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European Views and Policies Toward the Middle East

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Summary

Managing policy differences on a range of issues emanating from the Middle East poses serious challenges for the United States and its European allies and friends. The most vitriolic dispute has centered on the conflict in Iraq. However, divisions over how best to approach the ongoing Israeli-Palestinian conflict, manage Iran and Syria, and combat terrorism also persist. The Bush Administration and Members of Congress are concerned that continued disagreements between the two sides of the Atlantic could both constrain U.S. policy choices in the region and erode the broader transatlantic relationship and counterterrorism cooperation over the longer term. The U.S.-initiated Broader Middle East and North Africa partnership project seeks to encourage reforms in the region and U.S.-European cooperation in tackling Mideast problems. This initiative was welcomed by the 9/11 Commission, which recommended that the United States “should engage other nations in developing a comprehensive coalition strategy against Islamist terrorism.” The Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458) contains elements that seek to promote Middle East development and reform and enhance international cooperation against terrorism.

Many analysts assert that the United States and Europe share common vital interests in the Middle East: combating terrorism and the proliferation of weapons of mass destruction; promoting Middle East peace and stability; ensuring a reliable flow of oil; and curtailing Islamic extremism. U.S. and European policies to promote these goals often differ considerably. Although the European governments are not monolithic in their opinions on the Middle East, European perspectives have been shaped over time by common elements unique to Europe’s history and geostrategic position. Many Europeans believe the Israeli-Palestinian conflict should be a priority. They view it as a key driver of terrorism, Islamic extremism, and political unrest among Europe’s growing Muslim populations. In contrast, the U.S. Administration stresses that terrorism and weapons proliferation are the primary threats and must be pro-actively confronted; peace and stability in the region will not be possible until these twin threats are removed. A number of other factors, such as divergent perceptions of the appropriate role of the use of force and growing European Union (EU) ambitions to play a larger role on the world stage, also contribute to the policy gaps that have emerged.

How deep and lasting the clash over Iraq and subsequent Middle East policies will be to transatlantic relations will likely depend on several factors, including whether Washington and European capitals can cooperate more robustly to rebuild Iraq; whether Europeans perceive a renewed U.S. commitment to revive the Middle East peace process; and whether differences over Mideast issues spill over into NATO or impede EU efforts to forge a deeper Union. This report will be updated as events warrant. For more information, see CRS Report RL31339, *Iraq: U.S. Regime Change Efforts and post-Saddam Governance*; CRS Issue Brief IB91137, *The Middle East Peace Talks*; CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*; CRS Issue Brief IB92075, *Syria: U.S. Relations and Bilateral Issues*; and CRS Report RL31612, *European Counter-terrorist Efforts: Political Will and Diverse Responses in the First Year after September 11*.

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European Views and Policies Toward the Middle East

Introduction

Over the last few years, nowhere have tensions between the United States and its European allies and friends been more evident than on a range of issues related to the Middle East.¹ These include Iraq, the Israeli-Palestinian conflict, and Iran. Some worry that U.S.-European differences in combating terrorism are growing wider. How best to approach the challenges posed by Syria may also figure prominently on the transatlantic agenda in the near future. Although the European countries are not monolithic in their opinions with respect to the Middle East, views among them often tend to be much closer to each other than to those of the United States. This is largely because European perspectives on the region have been shaped over time by common elements unique to Europe's history and geostrategic position.

Some Bush Administration officials and Members of Congress are concerned that the recent vitriolic disputes between Washington and a number of European capitals on Middle East issues could constrain U.S. policies, and erode the broader transatlantic relationship and U.S.-European counterterrorism efforts in the longer term. The 9/11 Commission Report notes that nearly every aspect of U.S. counterterrorism strategy relies on international cooperation, including with European governments and multilateral institutions such as NATO and the European Union (EU). Some provisions in the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458) seek to enhance international collaboration against terrorism. The Bush Administration has sought to mend transatlantic relations in its second term, but U.S.-European policy differences over Middle Eastern issues are likely to persist.

Underlying Drivers of European Views

Many analysts argue that the United States and Europe share common vital interests in the Middle East: combating terrorism; halting proliferation of weapons of mass destruction (WMD); promoting Middle East peace and stability; ensuring a reliable flow of oil; and curtailing Islamic extremism. These experts assert that the goals of U.S. and European policies toward these various challenges are not that far apart. Both sides of the Atlantic tend to emphasize different interests. Europe largely views the Israeli-Palestinian conflict as the preeminent concern, believing it

¹ For the purposes of this report, "Middle East" is used broadly to encompass North Africa through Egypt, Israel and the Tigris-Euphrates valley, and the Persian Gulf region. The term "Europe" is used equally broadly to encompass both NATO and European Union members.

to be the key source of regional instability that fuels terrorism, Islamic extremism, and domestic political unrest at home. In contrast, the Bush Administration stresses that terrorism and weapons proliferation must be confronted to ensure U.S. national security, and that the conditions for peace and stability in the Middle East will not be possible until these twin threats are removed. These different perspectives often result in the employment of disparate tactics by the two sides of the Atlantic as they pursue their foreign policy agendas in the region.

A combination of factors lie at the root of U.S.-European tensions on the Middle East. They include different histories, geography, and demographics; the nature of economic ties with the region; somewhat divergent threat perceptions; and different views on the appropriate role of the use of force. Many analysts also suggest that current U.S.-European frictions over many Middle East issues are heightened on the one hand by European views of a unilateralist Bush Administration, and on the other by growing EU ambitions to play a larger role on the world stage.

History's Impact

Europe's long and complex history with the Middle East shapes its views toward the region in ways that are distinct from those of the United States. Europe's ancient religious crusades and more recent colonial experiences in the Arab world still weigh heavily on its collective psyche, and produce twin pangs of wariness and guilt. This wariness leads many Europeans, for example, to caution Washington against overconfidence in its ability to win the battle for Arab "hearts and minds" through force, or to impose stability and democracy. Residual guilt about Europe's colonialist past causes many of its citizens to identify with what they perceive as a struggle for Palestinian freedom against Israeli occupation; at the same time, the Holocaust engenders European support for the security of Israel, but Europeans believe this will only be ensured by peace with the Palestinians. Finally, Europe's own bloody history has produced a broad European aversion to the use of force and a preference for solving conflicts diplomatically (see below).²

Geographic and Demographic Differences

Europeans claim that the Middle East is part of "Europe's neighborhood," and this proximity makes the promotion of political and economic stability key to ensuring that problems in the region do not spill over into Europe. As examples, Europeans point to several incidents of terrorism on their soil over the last three decades stemming from the Israeli-Palestinian conflict, and recent waves of migrants fleeing political instability and economic hardship. These new migrants add to Europe's already sizable Muslim population of between 15 to 20 million, which has its roots in European labor shortages and immigration policies of the 1950s and 1960s that attracted large groups of Turks, North Africans, and Pakistanis. In contrast, the U.S. Muslim population is significantly smaller; estimates range from

² The Atlantic Council and the German Marshall Fund, "Elusive Partnership: U.S. and European Policies in the Near East and the Gulf," Policy Paper, September 2002; Interviews of European officials, January-March 2003.

4 to 8 million.³ Moreover, Islam has become a vital force in European domestic politics. Some argue this makes European politicians more cautious about supporting U.S. policies that could inflame their own “Arab streets” and deepen divisions within European societies struggling to integrate growing Muslim populations amid rising anti-immigrant sentiments. Conversely, many analysts suggest that the politically well-organized Jewish community in the United States engenders stronger U.S. support for Israel.

The Nature of Europe’s Economic Ties

Europe’s extensive economic ties with the Middle East have also received considerable public attention as a key reason for differing U.S.-European approaches. The EU is the primary trading partner of the region. Although a substantial element of this trade is oil, and any changes in the price or supply of oil would also affect the United States, overall European economic interests are more integrated with the region. EU exports to the Middle East, for example, are almost three times the size of U.S. exports.⁴ Some analysts argue that many European countries are primarily motivated by the need to protect these commercial ties with the region, and often do so at the expense of security concerns. Others point out that if such commercial interests were the drivers of French and German opposition to the war in Iraq, then both countries would have served those interests better by supporting the U.S.-led war to guarantee a share of the post-Saddam Hussein spoils. Still, many experts agree that European countries’ extensive trade and economic ties with the region heighten their desires to maintain good relations with Arab governments and makes them wary about policies that could disrupt the normal flow of trade and oil.⁵

Divergent Threat Perceptions

Some observers assert that since the end of the Cold War, American and European threat perceptions have been diverging. Throughout the 1990s, U.S. policy makers often complained that Europe was preoccupied with its own internal transformation, and largely blind to the new international threats posed by terrorism, weapons proliferation, and other challenges emanating from the Middle East. Some say the terrorist attacks of September 11, 2001 exacerbated this gap in U.S.-European threat perceptions. While Europeans view terrorism as a major threat, Americans perceive the threat as being much more severe. European officials assert that while

³ Both European and U.S. Muslim population estimates vary depending on different methodologies, definitions, and in the case of Europe, on the geographical limits imposed. See Omer Taspinar, “Europe’s Muslim Street,” *Foreign Policy*, March/April 2003; Eric Boehlert, “The Muslim Population Riddle,” Salon.com, August 30, 2001; U.S. Department of State, “Fact Sheet: Islam in the United States,” September 2001.

⁴ EU and U.S. exports to the Middle East in 2000 were roughly \$64 billion and \$23 billion respectively. See the International Monetary Fund, *Direction of Trade Statistics Yearbook 2001*, pp. 48-53.

⁵ Philip H. Gordon, “The Crisis in the Alliance,” Iraq Memo #11, The Brookings Institution, February 24, 2003; The Atlantic Council and the German Marshall Fund, “Elusive Partnership: U.S. and European Policies in the Near East and the Gulf,” Policy Paper, September 2002; Interviews of European and Arab officials, January-March 2003.

some European leaders, such as UK Prime Minister Tony Blair, see and worry about possible links between terrorist groups and weapons proliferators in the Mideast and elsewhere, the average European citizen does not. And in certain European countries like Germany, other issues — such as the economy and promoting stability in the nearby Balkans — have taken precedence.⁶ A number of analysts suggest, however, that the March 11, 2004, terrorist bombings in Madrid, Spain, have heightened European perceptions of the threat of Islamist terrorism to Europe. One opinion poll from June 2004 found that Americans and Europeans now share broadly similar threat perceptions but differ sharply on the use of force for managing such threats.⁷

Different Approaches to Managing Threats and Using Force

As a result of Europe's history both pre- and post-World War II, numerous observers suggest that Europeans are more prone to emphasize multilateral solutions based on the international rule of law. Many Europeans claim that it is precisely because they have abided by such rules and worked cooperatively together in institutions such as the United Nations and the European Union (and its progenitors) that they have enjoyed decades of unprecedented peace and prosperity. Combined with the devastation they inflicted on themselves and others in the first half of the twentieth century, many Europeans — especially Germans — shy away from the use of force to manage conflicts and place greater emphasis on “soft power” tools such as diplomatic pressure and foreign aid. They are wary of the use of preemptive force not sanctioned by the international community. U.S. critic Robert Kagan calls it a “power problem,” observing that Europe's military weakness has produced a “European interest in inhabiting a world where strength doesn't matter, where international law and international institutions predominate.”⁸ Most Europeans, however, reject this thesis. French and British officials in particular argue that they are not pacifists and cite their roles in the NATO-led war in Kosovo and the U.S.-led military campaign against the Taliban in Afghanistan as just two examples.

European Perceptions of the Bush Administration

Many analysts believe that European perceptions of the Bush Administration as inclined toward unilateralism and largely uninterested in Europe are exacerbating current transatlantic tensions over the Middle East and Persian Gulf. Before September 11, many European governments were critical of the Administration's position on international treaties such as the U.N. Kyoto Protocol on climate change and its decision to proceed with missile defense. The terrorist attacks swept some of these contentious issues under the rug for a while, but U.S.-European frictions returned in early 2002. Many European leaders were alarmed by President Bush's characterization of Iraq, Iran, and North Korea as an “axis of evil.” Other U.S. moves ranging from rejecting the International Criminal Court to imposing steel

⁶ Interviews of European officials, January-March 2003; Jonathan Stevenson, “How Europe and America Defend Themselves,” *Foreign Affairs*, March/April 2003.

⁷ The German Marshall Fund of the United States and Compagnia di San Paolo, “Transatlantic Trends 2004,” September 2004 [<http://www.transatlantictrends.org>].

⁸ Robert Kagan, “Power and Weakness,” *Policy Review*, June-July 2002.

tariffs reinforced the notion that Washington was not interested in consulting with its long-time allies or committed to working out disagreements diplomatically. Furthermore, Europe's history makes many uncomfortable with what they view as the Bush Administration's division of the world into good and evil and the religious overtones of such terminology. A French commentator asserts, "Puritan America is hostage to a sacred morality; it regards itself as the predestined repository of Good, with a mission to strike down Evil...Europe no longer possesses that euphoric arrogance. It is done mourning the Absolute and conducts its politics...politically."⁹

Europeans have welcomed the Bush Administration's efforts in its second term to improve U.S.-European relations. Some say that the February 2005 trips to Europe by President Bush and Secretary of State Condoleezza Rice have helped mend fences and improved the atmospherics of the relationship. However, transatlantic tensions have not disappeared, and many Europeans remain skeptical about the degree to which Washington views Europe as a full and valued partner.

Growing EU Ambitions

Some experts assert that the EU's aspirations to play a larger role on the world stage have also heightened recent U.S.-European tensions. For many years, the EU has been the key donor of financial assistance to the Palestinians and has sponsored a range of region-wide developmental programs. But the EU's effort over the last decade to develop a Common Foreign and Security Policy (CFSP) to help further EU political integration has prompted the EU to seek a higher-profile role in the region that goes beyond its traditional "wallet" function.¹⁰ The EU has had some success in forging consensus on its approach to the Middle East peace process, and how best to deal with Iran. Some say this has helped make certain EU members, such as France, more confident and assertive about confronting U.S. policies with which they do not agree. At the same time, the EU was unable to agree on a common policy on Iraq; key players such as the United Kingdom, Italy, and Spain more closely supported the U.S. approach to the use of force against Iraq. Critics note that the EU still has a long way to go before it is able to speak with one voice on foreign policy issues, but the frustration this produces for countries like France may exacerbate reflexive impulses against U.S. leadership.

European Views of Key Policy Issues

The combination of underlying factors mentioned above help account for many of the differences in U.S. and European policies on a range of challenges in the Middle East. Key policy gaps exist in U.S. and European efforts to deal with Iraq, address the Israeli-Palestinian conflict, manage Iran and Syria, and counter terrorism.

⁹ Regis Debray, "The French Lesson," *New York Times*, February 23, 2003.

¹⁰ See the Atlantic Council and the German Marshall Fund, "Elusive Partnership: U.S. and European Policies in the Near East and the Gulf," Policy Paper, September 2002.

Iraq¹¹

Led by France and Germany, European countries opposed to using force to disarm Iraq asserted that the case for war had not yet been made. They were skeptical of U.S. arguments directly linking Saddam Hussein and Al Qaeda, and did not view the threat posed by Iraq as imminent — in part, because they believed that the 12 years of international sanctions had limited Iraq's ability to acquire weapons of mass destruction.¹² Thus, France, Germany, and others deemed a contained Saddam Hussein as a threat they could live with, especially given their judgment that war with Iraq would have dangerous and destabilizing consequences. Many Europeans feared that toppling Saddam could further fragment the country along ethnic and tribal lines, and generate instability.

A number of European governments also worried that war with Iraq would inflame their own domestic "Arab streets," especially given the stalemate in the Middle East peace process. European officials pointed out that many Muslims view Israeli Prime Minister Ariel Sharon in much the same light as Washington did Saddam Hussein, and reject as a double standard the use of force against Iraq. Even UK officials who supported the U.S. approach to Iraq were concerned that war could further antagonize Muslims both in the region and in Europe without tangible progress on the Israeli-Palestinian conflict. Moreover, some Europeans stressed that rather than helping to curb terrorism, war with Iraq would be an additional rallying point for Al Qaeda recruiters and other militant Islamic groups.¹³

Numerous Europeans also opposed war in Iraq without explicit U.N. authorization because in their view, it risked destroying the international system of rules and laws created after World War II to maintain global peace and stability. In light of German history, Berlin was especially reluctant to agree to any preemptive measures not sanctioned by the international community. Even London, Madrid, and Rome, which more closely backed Washington's approach to Iraq, would have preferred a second U.N. resolution explicitly authorizing the use of force. Many Europeans now worry that the Bush Administration has opened a Pandora's box. Some note that other states with territorial ambitions, perhaps Russia or China, could feel freer to launch similar measures against border regions under the pretext of preempting threats to their national security. The U.S. action in Iraq could also prove counterproductive if it encourages other countries to speed up or initiate programs to acquire WMD capabilities in an attempt to deter a U.S. attack. The Bush Administration counters that the war in Iraq has had precisely the opposite effect, encouraging Libya to abandon its WMD program.

¹¹ For more information on the conflict with Iraq, see, among others, CRS Report RL31339, *Iraq: U.S. Regime Change Efforts and post-Saddam Hussein Governance*; CRS Report RL31715, *Iraq War: Background and Issues Overview*.

¹² Many Europeans expressed graver concerns about WMD programs in North Korea, Iran, and Pakistan that have not been subjected to the same degree of international scrutiny. Interviews of European officials, January-March 2003.

¹³ Marlise Simons, "Europeans Warn of Terror Attacks in Event of War in Iraq," *New York Times*, January 29, 2003.

French and German officials also discount criticism that their preference for a diplomatic approach to countering Iraq's WMD ambitions was motivated by economic interests. They claim that 12 years of sanctions reduced these interests to a minimum, and also prohibited oil contracts agreed with Saddam Hussein's regime from taking effect.¹⁴ These officials also note that Paris and Berlin had somewhat larger financial interests in Iraq prior to the 1990 invasion of Kuwait, but they did not hesitate then to join the coalition against Iraq. At that time, they point out, Iraq had clearly breached international rules and posed a clear threat to stability.

In the aftermath of the war, U.S.-European tensions over Iraq have abated to some degree, but still linger. U.S. officials have been frustrated by what they view as minimal military or financial assistance from some European countries. Throughout the U.S.-led occupation of Iraq, which ended in June 2004, the role of the United Nations in rebuilding Iraq was a major sticking point. Most European countries, including the UK, favored giving the United Nations a significant role to bolster the credibility of the reconstruction process. In contrast, Washington initially favored a narrow, advisory role for the United Nations, with most U.N. activity focused on providing humanitarian assistance and coordinating international aid donations. Washington's position on limited U.N. participation in Iraq won out in the immediate aftermath of the war, as seen in a Security Council resolution agreed to in May 2003. Although France and Germany approved this resolution, they announced that they would not contribute troops or significant bilateral financial aid in light of the restricted U.N. role; they, like several other smaller European nations, were reluctant to become "occupying" powers in Iraq.¹⁵

In September 2003, the United States began seeking to increase international participation in stabilizing Iraq amid ongoing insurgency attacks against U.S. and coalition forces. In October 2003, the Administration secured another Security Council resolution calling on the international community to help rebuild Iraq, and giving the United Nations a marginally larger role in forging a new Iraqi government; however, it left the United States in overall control of Iraq's transition. As a result, the resolution fell short of the expectations of many, including France and Germany, and failed to overcome their resistance to sending troops to Iraq.

In June 2004, Washington gained unanimous U.N. Security Council approval of a new resolution endorsing the transfer of Iraqi sovereignty and giving the United Nations a key role in supporting Iraq's ongoing political transition. European

¹⁴ Measurements of French and German commercial interests are open to interpretation. French and German exports to Iraq in 2000 were about \$357 million and \$127 million respectively. France was also Iraq's largest trading partner, while Germany was its sixth largest. However, French and German exports to Iraq were roughly 0.12% and 0.02% of respective total exports. See the International Monetary Fund, *Direction of Trade Statistics Yearbook 2001*, pp. 218-219, 227-228, 264. It should also be noted that under the U.N.'s Oil-for-Food program, the United States was the largest importer of Iraqi oil. See CRS Report RL30472, *Iraq: Oil-For-Food Program, Illicit Trade, and Investigations*.

¹⁵ Jean Eaglesham and James Harding, "Bush and Blair Pledge Vital Role for U.N.," *Financial Times*, April 9, 2003; Felicity Barringer, "U.N. Vote on Iraq Ends Sanctions," *New York Times*, May 23, 2003.

governments and EU leaders welcomed the return of sovereignty to Iraq and the enhanced U.N. role, but substantial additional European military and financial contributions to stabilizing and rebuilding Iraq have remained elusive. France and Germany, among others, continued to object to what they perceived as an ongoing U.S. decision-making monopoly on Iraq policy, especially with regard to the conduct of security policy. They were also resistant to putting their troops in danger to bolster a military campaign that they did not approve, and which, they believe, has led to an increase in terrorism.

Some European countries were also initially hesitant to support a NATO role in Iraq. At the June 2004 NATO summit in Istanbul, European allies agreed to a request from the new Iraqi government for NATO help in training Iraqi security forces. In December 2004, NATO foreign ministers decided to expand the alliance's training personnel in Baghdad from 60 to 300 officers, including both trainers and support staff. Six European allies (France, Germany, Belgium, Greece, Spain, and Luxembourg) refused to allow their nationals on NATO's international staff to take part in this mission; they reportedly feared that the training mission could evolve eventually into a combat operation.

During President Bush's February 2005 trip to Europe, however, NATO announced that it had gained commitments from all 26 allies to contribute to NATO's training of Iraqi security forces, either in or outside of Iraq, or through financial contributions to one of three NATO trust funds for Iraq (totaling more than \$4.5 million). NATO believes that these commitments will enable it to provide training eventually to about 1,500 Iraqi officers per year, both inside and outside of Iraq. There are currently 165 NATO personnel in Iraq. In September 2005, NATO opened a Joint Staff College outside of Baghdad to provide management and leadership training for Iraqi military officials.¹⁶

Many observers view the NATO agreement reached in February 2005 — although still relatively modest — as extremely positive, demonstrating a new alliance unity of purpose and action in Iraq that will help improve U.S.-European relations. Some observers had hoped that the January 2005 Iraqi elections for an interim government would lead other countries, such as France and Germany, to engage more robustly in rebuilding and stabilizing Iraq. However, significant additional assistance has not been forthcoming. France initially resisted taking part under a NATO umbrella to training Iraqi security forces, although it eventually relented and agreed to contribute financially and to provide one French military officer, who will help support the training mission at NATO's headquarters in Belgium. Germany points out that it is training Iraqi police and military forces outside of Iraq, and France has made similar offers to train Iraqi security forces.

At the same time, financial constraints on already tight defense budgets and public pressure to withdraw troops in the face of continued violence in Iraq are

¹⁶ Joel Brinkley, "NATO Agrees To Expansion of Forces Training Soldiers in Iraq," *New York Times*, December 10, 2004; "All NATO Nations To Aid Iraq Training," Associated Press, February 23, 2005; "NATO Opens Elite Staff College To Train Iraqi Army Officers," Associated Press, September 27, 2005.

leading several European countries to draw down their forces in the U.S.-led multinational coalition. The new Spanish government, elected shortly after the March 11, 2004 terrorist bombings in Madrid, withdrew its 1,300 troops from Iraq in May 2004 and has no plans to re-commit forces. The Hungarian Parliament rejected a government proposal to extend the mission of its 300 troops beyond the end of 2004; Poland reduced its contingent of 2,400 troops to 1,700 in early 2005; and the Netherlands withdrew its 1,400 soldiers in March 2005. Bulgaria has announced that its 400 troops will leave Iraq after the December 15, 2005 parliamentary elections for a permanent Iraqi government, and press reports indicate that the United Kingdom and Italy may consider troop reductions over the next year.¹⁷

The Bush Administration has been seeking to maintain existing international commitments in Iraq. Media reports suggest that U.S. officials have been presenting ways for allies with forces in Iraq to shift their troop commitments to new training and reconstruction-related missions as Iraqi forces become more able to take over security responsibilities. Currently, 13 European countries that belong to NATO and/or the EU are contributing either troops or police to Iraq, as are Albania and Macedonia, which harbor NATO and EU membership aspirations. The size of many of these contingents, however, is extremely small, with some numbering only a few dozen personnel.¹⁸

EU officials say they are determined to help rebuild Iraq. In July 2005, the EU launched a one-year mission to train Iraqi police, administrators, and judges, primarily outside of Iraq at present because of security concerns. The EU will establish a liaison office in Baghdad, however, and may consider future training in Iraq if security conditions improve. In addition, the EU will help finance an international protection force for U.N. personnel and facilities in Iraq, but EU member states are unlikely to provide troops for this force.¹⁹

EU leaders also point out that the EU and individual European governments are contributing financially to Iraq's reconstruction. At the Madrid donors conference for Iraq in October 2003, the EU and its member states pledged a combined total of \$1.25 billion for Iraqi reconstruction, including roughly \$235 million (for 2004) from the EU community budget.²⁰ Bilateral reconstruction assistance offered at the Madrid conference included contributions from some EU members that opposed the war,

¹⁷ Peter Spiegel, "Coalition Pull-out From Iraq Gathers Pace," *Financial Times*, January 26, 2005; Alan Cowell, "Europe Welcomes Vote, But With Usual Split," *New York Times*, February 1, 2005.

¹⁸ "Countries Contributing Forces to U.S.-led Coalition in Iraq," Associated Press, December 1, 2005; Peter Spiegel, "U.S. Offers Allies Ways To Shift Iraq Commitments," *Financial Times*, December 2, 2005.

¹⁹ "Security Council Endorses Creation of Trust Fund to Support UN Protection Force in Iraq," M2 Presswire, December 1, 2004; Daniel Dombey, "EU Offers To Train Civilians for Iraq," *Financial Times*, January 26, 2005.

²⁰ The \$1.25 billion in assistance pledged at Madrid in October 2003 includes pledges from some EU accession states, which joined the EU in May 2004. See Press Release, "Tally Shows Pledges from Madrid October Donors' Conference Total \$32 Billion," available at The World Bank's website [<http://www.worldbank.org>], December 4, 2003.

such as Belgium and Sweden. Separately, Germany has contributed roughly \$155 million, mostly for humanitarian assistance, since the outbreak of the Iraq war in March 2003, and France has provided about \$11 million in humanitarian aid.²¹

To date, the EU has provided over \$600 million in reconstruction and humanitarian assistance to Iraq from its community budget since 2003 and has proposed about \$240 million more for Iraq in 2006. The EU has also provided about \$96 million to support Iraqi elections and its referendum on a new constitution in 2005. As a result, the EU claims that it is the major international donor of election assistance to Iraq and a key supporter of its current political transformation.²²

In December 2005, the EU announced that it hopes to open negotiations for a trade agreement with Iraq in 2006 and to establish a permanent delegation office in Baghdad. EU officials say that the trade deal aims to stimulate reforms and economic development in Iraq.²³ Several European countries, including France and Germany, have also agreed to help reduce Iraq's foreign debt. The Bush Administration originally called for nearly complete debt forgiveness for Iraq, but France and Germany favored forgiving a lower level of Iraqi debt. They contended that Iraqi debt forgiveness should be conditioned on the growth of the Iraqi economy; in their view, Iraq has a relatively favorable economic outlook, given its large petroleum reserves, in comparison with poorer, debt-ridden, and more needy African countries. In November 2004, France accepted a U.S.-German compromise negotiated in the context of the Paris Club to write off 80% of Iraq's foreign debt.²⁴

The Israeli-Palestinian Conflict²⁵

Numerous commentators observe that European opposition to the war with Iraq also stemmed from frustrations with U.S. policy toward the Israeli-Palestinian stalemate. Although EU members were divided over Iraq, they have managed to forge a more common position on the Israeli-Palestinian conflict; many view this EU position as being broadly more sympathetic to the Palestinians. Others assert that the EU posture is balanced between the two sides of the conflict, in part because some

²¹ Also see CRS Report RL32105, *Post-War Iraq: Foreign Contributions to Training, Peacekeeping, and Reconstruction*.

²² European Commission, "Reconstructing Iraq: State of Play and Implementation to Date," July 18, 2005; European Commission, "European Union Biggest Donor for Iraq's Elections and Referendum," October 21, 2005; both available at [http://www.europa.eu.int/comm/external_relations/iraq/intro/index.htm].

²³ Daniel Dombey, "EU Looks to Trade Deal with Iraq," *Financial Times*, December 12, 2005.

²⁴ Andrew Balls and Ralph Atkins, "Paris Club in Deal To Write off 80%," *Financial Times*, November 22, 2004. Iraq is believed to owe the French and German governments about \$3 billion and \$2.5 billion respectively, according to the Paris Club, an informal grouping of Western creditor countries [<http://www.clubdeparis.org>]. Also see CRS Report RL30472, *Iraq: Oil-For-Food Program, Illicit Trade, and Investigations*.

²⁵ For background on the Israeli-Palestinian and broader Israeli-Arab conflicts, see CRS Issue Brief IB91137, *The Middle East Peace Talks*.

differences among members remain. Successive German governments, for example, have maintained that they have a special obligation to Israel and have been keen to ensure that EU policies also promote Israeli security. The EU backs Israel's right to exist and condemns terrorist acts against Israel.

Europeans, however, generally view resolving the Israeli-Palestinian conflict as key to reshaping the Middle East, fostering durable stability, and decreasing the threats posed to both the United States and Europe by terrorism and Islamic militancy. The EU's first-ever security strategy, released in December 2003, cites resolving the Israeli-Palestinian conflict as a top EU priority. Many European officials charge that Washington has focused too much on Iraq and has an unbalanced, excessively pro-Israeli policy. In this view, the United States is alienating the broader Muslim world, which perceives a U.S. double standard at work. European leaders have clamored for the United States to "do more" to get Israeli-Palestinian negotiations back on track, precisely because they recognize that only sustained U.S. engagement at the highest levels will force the parties to the conflict, especially Israel, back to the negotiating table.²⁶ European governments and EU officials hope that the death of Palestinian leader Yasser Arafat in November 2004 will create a new opportunity to resolve the Israeli-Palestinian conflict.

Some U.S. observers suggest that Europe's more pro-Palestinian position is motivated by an underlying anti-Semitism. In support of this view, they point to a spate of attacks on synagogues and other Jewish institutions in Europe, a strong European media bias against Israel, and recent statements by some European officials criticizing Israel. In January 2004, two Jewish leaders charged the European Commission with fueling anti-Semitism with its clumsy handling of two reports. These leaders objected to the Commission's release in November 2003 of an opinion poll, which showed that 59% of the European public considered Israel a threat to world peace, on grounds that it was dangerously inflammatory. At the same time, they also criticized the Commission's initial decision to shelve a 2002 study from the EU's racism monitoring center, claiming that the EU feared it would incite domestic European Muslim populations with its findings that most anti-Semitic incidents in Europe were carried out by disenfranchised Muslim youth. EU officials contend that the report was originally withheld because it was poorly written and lacking in empirical evidence. Following its leak to the press, the EU made public this draft report in December 2003.

In March 2004, the EU monitoring center released a new study on anti-Semitism in Europe, which it claims is more exhaustive and comprehensive than the original draft study. The March 2004 report identified perpetrators of anti-Semitic attacks in Europe as both young, disaffected white Europeans as well as Muslim youth of North African or Asian origin. Some Jewish leaders criticized this new study, asserting that it was "full of contradictions" and sought to downplay the extent to which anti-Semitic attacks in Europe were carried out by Muslim perpetrators.²⁷

²⁶ American Council on Germany, "The Future of Transatlantic Security: New Challenges," Occasional Paper, December 2002; Interviews of European officials, January-March 2003.

²⁷ "Jewish Leaders Split over EU Anti-Semitism Report," *Financial Times*, March 31, 2004. (continued...)

Europeans stress that while these anti-Semitic incidents are troubling, they do not represent a broad, resurgent anti-Semitism in Europe. They note that such acts are carried out by individuals, are not state-sponsored, are punished under European law, and are harshly condemned by European political and civic leaders. Many European governments have sought recently to tighten their hate crime laws and enhance education and prevention programs. In February 2004, EU officials pledged to take steps to combat anti-Semitism vigorously at a high-level conference on anti-Semitism sponsored by the European Commission. Europeans also stress that criticism of Israel does not equate to anti-Semitism; they admit that such criticism in the European media and political classes has been fierce recently, but they suggest this reflects the depth of European anger toward Israeli Prime Minister Ariel Sharon and his policies. Many European leaders deplore Sharon's tactics toward the Palestinians, believing them to be heavy-handed and counterproductive. They also object to his leadership of Israel in light of what they consider his history of human rights violations and war crimes in Lebanon.²⁸

Historically, a degree of difference has always existed between U.S. and European approaches to the Israeli-Palestinian conflict. Europeans have traditionally favored a parallel approach that applies pressure to all sides. This approach also places equal emphasis on the security, political, and economic development agendas that Europeans believe are all ultimately necessary for a lasting peace. European officials stress that the only way to guarantee Israel's security is to create a viable Palestinian state. This is also why the EU has sought to support the Palestinian Authority (PA) financially and to provide humanitarian, development, and reconstruction assistance.

The EU is the largest donor of foreign assistance to the Palestinians. The EU and its member states together provide nearly \$600 million annually to the Palestinians to promote stability, economic development, and reform. Between 2002 and 2005, EU community aid to the Palestinians — including donations to the World Bank and U.N. agencies — was roughly \$300 million per year.²⁹ Officials maintain that there is no evidence that any EU money has been diverted for terrorist purposes, and insist that checks are in place to ensure that EU funds do not sponsor terrorism. They acknowledge the fungibility of resources, but believe this is best countered by continuing to press the PA to reform its financial management system.³⁰

²⁷ (...continued)

For the March 2004 EU study, see the website of the EU Monitoring Centre on Racism and Xenophobia [<http://eumc.eu.int>].

²⁸ Peter Beaumont, "The New Anti-Semitism?," *The Observer*, February 17, 2002; Craig Smith, "French Jews Tell of a New and Threatening Wave of Anti-Semitism," *New York Times*, March 22, 2003; Richard Bernstein, "European Union Mends Rift with Jewish Groups," *New York Times*, January 9, 2004.

²⁹ See the EU's website: "The EU's Relations with the West Bank and Gaza Strip" [http://europa.eu.int/comm/external_relations/gaza/intro/index.htm]; also see Press Release, "European Commission To Support the Palestinians with €280 Million in 2005," September 10, 2005.

³⁰ Interviews of EU officials, January-March 2003; also see "EU Funding to the Palestinian (continued...)

In contrast, the United States has more consistently shared the Israeli view that serious negotiations can only take place when there is a clear Palestinian commitment to peace, signified by the end of violence and terrorist activity. The degree to which different U.S. administrations have rigidly adhered to this more sequential approach has varied over the years, but Europeans believe that September 11 reinforced U.S. tendencies to support Israeli positions on the timing of potential negotiations because they hardened the Bush Administration's view of the Palestinians. The terrorist attacks also allowed Prime Minister Sharon to position himself as a natural U.S. ally in the fight against terrorism. Many Europeans believe the Bush Administration has been too easily persuaded by Sharon and too beholden to Israel for domestic political reasons. They point out that the Administration draws considerable political support from evangelical Christians, who strongly support the state of Israel, and has been eager to win over traditionally Democratic Jewish voters.³¹

Despite the difficulties, optimists assert that common ground exists between U.S. and European policies toward the Israeli-Palestinian conflict. EU leaders have been encouraged by President Bush's support for a Palestinian state, long advocated by Europeans. Previous U.S. administrations had shied away from endorsing a two-state solution, maintaining that it was for the parties themselves to determine the outcome. EU officials have also welcomed the evolution of the diplomatic "Quartet" of the EU, Russia, the United Nations, and the United States, and its "roadmap" to a negotiated settlement. European leaders did not support Washington's call to replace the late Yasser Arafat as the head of the PA; they viewed Arafat as the democratically-elected Palestinian leader and feared that any viable alternative would only come from more extremist factions. However, they largely agreed with the U.S. assessment that the PA must be reformed. They were pleased with the PA's decision in the spring of 2003 to create a new prime minister position, and they support stronger Palestinian institutions such as the legislature and judiciary, as well as measures to guard against corruption and ensure transparency.³²

The EU has welcomed the U.S. Middle East Partnership Initiative (MEPI), which was unveiled in December 2002 and designed to promote political, economic, and educational development throughout the Middle East. Many Europeans viewed the MEPI as complementing the EU's region-wide development program (the Euro-Mediterranean Partnership) in place since 1995 and saw the MEPI as representing a heightened U.S. awareness of the need for a broader approach to address Mideast instability.³³ In May 2003, the Bush Administration proposed creating a U.S.-Middle East free trade area by 2013 to further economic development and liberalization in

³⁰ (...continued)

Authority" [http://europa.eu.int/comm/external_relations/mepp/eufundspa.htm].

³¹ Robert Kaiser, "Bush and Sharon Nearly Identical on Mideast Policy," *Washington Post*, February 9, 2003.

³² Interviews of EU and European officials, January-March 2003.

³³ For more information on the U.S. MEPI and the EU's Euro-Mediterranean Partnership Initiative (MEDA), see CRS Report RS21457, *The Middle East Partnership Initiative: An Overview*; and CRS Report RL31017, *The Barcelona Process: The European Union's Partnership with the Southern Mediterranean*.

the region, and promote peace via increased prosperity. This mirrors EU plans to create a Euro-Mediterranean free trade zone by 2010.

European officials were also encouraged by initial U.S. steps to revive the peace process in the immediate aftermath of the war with Iraq. In late April 2003, the Bush Administration made public the Quartet's roadmap, following the swearing-in of a new PA Prime Minister. The EU had been pressing for its release since it was finalized by the Quartet in December 2002. In May 2003, the Bush Administration succeeded in swaying Sharon to endorse the roadmap, albeit with reservations. In June 2003, President Bush visited the region and met with Prime Minister Sharon and then-PA Prime Minister Mahmoud Abbas. European officials viewed positively President Bush's decisions to set up a U.S. diplomatic team in Jerusalem to monitor implementation of the roadmap, and to designate then-National Security Adviser Condoleezza Rice as his personal representative on Israeli-Palestinian affairs.

Since then, however, many Europeans have become frustrated by the lack of progress on the roadmap amid ongoing violence, and they claim that the Bush Administration has not done enough to cajole the Sharon government into making more concessions for peace. Although the Administration has criticized Israel for constructing a security fence and at times raised concerns about some Israeli anti-terrorist tactics such as territorial closures and home demolitions, critics say Washington has not devoted the sustained attention needed. They stress that the Administration still remains wedded to the Israeli view that Palestinian terrorism must end before serious steps toward implementing the roadmap can be taken. They note, for example, that the U.S. monitoring team in Jerusalem kept a very low profile (and has largely been withdrawn); as a result, it failed to provide the necessary level of public scrutiny that was supposed to have served as an incentive for both sides of the conflict to meet their respective obligations under the roadmap.³⁴

U.S. support for the Sharon government's unilateral "disengagement plan" for the Gaza Strip was also contentious for European governments and the EU. Although the EU has welcomed Israel's August 2005 withdrawal from the Gaza Strip, some European policymakers remain concerned that Israel views its disengagement from Gaza as an alternative to the road map process. They worry that Israel's disengagement from Gaza could lead to the creation of a de facto Palestinian state on far less territory than that envisaged under the roadmap process. Many Europeans were dismayed by what they viewed as a shift in U.S. policy in April 2004, when President Bush appeared to implicitly endorse Israel's claim to parts of the West Bank seized in the 1967 Middle East war and to limit the Palestinians' right of return to Israel. The EU maintains that it will not recognize any changes to the pre-1967 borders unless such changes are negotiated between the parties. The Bush Administration contends that its endorsement of the Sharon plan was intended to jumpstart the stalled peace process and, like the EU, asserts that all final status issues,

³⁴ John Anderson and Molly Moore, "All Sides Failed to Follow Road Map," *Washington Post*, August 28, 2003.

including the return of Palestinian refugees, must still be resolved through negotiations between the parties to the conflict.³⁵

European governments reportedly played a key role in ensuring that the June 2004 G8 Summit initiative on the Broader Middle East and North Africa took into account the Israeli-Palestinian conflict as part of any push to encourage political, economic, and social reforms in the region. European officials criticized initial U.S. versions of this proposal, originally named the Greater Middle East Initiative, for failing to tackle the Israeli-Palestinian conflict. The Europeans asserted that any attempt to promote reform in the Middle East would be unsuccessful if not accompanied by simultaneous efforts to resolve this core problem. They also worried that the United States might promote the new initiative as an alternative to the stalled Israeli-Palestinian peace process. While U.S. and European officials overcame their differences and reached a compromise on the Broader Middle East initiative, critics assert that it has little practical significance for the deadlocked peace process.³⁶

Shortly after his re-election in November 2004, President Bush asserted in a news conference with UK Prime Minister Tony Blair that he intended to “spend the capital of the United States” to create a free and democratic Palestinian state during his next term. Many Europeans, however, argue that the Administration has been slow to seize the opportunity offered by Arafat’s death to push for a quick return to Israeli-Palestinian negotiations. U.S. officials appear to favor a more incremental approach. They stress that progress in the peace process will depend largely on Palestinian efforts to democratize, reform, and stop Palestinian terrorism.

Washington and European capitals welcomed the January 2005 election of Mahmoud Abbas, who is viewed as committed to ending Palestinian terrorism, as the new President of the Palestinian Authority. U.S. officials believed that Abbas would need time to institute reforms and establish legitimacy in the eyes of the Palestinian public before engaging in comprehensive final status negotiations with Israel. European leaders agree that developing a viable Palestinian state is a necessity, but have continued to urge the United States to take a more active role in resolving the conflict, partly by putting greater pressure on Israel to take steps toward peace also.³⁷

Some Europeans view U.S. actions since the start of the second Bush Administration as indications that Washington is working more robustly to promote

³⁵ Guy Dinmore and Harvey Morris, “Arafat Denounces US Support for Israeli Plan,” *Financial Times*, April 15, 2004; Judy Dempsey, “EU Pulls Back from Confronting US over Gaza,” *Financial Times*, April 18, 2004; Glenn Kessler, “U.S. Retreats from Bush Remarks on Sharon Plan,” *Washington Post*, May 5, 2004.

³⁶ “EU Cautious on US Plan To Reform Middle East,” *Financial Times*, March 2, 2004; “EU, U.S. Keen to Push Reform in Middle East,” Associated Press, June 26, 2004. For background, also see CRS Report RS22053, *The Broader Middle East and North Africa Initiative: An Overview*.

³⁷ Dana Milbank, “President Outlines Foreign Policy,” *Washington Post*, December 2, 2004; Steven Erlanger, “Israel Still Open To Road Map,” *International Herald Tribune*, December 16, 2004; “EU Calls for Push Towards Full Palestinian Statehood,” *Financial Times*, January 10, 2005.

peace between Israel and the Palestinians. European officials welcomed U.S. Secretary of State Rice's trip to the region in early February 2005 and her appointment of a U.S. coordinator to oversee Palestinian security reforms. In May 2005, the United States expanded the U.S. coordinator's role to include mediation between the two sides ahead of Israel's departure from Gaza. Also, the EU was pleased with Washington's support for naming a Quartet special envoy in April 2005 to oversee the political and economic aspects of the Israeli withdrawal from Gaza.

Most recently, many European policymakers stress that Secretary Rice's direct involvement in brokering a deal between Israel and the Palestinians on security controls for Gaza border crossings in November 2005 has had an enormous positive impact on European perceptions of the United States. U.S. and European officials say the agreement will help end Gaza's isolation, promote economic development, and continue to ensure Israeli security. As part of this accord, the EU is assisting with monitoring the Rafah border crossing point between Gaza and Egypt. About 70 EU monitors are being deployed to Rafah to provide expert advice and training to Palestinian police and customs officers, as well as to allay Israeli concerns that militant leaders or weapons may slip into Gaza through Rafah.³⁸

In January 2006, the EU also plans to establish a small Palestinian police training and advisory mission and will send a mission to monitor the upcoming Palestinian legislative elections that same month. Although Hamas is listed on the EU's proscribed terrorist list, the EU has announced that the monitoring mission will be permitted to have limited contact with Hamas candidates on technical electoral matters. Like the EU, the Bush Administration has called on Hamas and all other Palestinian factions to renounce violence but has not backed Israel's call to exclude Hamas from the elections, asserting that the elections are "a Palestinian process."³⁹

Observers note that these EU missions, especially the one at Rafah, are also an opportunity for the EU to demonstrate that the Union can be a serious and responsible political player in the region. At the same time, many in the EU maintain that ultimately, progress toward a long-term peace is impossible without U.S. leadership. Some Europeans may remain disappointed with the degree of U.S. engagement. They assert that the Bush Administration still favors a low-key approach to its role in promoting peace in the Middle East. Most analysts believe that further progress in the peace process will have to await the outcome of Israel's parliamentary elections in March 2006.⁴⁰

³⁸ Steven Weisman, "For Rice, a Risky Dive into the Mideast Storm," *New York Times*, November 16, 2005; "EU Launches Border Gaza Mission," Agence France Presse, November 21, 2005.

³⁹ Steven Erlanger, "Voted In, Hamas Sets a West Bank City Astir," *New York Times*, November 4, 2005; Sharmila Devi, "Israel Says EU Is Breaching International Terror Law," *Financial Times*, December 11, 2005.

⁴⁰ Glenn Kessler, "U.S. Plans Low-Key Approach in Return to Mideast Role," *Washington Post*, February 6, 2005; Discussions with European officials, Fall 2005.

Iran⁴¹

U.S.-European relations over Iran have experienced a number of ups and downs over the last decade. Both sides of the Atlantic share similar goals with respect to Iran: encouraging reforms and a more open society less hostile to Western interests, ending Iranian sponsorship of terrorism against Israel, and combating Tehran's efforts to acquire WMD. However, policies have often differed sharply. The views of EU members on Iran have tracked fairly closely, thereby producing broad agreement on a common EU approach inclined toward "engagement." In contrast, the United States has traditionally favored isolation and containment. U.S.-EU frictions over Iran peaked in 1996 with the passage of the U.S. Iran-Libya Sanctions Act (ILSA), which seeks to impose sanctions on foreign firms that invest in Iran's energy sector. EU officials oppose what they view as ILSA's extraterritorial measures and contend that ILSA breaches international trade rules. Tensions eased, however, as U.S. policy began to edge closer toward engagement following the 1997 election of relative moderate Mohammad Khatemi as Iran's president, and the conclusion of a U.S.-EU agreement to try to avoid a trade dispute over ILSA.

In 2002 and early 2003, U.S.-EU differences on Iran appeared to widen again. In January 2002, President Bush included Iran as part of an "axis of evil" in his State of the Union message following allegations of an Iranian arms shipment supposedly destined for the West Bank and Gaza Strip, and revelations of two previous undeclared Iranian nuclear facilities. Iran insists that its nuclear program is for peaceful, energy-related purposes, but Washington increasingly believes that Iranian nuclear activities are also aimed at producing nuclear weapons. At the same time, the Bush Administration had been growing disenchanted with the prospects for internal Iranian political reform. In July 2002, President Bush issued a statement supporting Iranians demonstrating for reform and democracy, which was widely interpreted as a shift in U.S. policy; experts believed it signaled that Washington had concluded that Khatemi and his reformist faction would not be able to deliver political change and that engaging with the Khatemi regime would be fruitless. After Saddam Hussein was ousted from power in Iraq in 2003, some U.S. officials also began suspecting Iran of fomenting unrest among Iraq's long-repressed Shiites.⁴²

In contrast, European leaders continued to hold out hope for the reformers within Khatemi's government, and maintained that "the glass was half full." They stressed, for example, what they viewed as a positive Iranian role in the campaign against the Taliban, Khatemi's success in distancing the government from the fatwa against British writer Salman Rushdie, and Iran's efforts to combat drug smuggling. They largely viewed the alleged arms shipment to the Palestinians and Iranian support for terrorist groups as the last gasps of a hardline Islamic foreign policy managed by clerical factions. These optimists also argued that Iran was not seeking

⁴¹ For more information on U.S. and European policies toward Iran, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*; and CRS Report RS20871, *The Iran-Libya Sanctions Act*.

⁴² Karl Vick, "Few Signs Emerge of U.S.-Iran Thaw," *Washington Post*, May 3, 2003.

nuclear weapons to use against Israel or the West, but rather to burnish its image as a regional power, and that Tehran's weapons program could still be curtailed.⁴³

The EU believed that its "conditional engagement" policy would help bolster the reformers in Khatemi's government. In December 2002, the EU launched negotiations on a trade and cooperation agreement with Iran, and a separate but linked political accord promoting EU-Iranian dialogue on human rights, non-proliferation, and counterterrorism. Although some observers questioned how tight the linkage between these economic and political strands of the EU's strategy would be, EU officials insisted that there would be no progress on the trade pact without equal and parallel progress on the political accord. Europeans rejected U.S. criticisms that they were putting commercial interests ahead of security concerns. As one EU official put it, "we're not doing this for pistachios."⁴⁴

EU-Iranian trade pact negotiations were effectively suspended in the summer of 2003, however, as the EU grew increasingly frustrated with Iran's slow pace on political reforms and its ongoing human rights violations. Heightened EU worries about the nature of Iran's nuclear program and its lack of compliance with International Atomic Energy Agency (IAEA) safeguards also contributed to the stalemate on the trade pact. EU members had high hopes for an October 2003 deal brokered with Iran by the UK, France, and Germany (the "EU3"); Iran agreed to accept intrusive international inspections of its nuclear facilities, and to suspend production of enriched uranium at least temporarily, in exchange for promises of future European exports of nuclear energy technology. But this deal soon faltered. The Europeans viewed Iran as dragging its feet in complying with IAEA requirements and were angered by Iran's decision in July 2004 to resume building nuclear centrifuges.

Since then, some observers argue that EU members have taken a harder line on Iran's nuclear activities, backing several resolutions with the United States rebuking Iran for its lack of cooperation with the IAEA. A number of analysts suggest that the EU's tougher stance on Iran stems from its new WMD policy, agreed in June 2003, that seeks to strengthen the IAEA and calls for exerting considerable political and economic pressure on potential proliferators. At the same time, many point out that the United States has also demonstrated a new willingness to compromise with its European partners on Iran. Although Washington has continued to push the IAEA to threaten Iran with U.N. sanctions, U.S. officials have not actively opposed the more moderate, incentive-based approach advocated by European governments. Many pundits speculate that both Europe and Washington have been eager to avoid another large diplomatic row so soon after Iraq.⁴⁵

⁴³ The Atlantic Council and the German Marshall Fund, "Elusive Partnership: U.S. and European Policies in the Near East and the Gulf," Policy Paper, September 2002; Michael Siebert, "European Perspectives on the Gulf," *Middle East Policy*, September 2002.

⁴⁴ Interviews of European officials, January-March 2003.

⁴⁵ Judy Dempsey, "EU to Join US in Pressing Iran," *Financial Times*, June 11, 2003; Steven Weisman, "U.S. Takes Softer Tone on Iran," *New York Times*, October 29, 2003.

Nevertheless, Washington remained cautious about Iran's intentions, and some U.S. policymakers worried that European leaders were being too lenient. In September 2004, Washington advocated another IAEA resolution that would have set October 31, 2004, as a firm deadline for Iran to suspend all enrichment activities and to dispel remaining doubts about the nature of its nuclear program. The United States also wanted a clear "trigger mechanism" that would automatically refer Iran to the U.N. Security Council — where it could face trade sanctions — if it did not comply by the deadline. Washington backed down on these demands, however, because of a lack of support from European and non-European IAEA members. European governments argued that the threat of sanctions would reduce their negotiating leverage and harden Iran's position about its need for nuclear weapons.

In November 2004, the UK, France, and Germany brokered a new deal with Iran aimed at ending activities that could lead to nuclear weapons production in exchange for promises of civilian nuclear technology and political and trade incentives. Iran claims it agreed to voluntarily and temporarily suspend its uranium enrichment work as an act of good faith. In mid-December 2004, Iran and the EU3 opened negotiations on a long-term agreement on nuclear, economic, and security cooperation as part of the deal. The EU also resumed its negotiations with Iran on a trade and cooperation agreement in January 2005 as part of this process. EU3 officials hoped that they could convince Iran to make a strategic decision to forego acquiring nuclear weapons in return for trade, aid, and security rewards.

Washington remained skeptical about the chances of success of the EU3 approach. U.S. policymakers believed that Iran was using the negotiations process offered by the EU3 to play for time and likely continuing its work on a covert nuclear weapons program. Meanwhile, Europeans urged greater U.S. engagement with Iran, believing that the absence of the United States from the negotiating table was limiting their ability to deliver on some of the most ambitious rewards discussed with the Iranians, such as supporting Iranian membership in the World Trade Organization (WTO). Washington had repeatedly blocked Iranian attempts in the WTO to open accession talks.⁴⁶

European governments continued to promote U.S. engagement with Iran in order to bolster the EU3's negotiating position. In March 2005, the Bush Administration agreed to offer limited economic incentives if Iran agreed to cooperate with the EU3 on nuclear matters. The incentives included facilitating Iranian access to spare airplane parts for its aging commercial fleet and dropping objections to beginning WTO accession negotiations with Iran, which Washington did in May 2005. In return, the EU3 pledged to pursue punitive U.N. measures if negotiations with Iran failed. The Bush Administration stressed that the incentives offered to Iran were not a reward for the Iranians but rather were meant to

⁴⁶ Dafna Linzer, "Nuclear Agency Praise Iran," *Washington Post*, November 30, 2004; Elaine Sciolino, "Iran and Europeans Open a New Round of Negotiations," *New York Times*, December 14, 2004; Discussions with U.S. and European officials, December 2004.

demonstrate the U.S. commitment to improving relations with Europe and U.S. backing for the EU3's efforts to curb Iranian nuclear ambitions.⁴⁷

The EU3's discussions with Iran on a permanent nuclear agreement, however, began to break down ahead of Iran's June 2005 elections, which resulted in the election of hardliner Mahmoud Ahmadinejad as president. The EU3's negotiations with Iran have been effectively stalled since August 2005, following Iran's resumption of uranium conversion, an early stage in the nuclear fuel cycle. In accordance with their March 2005 pledge, the EU3 have been working with the United States on an International Atomic Energy Agency (IAEA) resolution that would refer Iran to the U.N. Security Council. This resolution, however, has run into opposition from many IAEA members, including Russia, China, and India. In September 2005, the United States and the EU3 succeeded in convincing a slim majority of the IAEA's 35 board member countries to pass a resolution finding Iran in non-compliance with the Non-Proliferation Treaty and to refer Iran to the U.N. Security Council, but did not set a timeline or firm date for such a referral. In November 2005, the United States and EU3 decided against pushing for another IAEA vote to refer Iran to the Security Council, given a lack of support within the IAEA for doing so at that time.

Instead, the United States and the EU3 have thrown support behind a Russian proposal in which Iranian uranium would be enriched at a facility in Russia and then returned to Iran for civilian use. Iran has rejected this offer, insisting that it has the right to perform uranium enrichment inside Iran. On November 27, 2005, the EU3 offered to hold an exploratory meeting with Iran to see if there was "enough common basis" to restart negotiations with Iran on its nuclear program and the Russian compromise proposal. The EU3 insists that it will not resume formal negotiations with Iran until Iran re-suspends its uranium conversion work.⁴⁸

Washington hopes that Iran will return to the negotiating table with the EU3 but has also floated the idea publicly that European and other concerned countries consider curbing their trade and investment relations with Iran if talks fail to convince Iran to abandon its nuclear ambitions. Some observers suggest that President Ahmadinejad's public statements calling the Holocaust a "myth" and for Israel to be "wiped off" the map may make any EU3-Iranian negotiations over nuclear matters more difficult and strengthen European resolve to push for a U.N. Security Council referral or other diplomatic or economic sanctions on Iran. At the same time, many Europeans remain concerned that Washington may ultimately conclude that diplomacy has failed to address the Iranian nuclear threat and that a military option should be considered against Iranian nuclear sites.⁴⁹

⁴⁷ Steve Weisman, "Europe and U.S. Agree on Carrot-and-Stick Approach To Iran," *New York Times*, March 12, 2005; Sonni Efron, "Bush Softens Stance on Iran," *Los Angeles Times*, March 12, 2005.

⁴⁸ "U.S. Calls on Iran To Return to Nuclear Talks," Agence France Presse, December 1, 2005.

⁴⁹ "U.S. Prods Other Countries To Threaten Iran with Sanctions," Agence France Presse, November 30, 2005; "Iranian President's Anti-Israel Comments Could Lead to EU (continued...)

Syria⁵⁰

As with Iran, European policies toward Syria have traditionally been more inclined toward engagement than containment or isolation. Several European countries have long-standing, historic relationships with Syria, and cooperation between the EU (as an entity) and Syria dates back to the late 1970s. The EU is a major trading partner for Syria. Syria has participated in the EU's Euro-Mediterranean Partnership program since its start in 1995. The development of closer EU-Syrian relations has been stymied by EU concerns about the seriousness of Syria's commitment to undertake political and economic reforms and protect human rights. In October 2004, Syria and the EU concluded negotiations on a long-delayed Association Agreement, which sets out a new framework for relations in the context of the Euro-Mediterranean Partnership. The Agreement covers trade and foreign aid, includes provisions on respect for human rights and democratic principles, and seeks to promote Syrian cooperation in countering terrorism and the proliferation of weapons of mass destruction. The Agreement has not yet been ratified, however, by the EU.

In contrast, U.S.-Syrian relations have been largely frosty for decades, and Washington has imposed a range of political and economic sanctions on Syria. In the immediate aftermath of the war with Iraq, some Europeans were alarmed by U.S. warnings to Syria over its alleged chemical weapons program and its support for terrorist groups (including radical Palestinian factions and the militant Lebanese Shi'ite Muslim group Hizballah) and U.S. accusations that Syria was not doing enough to stop the flow of Islamic militants and former Iraqi Baathists into Iraq. Some commentators worried that U.S.-European differences over Syria could become another difficult flashpoint in the transatlantic relationship.

The EU and some European governments, however, appear to have hardened their views of Syria recently. The conclusion of the Association Agreement was delayed for almost a year because of Syria's reluctance to sign up to the WMD clause. And France for the past several years has been increasingly vocal about its concerns regarding Syria's 14,000-strong military presence in Lebanon and its heavy involvement in Lebanese politics. France, the former colonial power in Lebanon, has come to view Syria's dominance of Lebanese politics as a de-stabilizing influence and has been frustrated by the lack of internal political reform within Syria. In early September 2004, France and the United States co-sponsored a U.N. Security Council resolution calling on all foreign forces in Lebanon to withdraw and for an end to foreign influence in Lebanon's political system, although it did not mention Syria by name. The EU in December 2004 essentially endorsed this U.N. resolution, which also called for the disbandment of armed groups in Lebanon, such as Hizballah, which has ties to Syria.

⁴⁹ (...continued)

Sanctions," Associated Press, December 16, 2005; Discussions with European officials, Fall 2005.

⁵⁰ For more information on Syria, see CRS Report RL32727, *Syria: Political Conditions and Relations with the United States after the Iraq War*, and CRS Issue Brief IB92075, *Syria: U.S. Relations and Bilateral Issues*.

The assassination of former Lebanese Prime Minister Rafik Hariri and 22 others in February 2005 helped galvanize U.S.-European cooperative efforts to pressure Syria to withdraw all its military and intelligence personnel from Lebanon. Many suspect Syrian involvement in the assassination, although Syria has denied these allegations. Washington and Paris led the effort to encourage Syria's withdrawal from Lebanon. The EU echoed these demands. The European Parliament warned that Syria's failure to comply with the September 2004 U.N. resolution could endanger the ratification of the EU-Syrian Association Agreement. The Agreement's ratification appears to be on hold pending the outcome of the U.N. investigation into the death of Hariri and Syria's alleged involvement.⁵¹

In late March 2005, Syria announced it would withdraw all of its military and intelligence personnel from Lebanon; Syria claimed these withdrawals were completed by April 26, 2005. The United Nations has since verified that there is no significant Syrian military or intelligence presence remaining in Lebanon. Many in the United States and Europe, however, remain concerned that Syria is not fully cooperating with the U.N. investigation into the Hariri assassination and that Syrian officials maintain undue influence through their extensive contacts in the Lebanese bureaucracy and security services. U.S. and European leaders have also expressed alarm at the series of violent attacks on several prominent anti-Syrian political and media leaders in the months following Hariri's death.

On October 31, 2005, the United Nations Security Council unanimously passed a resolution — co-sponsored by the United States, Britain, and France — calling on Syria to cooperate fully with the U.N. investigation into the Hariri killing or face unspecified “further action.” The resolution's sponsors decided against pressing for a threat of clear economic sanctions at that time to gain the support of Russia, China, and other Security Council members and maintain a united international front. On December 15, 2005, the U.N. Security Council passed another resolution citing Syria for its continued lack of full cooperation with U.N. investigators, extending for another six months the U.N. probe and authorizing U.N. officials to provide technical assistance to Lebanese authorities investigating other political killings in which some believe Syria may have been involved.⁵²

Some analysts question, however, how sustainable U.S.-European cooperation on Syria will be in the longer term. The United States may be more inclined than France or other EU member states to press for punitive measures against Syria sooner rather than later. Another key U.S.-European division remains the EU's reluctance to add Hizballah — which is based in Lebanon but backed by Syria and Iran — to the EU's common terrorist list. While Washington considers Hizballah a terrorist group

⁵¹ “EU Parliament Demands Syrian Pullout from Lebanon,” Agence France Presse, February 25, 2005; Robin Wright, “U.S., France Urge Syria To Withdraw from Lebanon,” *Washington Post*, March 1, 2005; “EU's Solana Wants Specific Timetable for Syrian Withdrawal,” AFX International, March 6, 2005; “Germany, France Demand Full Syrian Troop Withdrawal from Lebanon,” Agence France Presse, March 7, 2005.

⁵² “U.N. Pressures Syria on Assassination Probe,” *Washington Post*, November 1, 2005.; Warren Hoge, “U.N. Extends Inquiry into Killing of Lebanon's Ex-Premier,” *New York Times*, December 16, 2005.

that supports violence against Israel, some EU members have long resisted U.S. and Israeli entreaties to add Hizballah to the EU's blacklist on grounds that it also provides needed social services and is considered by many Lebanese as a legitimate political force (members of Hizballah have been elected to Lebanon's parliament). France, among other EU members, believes that adding Hizballah to the EU's common terrorist list would be counterproductive and could intensify Lebanon's political turbulence.⁵³

Counterterrorism

Since September 11, 2001, U.S. and European officials have sought to present a united front against terrorism. Most European governments have cooperated closely with U.S. law enforcement authorities in tracking down terrorist suspects and freezing financial assets. Many have tightened their laws against terrorism and sought to improve their border control mechanisms. Moreover, the September 11 attacks have given new momentum to EU initiatives to boost police and judicial cooperation both among member states and with the United States to better combat terrorism and other cross-border crimes. The March 11, 2004, terrorist bombings in Madrid, Spain further energized EU law enforcement efforts against terrorism. The terrorist attacks on London's mass transport system in July 2005 have also prompted additional EU efforts to bolster law enforcement and intelligence cooperation and have focused increased European attention on the need to combat Islamist recruitment and radicalization in Europe.⁵⁴

Some differences in U.S. and European approaches to counterterrorism exist and have become more evident as Washington has broadened the war against terrorism beyond Al Qaeda and Afghanistan. Most EU members continue to view terrorism primarily as an issue for law enforcement and political action rather than a problem to be solved by military means. Many European officials and governments are uncomfortable with the Bush Administration's tendency to equate the war in Iraq with the war on terrorism.

The past experiences of several European countries in countering domestic terrorists, such as the Irish Republican Army in the UK or the Basque separatist group ETA in Spain, also color perceptions. Many Europeans have drawn the lesson that relying on the use of force does not work and only serves to alienate "hearts and minds." Europeans are increasingly worried that the United States is losing the battle for Muslim "hearts and minds" not only because of the war with Iraq and

⁵³ Steven Weisman, "Allies Resisting as U.S. Pushes Terror Label for Hezbollah," *New York Times*, February 17, 2005; "Bush Unlikely To Gain EU Support for Putting Hezbollah on Terror List," Associated Press, February 17, 2005; Colum Lynch, "Report Says Syria Interfered in Hariri Probe," *Washington Post*, December 13, 2005.

⁵⁴ For more information on the counter-terrorist efforts of the EU and individual European countries, see CRS Report RL31509, *Europe and Counterterrorism: Strengthening Police and Judicial Cooperation*; CRS Report RL31612, *European Counterterrorist Efforts: Political Will and Diverse Responses in the First Year after September 11*; and CRS Report RS22211, *Islamist Extremism in Europe*. Also see CRS Report RS22030, *U.S.-EU Cooperation Against Terrorism*.

Washington's traditional support for Israel but also because of U.S. decisions that some charge violate human rights, such as detaining suspected Al Qaeda terrorists at Guantánamo Bay. Europeans were deeply dismayed by the Abu Ghraib prison scandal in Iraq; critics charge that it has seriously damaged U.S. credibility in both the Middle East and in Europe. The 9/11 Commission recognized that allegations of U.S. prisoner abuse "make it harder to build the diplomatic, political, and military alliances" that the United States needs in order to combat terrorism worldwide. The EU and judicial officials and parliamentarians from several EU member states have also expressed concerns about a November 2005 *Washington Post* news report of alleged "secret" CIA prisons for terrorist suspects in some eastern European countries and the possible use of some European airports as transit points for U.S. flights transporting abducted terrorist prisoners.⁵⁵

Many Europeans believe that although good law enforcement and intelligence capabilities are essential, efforts against terrorism will only be successful, ultimately, if equal attention is paid to addressing the political, social, and economic disparities that often help foster terrorist violence. European leaders were initially skeptical of the U.S.-proposed Broader Middle East initiative, however, because they worried that it sought to democratize the Middle East and impose Western values. Although Europeans would agree that a more democratic Middle East would help promote peace and stability, many doubt that it can be dictated from the outside and are uncomfortable with attempts to do so because to them, it smacks of colonialism and a religious fervor. Some Europeans also worry that introducing democracy into Arab countries could lead to anti-Western factions or militant Islamists winning elections. Thus, some Europeans suggest a more nuanced, country-by-country approach to the region that would seek to identify reformers and work with them to try to effect change and stem terrorism.⁵⁶

The compromise ultimately reached by the United States with key European governments and others on the Broader Middle East initiative emphasizes regional partnerships and seeks to encourage political reform and social and economic development from within Middle Eastern societies. The 9/11 Commission welcomed this initiative as a potential starting point for a dialogue about reform between the Muslim world and the West. Skeptics doubt, however, the extent to which the new initiative will truly provide a vehicle for U.S.-European cooperation in the region. They assert that each side of the Atlantic will likely continue to engage in the region through its own existing policy instruments, such as the U.S. Middle East Partnership Initiative and the EU's Euro-Mediterranean Partnership.⁵⁷ Provisions in the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458) seek to promote Middle East development and reform and improve international collaboration against terrorism.

⁵⁵ Craig Whitlock, "U.S. Faces Scrutiny Over Secret Prisons," *Washington Post*, November 4, 2005; "European MPs To Probe CIA Claims," BBC News, December 15, 2005.

⁵⁶ Also see Judy Dempsey, "EU Ministers Put Forward Strategy for Mideast," *Financial Times*, March 25, 2004.

⁵⁷ "EU, U.S. Keen To Push Reform in the Middle East," Associated Press, June 26, 2004.

Another point of U.S.-EU friction centers on definitional differences of what constitutes a terrorist. Several commentators suggest that the EU has been slower to name several organizations to its common terrorist list because some members view certain groups as more revolutionary than terrorist in nature. The EU has also been more inclined to distinguish between the political and military wings of the same organization, such as Hamas; although the EU terrorist list included Hamas' military wing since its first iteration in December 2001, the political wing was not added until September 2003. Some EU members had argued that Hamas' political wing provided crucial social services in the West Bank and Gaza, and worried that listing it would only further inflame the Israeli-Palestinian conflict. The EU has been unable to reach agreement, however, on adding related charities or individuals suspected of raising money for Hamas to its list. As mentioned above, EU member states also remain divided on how to treat Hizballah for similar reasons, despite increasing U.S. and Israeli pressure to include the organization on its common terrorist list.

Some analysts are concerned that U.S.-EU cooperation against terrorism — as well as broader Western-Arab cooperation — could be negatively affected in the future by other contentious Mideast issues. They suggest that European domestic opposition to U.S. policies in the Middle East could undermine the determination of some European governments to tighten their anti-terrorist laws, or to extradite suspected terrorists to the United States. Others dismiss such concerns. They stress that Europe remains vulnerable to terrorist attacks, and law enforcement cooperation serves European as well as U.S. interests. They also point out that despite the rift over Iraq, U.S.-EU efforts against terrorism continue. For example, in June 2003, the EU and the United States signed two treaties on extradition and mutual legal assistance to help harmonize the bilateral accords that already exist, and promote better information-sharing. Some Europeans remain worried that U.S. actions in Iraq and the continuing Israeli-Palestinian conflict could weaken Arab countries' resolve to cooperate in the fight against terrorism — a factor that is often crucial to the success of U.S. and European counterterrorism efforts.⁵⁸

U.S. Perspectives

Administration Views

The Bush Administration views the Middle East as a key area from which two dominant threats, terrorism and WMD, emanate. The Administration asserts that these threats must be confronted to ensure U.S. national security, and argues that greater peace and stability in the region will only be possible once these twin threats are eliminated. Many officials criticize the counterterrorist policies of the previous Clinton Administration as being too weak, which they believe contributed to Al Qaeda's sense of impunity. For the Bush Administration, September 11 "changed everything" about dealing with regimes that possess WMD because of the risk that

⁵⁸ Steven Everts, "The EU and the Middle East: A Call for Action," Center for European Reform Working Paper, January 2003; Jonathan Stevenson, "How Europe and America Defend Themselves," *Foreign Affairs*, March-April 2003; Interviews of European officials, Spring-Summer 2003.

they could supply such weapons to terrorists.⁵⁹ The Administration remains convinced that Al Qaeda is eager to acquire WMD capabilities, and is vexed by what it views as much of Europe's strategic myopia toward this threat. Although pleased with EU and bilateral European police, judicial, and intelligence cooperation against terrorism, Administration officials claim that law enforcement alone is not always a sufficient tool, especially for countering WMD proliferation.

Moreover, the Bush Administration maintains that removing Saddam Hussein from power was a necessary first step on the road to peace and stability in the region. U.S. officials say it deprives Palestinian-related terrorist networks of a vocal patron who exploited the Israeli-Palestinian conflict for self-serving purposes. They also hope that the display of U.S. power will help prompt Iran and Syria to forego acquiring WMD and stop supporting anti-Israeli terrorist groups. The Bush Administration remains deeply concerned about Iran's nuclear ambitions and possible progress on a nuclear weapons program, asserts that all options remain on the table, but that it is committed to trying to resolve differences with Iran diplomatically. U.S. officials maintain that they welcome and support the EU3's efforts to curb Iranian nuclear aspirations.

Washington insists it fully supports a peaceful settlement of the Israeli-Palestinian conflict and the broader effort toward Middle East peace, but also maintains that no permanent peace is possible without an end to terrorism. The Bush Administration hopes that Arafat's death offers a new opportunity for Palestinians to pursue democratic reforms and a negotiated settlement to the conflict.

To help foster greater peace and stability in the Middle East, the Administration has also set its sights on promoting more democratically accountable governments. U.S. officials reject the arguments of European skeptics who say this is not feasible; they point out that the same doubts were raised after World War II about the ability of Germany and Japan to sustain democratic values. Some U.S. commentators suggest that European governments have been slow to address the democratic deficit in the Middle East because they fear doing so would impede their relations with Arab states and negatively affect their commercial interests. They believe that the Broader Middle East Initiative has forced European governments to grapple with the need for political, economic, and social reform in the region and assert that encouraging reforms should not be held hostage to progress on the Israeli-Palestinian conflict.

As for charges that Washington's pursuit of war with Iraq has damaged the credibility of multilateral institutions such as the United Nations and NATO, Administration officials argue that the blame lies with France, Germany, and others. In February 2003, President Bush stated that, "High-minded pronouncements against proliferation mean little unless the strongest nations are willing to stand behind them." Administration officials claim that countries such as France that effectively blocked a second U.N. resolution explicitly authorizing force against Iraq have weakened the United Nations by exposing it as a paper tiger, lacking in authority and

⁵⁹ Ronald Brownstein, "Are Bush and Blair Reading from the Same Script?," *Los Angeles Times*, March 11, 2003; Glenn Kessler and Mike Allen, "U.S. Missteps Led to Failed Diplomacy," *Washington Post*, March 16, 2003.

power. U.S. critics also assert that Paris is keen to promote the United Nations because some of France's self-image as a leading international power derives from its permanent seat on the Security Council. Some suggest that France and other European countries are eager to keep Washington engaged in multilateral institutions because this helps constrain U.S. power and influence. U.S. officials also accuse France, Germany, and Belgium of causing strains within the NATO alliance by blocking for several weeks in early 2003 the deployment of NATO military assets to Turkey to help defend it against a possible attack from neighboring Iraq.⁶⁰

Bush Administration views toward the EU as an actor in the Middle East appear mixed and vary issue by issue. Official U.S. policy supports EU efforts to develop a common foreign and security policy in the hopes that a Europe able to speak with one voice will be a better, more effective partner for the United States. Some point to the EU's participation in the Quartet as a key example. Other U.S. strategists worry, however, that the position taken on Iraq by some EU members, especially France, is motivated by its desire to see the EU evolve into a counterweight to the United States. They caution that the evolution of more common EU policies could decrease U.S. influence in Europe and widen the gap between the two sides of the Atlantic. A number of Europeans were alarmed by Secretary of Defense Donald Rumsfeld's statement splitting European allies into "old" and "new" because they believe it could be indicative of the desire of some in Washington to keep Europe weak and divided. Many EU officials also assert that while France may be a leading player in the EU, the majority of EU member states and candidate countries reject the French notion that Brussels should seek to balance Washington.⁶¹

Congressional Views

Congress actively supported U.S. efforts to contain Iraq. Like the Administration, some Members of Congress expressed serious concerns about the behavior of several European allies in NATO and at the United Nations. France and Germany have borne the brunt of Congressional criticisms. In the spring of 2003, some Members proposed sanctions against French imports such as wine and water, and ending U.S. military contracts with certain French-owned corporations. Others, however, suggested that such actions would negatively affect U.S. subsidiaries of French companies and U.S. jobs. H.Amdt. 55 (proposed April 3, 2003 by Representative Mark Kennedy) to the wartime supplemental funding measure (H.R. 1559, P.L. 108-011) called for prohibiting the use of Iraq reconstruction funds to purchase goods or services from France and Germany, among others; although H.Amdt. 55 passed the House, it was deleted from H.R. 1559 as enacted.⁶²

⁶⁰ "NATO Crisis Deepens Rift Between U.S. and Europe," *Financial Times*, February 10, 2003; Text of President Bush's remarks to the American Enterprise Institute, as cited in "Bush Expresses Hope for Postwar Peace," *Washington Post*, February 26, 2003; Steven Weisman, "Syria Sanctions Threatened," *International Herald Tribune*, April 17, 2003.

⁶¹ Interviews of European officials, January-March 2003.

⁶² Jim VendeHei, "U.S. Lawmakers Weigh Actions to Punish France, Germany," *Washington Post*, February 12, 2003; Paul Bluestein, "House Members Target Sodexho," *Washington Post*, March 29, 2003; also see CRS Report RL31715, *Iraq War: Background*

Many Members are also concerned with possible next steps in the Middle East peace process. Congress remains a strong supporter of Israel and is dismayed by ongoing Palestinian terrorism. Numerous Members view the Quartet's roadmap cautiously, and warn the Administration that no serious negotiations should be pursued until Palestinian violence against Israel stops. Following the January 2005 Palestinian elections, however, both the House and Senate passed resolutions commending the election results (see H.Res. 56, introduced by Representative Roy Blunt, passed February 2, 2005, and S.Res. 27, introduced by Senator William Frist, passed February 1, 2005). Like the Administration, Members of Congress have welcomed Mahmoud Abbas as the new President of the PA but also urged him to advance reform and end Palestinian terrorism.⁶³

Some Members of Congress also continue to demand greater political and economic accountability before giving any financial assistance to the PA. In January 2005, the Bush Administration proposed \$350 million in aid for Palestinian democracy and security programs in its supplemental budget request. The FY2005 Supplemental Appropriations Act (P.L. 109-13) provided a total of \$275 million in response to the President's request, but Congress specified that \$50 million of the funds be used to assist Israel in easing Palestinian movements and that \$5 million be earmarked to evaluate the PA's accounting procedures and audit its expenditures. The FY2006 foreign operations appropriations act (P.L. 109-102) passed in November 2005 provides \$150 million for the West Bank and Gaza Strip.⁶⁴

Furthermore, Congress continues to eye Iran warily. The United States has imposed a wide variety of economic sanctions against Iran since 1979. Many are aimed at curbing Iranian support for terrorism and Iran's WMD aspirations. In August 2001, Congress renewed the Iran-Libya Sanctions Act for another five years (P.L. 107-24). Members of Congress also continue to discuss ways to encourage regime change and promote democracy in Iran. For both FY2004 and FY2005, Congress appropriated respectively up to \$1.5 million (in P.L. 108-199) and \$3 million (in P.L. 108-447) for democracy promotion activities in Iran. For FY2006, Congress appropriated up to \$10 million in democracy promotion funds for use in Iran (in P.L. 109-102). In January 2005, Representative Ileana Ros-Lehtinen introduced H.R. 282 that seeks to strengthen ILSA and recommends providing new U.S. aid to pro-democracy groups in Iran. A companion bill, S. 333, with similar provisions was introduced in February 2005 by Senator Rick Santorum.⁶⁵

The United States also maintains a number of economic sanctions on Syria. In November 2003, Congress passed H.R. 1828 (introduced in April 2003 by Representatives Ileana Ros-Lehtinen and Eliot Engel) and President Bush signed the

⁶² (...continued)

and *Issues Overview*; and CRS Report RL31829, *Supplemental Appropriations FY2003*.

⁶³ Jonathan Riehl, "Middle East Road Map May Have Wrinkles," *CQ Weekly*, May 3, 2003; "Seize the Moment Bush Tells Palestinian Leader," Reuters, February 21, 2005.

⁶⁴ For more information, see CRS Issue Brief IB91137, *The Middle East Peace Talks*.

⁶⁵ For more information, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*.

bill as P.L. 108-175; it calls for additional sanctions until Syria stops supporting terrorism, ends its occupation of Lebanon, and halts efforts to develop WMD. The Bush Administration initially worried this legislation might undermine the Middle East peace process, threaten Syrian cooperation in the U.S. war against terrorism, and create another point of contention with the EU. The Administration dropped its objections to H.R. 1828 in October 2003 following escalating tension between Israel and Syria and allegations that Syria had allowed Arab volunteers bent on attacking U.S. forces to cross into Iraq. President Bush imposed sanctions in accordance with P.L. 108-175 in May 2004 that ban many U.S. exports to Syria and prohibit Syrian aircraft from flying to or from the United States.⁶⁶

Members of Congress expressed serious concerns over the assassination of former Lebanese Prime Minister Hariri and called for Syria to withdraw its military forces and intelligence personnel from Lebanon. S.Res.63 (introduced by Senator Joseph Biden) to this effect was passed on February 17, 2005. Some Members are displeased with Syrian actions that they view as hindering the U.N. investigation into Hariri's death (see H.Res. 510 introduced by Representative Robert Wexler on October 25, 2005, and H.Res. 598 introduced by Representative Darrell Issa on December 14, 2005). And many Members also remain concerned with the absence of Hizballah on the EU's common terrorist list. H.Res. 101 (introduced by Representative Jim Saxton on February 15, 2005), which urges the EU to add Hizballah to its common terrorist list, was passed on March 14, 2005. A similar measure, S.Res. 82 (introduced by Senator George Allen on March 15, 2005), passed on April 29, 2005.

Effects on the Broader Transatlantic Relationship

Historically, U.S.-European relations have experienced numerous ups and downs. Pro-Atlanticists have always stressed in times of tension the underlying solidity of the transatlantic relationship given its basis in common values and shared interests. Even without the Soviet threat to bind the two sides of the Atlantic together, many observers note that the United States and its European allies and friends face a common set of challenges in the Middle East and elsewhere, and have few other prospective partners. Conventional wisdom has dictated that whatever frictions exist in the relationship merely represent disagreements among friends characteristic of U.S.-European "business as usual."

However, many analysts worry that the transatlantic relationship is fraying. They question the Bush Administration's commitment to partnership with Europe in light of disagreements over the Middle East and other trade and foreign policy issues. Europeans assert that Washington imported disagreements over Iraq into NATO with little concern for the consequences of such actions for the alliance, which has been the cornerstone of European security for the last half-century. Meanwhile, U.S.

⁶⁶ For more information, see CRS Issue Brief IB92075, *Syria: U.S. Relations and Bilateral Issues*.

critics see little value in trying to bridge U.S.-European policy gaps given the limited military capabilities of most European countries to contribute to U.S. operations aimed at reducing the threats posed by terrorism and WMD proliferation.

Some European officials also resent that U.S. policies toward Iraq exposed divisions among EU members at a time when the EU has been seeking to shape its future structure and forge a more common foreign and security policy. A number of observers suggest that this is a key reason why the transatlantic quarrel over Iraq was divisive. The internal EU clashes over Iraq were in part indicative of a broader power struggle among and between EU member states and EU candidates over the future of the Union — in particular, the future shape of CFSP and who speaks for Europe, as well as what kind of relationship the EU desires with the United States. Despite several common EU statements in January and February 2003 calling on Iraq to disarm, experts contend these pronouncements only papered over differences on the use of force, and represented the lowest common denominator of EU opinion.

Many analysts say the true depth of the EU rift over Iraq was exposed by the January 30, 2003 decision of five EU members and three aspirants to publicly call for unity with Washington on Iraq, which was followed by a similar declaration by seven other EU candidates and three Balkan countries with EU aspirations. The lack of prior consultation on these statements with Brussels or Athens, holder of the EU's rotating Presidency at the time, outraged Paris and some other EU capitals. French President Jacques Chirac publically blasted the EU candidates, stating that they were "badly brought up" and had "missed a good opportunity to keep quiet."⁶⁷

Some attribute Chirac's outburst to fears of dwindling French influence over CFSP's development as the EU expands to include central and eastern European states that Paris perceives as more pro-American.⁶⁸ Many new EU member states still view the United States as the ultimate guarantor of European security. Although some new EU members may have privately shared French and German concerns about U.S. actions in Iraq, they viewed the crisis as a strategic choice between the United States and Saddam Hussein, and calculated that the Iraqi regime was not worth putting good relations with Washington at risk. At the same time, then-EU candidates were dismayed by U.S. Defense Secretary Donald Rumsfeld's comments in February 2003 that divided Europe into "old" (countries that opposed the U.S.-led invasion of Iraq) and "new" (countries that supported it) given their desires to join "a Europe whole and free." Other experts also attribute the statements supporting the U.S. stance on Iraq to a rebellion by smaller EU members and aspirants to French-German attempts to reassert themselves as the key drivers of the EU agenda.⁶⁹

⁶⁷ James Blitz and George Parker, "Blair and Chirac Collide over New Europe," *Financial Times*, February 18, 2003; Philip H. Gordon, "The Crisis in the Alliance," Iraq Memo #11, The Brookings Institution, February 24, 2003.

⁶⁸ On May 1, 2004, the EU enlarged from 15 to 25 member states. Eight of the 10 new members are from Central and Eastern Europe. For more information, see CRS Report RS21344, *European Union Enlargement*.

⁶⁹ Henry Chu, "Europe Is Taking a Prewar Hit," *Los Angeles Times*, February 19, 2003; Interviews of European officials, January-March 2003.

Since the end of major combat operations in Iraq, European and EU officials have been seeking to mend fences, both within the EU and between Europe and the United States. Some observers suggest that the internal EU rift over Iraq may have reinvigorated EU efforts to build CFSP in order to avoid similar bitter internecine disputes in the future. In May 2003, EU foreign ministers tasked the EU's High Representative for CFSP, Javier Solana, with developing an EU security strategy to identify common EU security interests and joint policy responses; this new, first-ever EU security strategy was officially approved in December 2003.

At the June 2003 EU summit in Greece, EU leaders attempted to portray the EU as a reliable partner that also recognizes the significant threats posed by terrorism, WMD, and failed states. U.S. policymakers reportedly welcomed the EU's new WMD doctrine, agreed at the Greece summit, and its threat to use "coercive measures" as a last resort, asserting that it marked a "new realism" in the EU.⁷⁰ Also in June 2003, the United States and the EU issued a joint statement in which they pledged closer cooperation to better combat the spread of WMD. At the June 2004 U.S.-EU summit in Ireland, both sides sought to portray the transatlantic dispute over Iraq as being firmly behind them and stressed the importance of the U.S.-EU partnership.

The Bush Administration asserted that it would make mending transatlantic relations — in both NATO and the EU — a priority in its second term. Europeans welcomed these efforts and responded positively to President Bush's and Secretary Rice's trips to Europe in February 2005. Many believe they have gone a long way toward improving the atmospherics of the relationship and that the discussions between President Bush and key European leaders have helped to narrow some differences over how to manage Iran and Syria.

Despite these hopeful signs, skeptics assert that the wounds from the clash over Iraq have not fully healed and U.S. and European policies still diverge on many issues. Several factors will likely influence how deep and lasting the damage from the dispute over Iraq and subsequent policies in the Middle East will be to the broader transatlantic relationship. One key determinant will be whether the United States and its European allies and friends can cooperate more robustly in the future in rebuilding Iraq. Another factor likely to affect the shape of the future transatlantic relationship may be whether the Europeans perceive a renewed commitment by the United States to engage in a sustained effort to revive Middle East peace negotiations.

Furthermore, observers note that the overall transatlantic relationship would further deteriorate if recriminations over Iraq or policy differences on other Middle East issues were to weaken NATO or impede the EU's efforts to forge a deeper and wider Union. Some worry that Washington has lost confidence in NATO as a result of the failure of France, Germany, and Belgium to clearly and quickly support their fellow ally Turkey as the conflict with Iraq loomed. They believe this incident will reinforce those in the Administration already inclined to marginalize NATO, viewing

⁷⁰ Judy Dempsey, "U.S. Arms Talks Test Realism in EU Relations," *Financial Times*, June 23, 2003; also see CRS Report RS21757, *The European Union in 2005 and Beyond*.

it at best as a hedge against a resurgent Russia and as a stabilizing element in the Balkans. Some also suggest that the crisis over Iraq emboldened France to renew its efforts to develop a European defense arm independent of NATO and the transatlantic link. They point to the April 2003 meeting of French, German, Belgian, and Luxembourg leaders to discuss creating a European military headquarters. This initiative was scaled back in December 2003, but some experts believe that the EU agreement to enhance its existing military planning capabilities may be the first step in driving the transatlantic alliance apart — despite the fact that EU leaders also agreed to set up an EU planning cell at NATO and will accept NATO liaison officers at the EU to ensure transparency and cooperation between the two organizations.

Over the last several years, some Europeans worried that the Bush Administration — in part because of U.S.-European differences over Iraq and other contentious Middle East issues — was keen to keep Europe weak and divided in order to preserve U.S. leverage on individual EU member states. They feared that Secretary Rumsfeld's comments about “old” and “new” Europe signaled an unofficial shift in U.S. policy away from continued support for further European integration. Such concerns have contributed significantly to recent frictions in the broader U.S.-European relationship. President Bush's visit to the EU's institutions while in Brussels in February 2005, and his clear assertion that “the United States wants the European project to succeed,” have helped alleviate some European anxieties.⁷¹ However, if future U.S. policy choices related to Iran, the Israeli-Palestinian conflict, or Syria again divide EU member states and thus hinder the EU's development of CFSP, this could negatively affect the broader transatlantic relationship as many Europeans may find the United States an easy target to blame.

Others fear that U.S.-European disputes over the Middle East could spill over into U.S.-EU trade relations. They point out that the breakdown in trust between the two sides of the Atlantic could complicate efforts to resolve U.S.-EU trade disputes or to sustain U.S.-EU cooperation in multilateral trade negotiations.⁷²

⁷¹ See the transcript of the press conference following the meeting of EU heads of state and government and President Bush, February 22, 2005, available on the EU's website [http://europa.eu.int/comm/press_room/presspacks/us20050222/transcript.pdf].

⁷² Oxford Analytica Brief, “Iraq Trade Fallout,” March 26, 2003; Interviews of European officials, Summer 2003.