust, subsidiarity and availability, since having a common vital capability available to everyone twenty-four hours a day is virtually impossible. The renegade issue in the case of common air space control is self-explanatory.



One of the last issues that might hinder the prospects of a deeper Central European defence cooperation initiative is the presence of a systemic imbalance in the V4 with Poland outnumbering the three other partners in its defence budget and military personnel. As one of the panellists explained, Poland – perceived by the U.S. as a potential strategic partner for its willingness to use its military capabilities in many ways – is seeking to play a role much closer to the defence core and to move

beyond the status of a regional power.

Nevertheless, despite numerous difficulties, it should be remembered that V4 defence cooperation is not an aim *per se*, but rather a tool for producing something externally – namely meeting the required contribution to overall NATO capabilities – and something internally – namely the allocation of defence resources that is beneficial to the citizens of the V4 countries as well. Regarding the notion of producing something externally, one of the panellists concluded by suggesting that it is in the V4 region that there is the most potential to effectively initiate the European “NATO 2.0” or post-ISAF discussion on what Europe can offer operationally to NATO.

SESSION 2: Central European Geopolitics: The Putin Presidency and the Shifting of U.S. Priorities

- *With regard to changing US geostrategic interests, we need to articulate why the transatlantic relationship still matters and base our cooperation on this;*
- *While we will never be able to match US defence spending, we have to come to the table with a clear vision of transatlantic cooperation;*
- *Europe must regain confidence in its foreign policy and stop seeing itself only as a Russian buffer zone. Instead, we should look for a more engaging relationship with Russia;*

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- *Security must not be the only topic on the table: we should promote economic ties and values. With regard to energy, we should build capacity and diversify resources to counterbalance Russia's use of energy as a tool in the regional power game;*
- *In our cooperation with Russia we should focus on the younger generation, to foster possible future relationships. The youth is the harbinger of Russian modernization;*

The introductory remarks were dedicated to explaining U.S. perceptions of the geopolitical landscape. As one of the speakers noted, U.S. strategic and geopolitical thinking has always been characterised by a split personality: one transatlantic, the other Pacific. Today, U.S. political statements as well its definitions of strategic interests suggest that the Asia-Pacific area is the top US priority, the region where opportunities and challenges lie, while Europe is looking ever more distant.



The reprioritisation of U.S. geostrategic interests at the expense of Central Europe is, according to one of the speakers, fuelled by several converging variables: 1) The U.S. political debate can be characterised by a clear trend of the predominance of domestic political issues over foreign policy; 2) Apart from economic concerns, the EU is largely seen as an area of stability, where references to the post-soviet historical burden are perceived as more and more irrelevant. Russia is

almost absent in the U.S. political discourse and is referred to as a country to be engaged with; 3) The U.S. does not see Europe as a compact space, but rather as a geographic area of no more than 3 relevant voices (the German, British and French voice); 4) From a strategic perspective, Europe is already positioned as an ally, which allows for strategic engagement in more problematic but also more promising regions (Iran, Asia, the Middle East); 5) Shrinking defence budgets impose a clear dictate on the rearrangement of the U.S. military capabilities.

Consequently, America's attention is focused elsewhere. Moreover, the U.S. is looking to a greater extent at the resources and capacities that allies can bring to the table. As stated by one of the speakers, what is crucial at the moment is the clear articulation of the reasons why this relationship matters, which is necessary on both sides.

According to other participants, we should realize that the nature of the US-EU relationship is subject to change. From the U.S. perspective, the enlargement of the EU and NATO is almost over, and it has been a success story. From this perspective, the feeling of abandonment is an immature response.

As noted by one of the participants, Europe should not insist on picturing itself as a buffer zone eternally linked to the Russian issue. In the words of one of the speakers, it is the persistent lack of confidence which forces us to always look East and West to draft our own vision.

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As the above suggests, participants agreed that what we are witnessing today is a change in the security paradigm. For some discussants, it is extremely important to develop a new strategic culture, starting with the question of why we need to cooperate on security issues and consequently identifying the most important strategic partnership we should like to build. From the perspective of some participants, the imbalance in the US-EU security relationship is simply undeniable. They argued that Libya was far from a success story and that Afghanistan remains one of the most misunderstood examples of mutual cooperation, and this implies an even greater need for the identification of other areas where we could reconnect. Since we will not be able to match US capacities, it is even more vital to come to the table with a clear vision.

Moreover, participants emphasised that we need not see the Pacific as just a competitor for US interest. Instead, we should think of how we can aid US interests in the region. In order for US interests to coincide with our own with regards to Russia we must look at what US interests are with regard to the Pacific.



Referring to our capacities, one of the panellists emphasized that we should not make a virtue out of weakness but we should instead observe how Russia is building its strategy on energy and uses its natural resources to play a regional economic game. In his opinion, energy is an issue which can change the power equation in Eurasia and turn our discussion with Russia into a discussion of two equals.

On the contrary, other participants emphasized that the focus should be placed upon the economic and value-based relations between EU and US. This change of approach would directly imply a more cooperative and engaging relationship with Russia, too. However, for some, engaging with Russia is directly linked to compromising on our value-based foreign policy which redirected the discussion to the legitimacy of mutual cooperation.

The response to this question came from another participant, who expressed his opinion that engaging with Russia is not likely to change Russian reluctance to fall in line with our idea of value-based politics. In spite of that, progress in our relationship is necessary. What is important is not to be submissive in our dealings with Russia.



The debate continued further with comments on the state of today's Russian politics. Touching upon recent Russian legislative elections, one of the participants mentioned his mistaken belief in the inalterability of pragmatism of Russian politics at the expense of ideological politics. The tens of thousands of Russians who attended the protests against Vladimir Putin and the ruling United Russia Party and called for the

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election results to be nullified pose all kinds of new questions to the so-far very predictable Russian political regime. As noted by one of the participants, the extremely nervous reaction of Russian leaders evokes even less confidence in regime stability and proves the attractiveness of our model, which is another reason to be confident in our political behaviour. Another participant remarked that Russia might be in the deepest crisis since the WW2, and that the crisis has both an important political and economic dimension. The modernisation myth and the perception of Medvedev as its primary promoter came down with him proposing the Putin presidency, and today's Russia is well aware of this. The current situation gives us an idea of whom to address our political support to. As one speaker concluded, we need to work with the Russia's younger generation; they are our would-be allies.

SESSION 3: The Future of Europe: Catharsis or Catastrophe?

- *The monetary union cannot function without the harmonization of fiscal policies and possibly other components of deeper economic integration. The current status of the Eurozone is unsustainable and specific steps need to be taken immediately;*
- *Europe is divided based on country size, but also based on their ideas for possible solutions. This is best demonstrated on the case of France and Germany. Such diversities need also to be taken into account;*
- *The abstention of Britain shifted the decision making process towards the intergovernmental level, thereby complicating matters for Central Europe.*
- *Eurobonds could be a strong stabilization tool of the future Europe. However, before such tools are implemented, markets will need to regain trust in the countries. To reach this, countries will not only have to get on the path of stable economic growth, but also consolidate their public finances; in some cases this might be even more important than economic growth;*
- *Although mechanisms to stabilize the Eurozone in the future were agreed on at the recent EU Summit, weak and unstable economies, but also economies negatively affected by the crisis to a smaller extent, need to be protected until these become fully functional. For this purpose the European firewalls; the European Financial Stability Facility and the permanent European Stability Mechanism; need to become operational as soon as possible;*
- *The knowledge that the markets of the present act as autonomous and very sensitive political actors will pose higher pressure on the national governments which will have to take them into account;*

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The panel on one of the most pressing topics of the year took place shortly after the EU summit. Composed of present and former EU diplomats, a scholar and a former governor of a national bank, the debate within the panel was very complex and touched upon several aspects of this issue.



Firstly, the speakers outlined a review of the possibilities for a solution to the current joyless state of affairs. This was kicked off by a statement that the monetary union cannot function without the harmonization of fiscal policies and possibly some other components of deeper economic integration. However, although this is clear to all the EU countries, attitudes towards the extent of the harmonization of the respective components of fiscal policy have been varying

substantially since the first sign of potential troubles within the Eurozone manifested themselves. The points where the attitudes of the respective countries diverge originate on several levels and are pertinent not only to the view on fiscal harmonization and the response to the current crisis, but also to other aspects of deepening integration.

As the panellists pointed out, the very basic dimension of the dispute is the methodology by which decisions ought to be made. Naturally, bigger countries would prefer the intergovernmental approach, where their solutions would not be limited by the egalitarian rules of the European institutions. However, the traditionally differing views of Germany and France need to be taken into account as well. Within the context of the current crisis the solution Germany proposes comprises closer cooperation within the EU, which France is against.

In this regard, the position of Great Britain and the role it played at the last EU Summit were discussed. It is generally known after the summit that the strong countries of the Eurozone vastly support the overall revision of the so-called Lisbon Treaty, which would involve foremost a whole set of fiscal regulations and sanctions against countries breaching these regulations. Trying to avoid harming London's position as the financial centre of Europe, the British Prime Minister refused to support the initiative. Thus, this initiative found itself blocked and opened the way for the special accord by at least 17 countries of the Eurozone with the possibility of others joining at a later date.

As pointed out by one of the participants, Britain's abstention not only blocked the amendment of the recent treaty on the EU, but also shifted the decision making process to the intergovernmental level and thus complicated the situation for smaller countries, such as Slovakia and its Central European neighbours.

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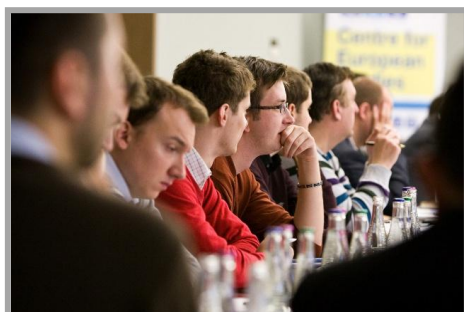


The first round of speeches was followed by elaborating on the more specific outcomes of the Summit. These include automatic sanctions against countries which exceeded the budget deficit by more than 3%, broader competence of the European Commission to oversee national budgets, and the permanent European Stability Mechanism. So far, so-called “Eurobonds” were not considered as an efficient solution to the current situation. According to the panellists, markets need to regain trust in the respective countries before Eurobonds are implemented.

Some of the speakers argued that the best way for national economies to regain the trust of the markets is through economic growth. However, some stressed that economic growth alone is not enough; and in some cases the consolidation of public finances is a much more important factor positively affecting the trust of markets. One of the other reasons why countries finding themselves in this unenviable situation need to be trusted by markets again is that they will need to borrow money in the near future in order to fully recover from the crisis. For example, Italy and France alone will need to borrow over 500 billion Euros in the following year.

There is no doubt that all these measures need to be adopted as soon as possible. However, ensuring economic growth or the consolidation of public finances takes some time. Therefore, weak and unstable economies, but also economies negatively affected by the crisis to a smaller extent, need to be protected during this period. For this purpose the European firewalls; the European Financial Stability Facility and the permanent European Stability Mechanism; need to become operational as soon as possible.

From the long-term perspective, panellists brought the question of the future role of the European Central Bank to the table, and consequently Eurobonds were discussed. The points of discussion centred around the necessity for stabilized economies and the need for ensuring that the European Central Bank will not encroach on the responsibilities of national governments and national banks.



One last point mentioned before the floor was opened for discussion was the assessment of the pre-summit expectations and the actual outcomes. This part of the debate was dominated foremost by the fact that before the Summit, analysts were united on the notion that the bailout mechanisms would not work without the involvement of the private sector. Although this was taken off the table right after the Summit began, the panellists expressed their belief that the special

provisions subsequently outlined will be sufficient not only to postpone catastrophe, but also to ensure that Europe will get on the path of stable growth and development again.

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Questions and comments from the audience were related mainly to the issues already raised within the previous discussion. Among those the most imminent one was how to keep the European Union coherent and unified with its members having so many INs and OUTs. There were also the questions of whether fiscal harmonization within the EU would be sufficient, and how to keep United Kingdom on-board.

One of the most interesting points of the discussion was the statement that if the governments do what markets want them to do, there would be 27 elections in Europe almost immediately. The knowledge that the markets of the present act as autonomous and very sensitive political actors, makes it all the more interesting to observe how governments will tackle pressures from so many sides.

The concluding remarks of the speakers touched upon the perspective of a V4 platform within the EU, and the difficulties associated with it, particularly when the starting point of each V4 country today is different. Slovakia is already a member of the Eurozone and the remaining three countries have rather different views on their membership in this kind of monetary union. Thus, unlike in other areas, consensus on these issues will be hard to reach for them.

SESSION 4: The Arab Seasons and their Implications for Europe

- *Europe should exercise caution before judging the reforms as democratic, and should be actively involved in shaping them. However, care should be taken that this is from the level of an advisor, instead of a teacher;*
- *The best approach seems to be one of "more for more" i.e. one that ties development aid to specific steps towards democratic reform;*
- *We should identify parties and groups that are able and willing to cooperate with us, and focus our attention on them;*
- *Multilateral cooperation should be reconsidered, as it has been ineffective in the past. Instead cooperation may be most effective between the EU and individual states;*
- *The opening of markets needs to be considered on its own merits, as it brings both advantages and risks. Countries should be encouraged to increase their own competitiveness;*

There is no doubt that the Arab spring brought a completely new dimension to the politics of the Middle East. The revolutionary wave which has spread across the Arab world and swept

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away stagnant regimes, disconnected from the needs and aspirations of their populations, has been, since its very beginning, linked to the promise of democratic transformation.



However, the unfolding developments in the region remind us to be careful in assessing the current situation and the revolutionary triumphs. In the first Egyptian parliamentary elections since the ousting of former president Hosni Mubarak, Islamist parties appear to be gaining public support at the expense of liberal activist groups, which were the drivers of the revolution. The polls found that a third of Egyptians support the radical yet hopefully pragmatic Muslim Brotherhood

movement, followed by the Salafists -- ultra-conservative Islamists, who openly demonstrate their aspiration to turn Egypt into an Islamic state. With the Tunisian Ennahda movement on the rise, the region seems to be strongly leaning towards Islamism. Being aware of the fact that these regimes will have direct implications for the stability of the immediate neighbourhood and for the whole of Europe, the discussants took a closer look at the changing nature of the Arab Spring and discussed the possible stances which might be taken and initiatives which can be carried out at the European level.

As stated by one of the speakers, the region is very heterogeneous, but there are certain phenomena which seem to be prevailing: 1) The peoples of North Africa are proud of the changes that have happened, and opposition leaders, who were just recently driving the change have become short-sighted. Instead of becoming reformists, they are turning into conference speakers; 2) The states of North Africa have a feeling that the EU has no standing and offers no model which would be applicable in their geopolitical environment; 3) On the other hand, the EU reaction can be characterised by obvious hesitancy and fear. As mentioned by one of the speakers, the years of betting on bad horses now suggests caution over premature reactions and incorrectly identified solutions.



In response to the kick-off remarks, one of the experts advocated the need for caution in judging the reforms democratic, emphasizing that values such as freedom have completely different interpretations in the Arab context. On the other hand, being inactive cannot be an option. According to the participants, we need to make sure that the Arab spring will not turn into an Arab winter and that sound institutions and reforms arise from it. For some discussants, the most

appropriate approach is the one placing great emphasis on balance, which would tie financial assistance with political pressure and stress real transformational potential (a policy of "more for more" and "less for less").

Some discussants, however, openly questioned the capacity of the EU for effective assistance in the process of regional transformation. The rationale for that notion is emerging

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Islamism, which is an indisputable fact. As emphasized by one of the participants, the fear of Islamism is not only prejudice. The second reason is the hostility towards French, British or US assistance from the side of some of the emerging regimes. Thirdly, Central European financial resources remain strictly limited. Even though we have little to offer in terms of assistance, as was admitted in the debate, we have learned from the projects which were not successful. Knowing that civil society is crucial for long term change, we should also recognize that certain parties are ready to talk to us and redirect our attention towards them. If we want to promote liberal trends we need to engage the youth of the region and focus on promoting education reform.

Advancing the idea of effective support, one of the participants recommended abandoning multilateral frameworks for cooperation (Barcelona Process, Mediterranean Union), in his words, they proved their inefficiency and should be replaced with strictly bilateral cooperation models.

Using the example of Egypt, another participant pointed to the economic dimension of the problems, suggesting that the opening of markets with the countries of the Maghreb might alleviate tensions and prevent the radicalisation of local societies in the years to come.

Some participants, however, opposed the idea of the opening of markets, claiming that the economies of newly reborn regimes need to learn to generate opportunities of their own if they are to become functioning and sustainable. The question to be posed is not how much money we can invest in Tunisia, but how much investment Tunisia can attract.

The participants admitted that in relation to the Arab awaking, Central Europe is often portrayed (especially by Western countries) as the most appropriate candidate to deliver experience and change. Participants, however, disagreed on the unquestionable role of the region as a driver of change. In a context where individual member states themselves are driven by different models and the applicability of the oft-mentioned Turkish model is questionable, it is very difficult to identify models which should be promoted. However for the time being, the most important task is to explain to European governments and the public the relevance of the countries of the Arab Spring, and show why their future matters.

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