

2007 TransAtlantic Conference Policy Panel Summaries

Sunday, August 12, 2007

Franklin Center In-Country Briefing on Germany



The Deputy Chief of Mission for the US Embassy in Berlin, Mr. John Koenig, along with top officials from the embassy, led a thorough educational session for Members of Congress, Congressional staff and conference participants about US-German relations, US-European Union relations, and other priority foreign policy objectives.

The session was the first of the conference and designed to provide participants with an insider's view of the high-profile topics and areas of agreement and disagreement between the two countries.

Of top concern were security issues and the global war on terror. Officials noted that while there had been differences between the two countries on the issue of the Iraq war, Germany was a true leader in the European Union on Afghanistan peacekeeping and especially in the training of police forces in that country.

In other areas, including the important category of intelligence sharing to deal with homeland security threats in both countries, officials said the US-German cooperation was the best they'd ever seen. Another area of strong cooperation is in the goal of bringing peace to the Middle East, as Israel enjoys strong ties to both the US and Germany. Upcoming challenges include, but are not limited to, Iran, Kosovo, EU enlargement and energy supply.

Officials gave special credit to German Chancellor Angela Merkel in her leadership on standing up for human rights and continued democratic reforms in Russia. Mr. Koenig said that the Chancellor has been more forthright about these concerns in Russia than her predecessor, Gerhard Schroeder.

Switching to Germany's domestic outlook, Merkel's "grand coalition" between the Christian Democratic Union and the Christian Socialist Union had produced results for the country and was expected to hold, according to officials. The economy has grown, Merkel has generally united the country, and her leadership of the European Union, the G8, and her efforts on climate change have all worked in her favor.

The discussion then shifted to economic issues, where there is renewed interest in strengthening ties between the EU and the US. During a recent summit in Washington, the TransAtlantic Economic Council

was formed to overcome problems outside of the World Trade Organization like non-tariff barriers. One initial success expected is mutual recognition of accounting systems in the two trade areas, which experts predict could save billions to both sides of the Atlantic.

Officials concluded the briefing by explaining how the image of the US in the European Union and specifically in Germany had deteriorated. They said that the Merkel Administration and even the Bundestag leadership recognized this and was working to reverse the troubling slide, but it was a challenge that needed a considerable amount of time and attention.

Monday, August 13, 2007

Germany's Agenda for the Future

For Monday's policy sessions, conference participants gathered in a prominent hearing room in the Bundestag for a session on Germany's agenda for the future. The room overlooks the Spree River and is sited in the former East Berlin. Of historical significance was that on this date, August 13th, in 1961, the construction of the Berlin Wall began.

This special session featured leaders from Germany's six major political parties -- including 5 members of the Bundestag -- who explained their party's priorities for Germany, for the EU, and for international policy.

Speakers included:

- Dr. Werner Hoyer of the Free Democrat Party
- Dr. Gezine Löttsch of the Left Party
- Mr. Thomas Silberhorn of the Christian Socialist Union
- Mr. Eckart von Kläden of the Christian Democratic Union
- Professor Gert Weisskirchen of the Social Democratic Party
- Mr. Reinhard Bütikofer of Alliance 90/the Greens

Most of the leaders highlighted the special date and the history of the wall, and called attention to the fact that the Bundestag complex spans the wall's former footprint. Members of the Bundestag cross from the former East Berlin to West Berlin and back several times a day during their daily business.

There were areas of strong agreement among the parties, especially on their sense that that the European Union had been a great success in spreading democracy, freedom and human rights across the continent. They were unanimous in their feeling that it was US leadership which brought down the wall and led to this lengthy period of peace and economic growth. They also noted Germany's tradition of working with multilateral institutions to solve problems.

Dr. Hoyer expressed a view to which all other speakers agreed when he spoke about the importance of the TransAtlantic partnership: "We will need one another in the future just as we have in the past." Despite the

conclusion that the TransAtlantic partnership was critical, so too was the feeling among the German parliamentarians that the US image in Europe and in Germany was very poor and needed work.

Not surprisingly, party members differed on whether the “grand coalition” governing Germany would hold. The parties outside the coalition said that major social security, health, tax and education reforms were not taking place, and that the governing majority was wasting a good opportunity given the strong economic conditions.

Mr. Von Kläden of the CDU, speaking on behalf of the grand coalition, defended the progress made and said that the coalition was moving ahead. This sentiment was echoed by Mr. Silberhorn of the CSU who mused that the coalition had achieved all its intended goals so quickly, that it would have to go back to the drawing board and put new initiatives in place. Both cited gains in climate change, economic growth, transatlantic relations, and balancing the budget.

Of course, Germany’s multi-party system was of great interest to Members of Congress and the American conference participants used to a two-party system, with many questioning how Germany could get anything done at all. This sparked a lively discussion about the importance of coalition-building.

Dr. Löttsch of the Left Party explained why her party is enjoying a surge of support, largely at the expense of the Social Democratic Party (SPD). By forging an alliance with the former communist party in the east, she said, the Left Party was seen to better represent the views of most liberals in the country.

Iraq and Afghanistan also occupied a good amount of time. With nods from other party leaders, Mr. Bütikofer noted that two-thirds of the German people wanted to withdraw from Afghanistan, even though they were strong supporters of the troops. He did not, however, predict that this would happen.

America’s Image in Europe – Challenges and Opportunities

The consensus from the German politicians that America’s image in Europe was poor provided a sobering but appropriate introduction for the second panel discussion, which was devoted entirely to the subject. According to the Pew Global Attitudes survey, the US has gone from being viewed favorably by 78% of the German people in 2000 to being viewed favorably by only 30% of the German people today, which is one of the lowest ratings among western European countries, even lower than France (39%).

There was a similar decline in favorable support in eastern European countries, from a 26% drop in favorability ratings in the Czech Republic (from 71% in 2002 to 45% in 2007) to Poland (79% in 2002 to 61% in 2007). Current majorities in Germany, the UK and Spain say that the US presence in Iraq is a greater threat to world peace than Iran or North Korea. All this bad sentiment about the US in Germany, however, hasn’t seemed to hurt Chancellor Merkel, who has embraced German-American relations and is wildly popular, with an 85% approval rating in a recent poll.

To explore these questions, the conference heard from five experts with different points of view:

- US Congressman James Sensenbrenner (R-WI)
- Ambassador András Simonyi, Embassy of the Republic of Hungary
- Mr. Robert Wood, Chief Press Attaché, US Embassy in Berlin

- Mr. Klaus Dieter Frankenberger, Frankfurter Allgemeine Zeitung Newspaper
- Mr. Christoph Eichhorn, Director of US and Canada Division, German Foreign Office

Congressman James Sensenbrenner opened the discussion, stating that while President Bush's public diplomacy efforts and the Administration's relations with Capitol Hill have been less than stellar, he thought that the short-term popularity costs caused by strong US leadership were far outweighed by the long-term foreign policy and public image gains.

Citing the debate over Pershing cruise missiles in Europe in the 1980s, Mr. Sensenbrenner recalled how then German Chancellor Helmut Schmidt supported missile deployment at the cost of his own re-election, but that the decision led to the fall of the wall and the winning of the cold war.

The other chief reason for the unpopularity of the US in recent times was the failure of multilateral institutions to function properly, said Sensenbrenner. He mentioned the United Nations failure to enforce its own resolutions against Saddam Hussein and the international community ignoring the fact that the US Senate would not support the Kyoto treaty as examples. These failures, in turn, caused the US to act unilaterally, which may have contributed to animosity. US Congressman Sensenbrenner concluded that anti-Americanism is a likely result of US hegemony and is likely to last.

Other panelists agreed with the conclusion that the US image was suffering, but that it could be repaired with work and attention. Mr. Eichhorn noted that he was having a casual lunch with a senior member of the German foreign service who said essentially that, "to me, America is Vietnam and Iraq." This statement struck him, especially given the fact that the official who said it was an internationalist by profession.

Mr. Frankenberger echoed this view and told of the letters to his newspaper following the attacks of September 11th. In the immediate aftermath of the attacks, he said, the letters were about 50% in support of the US, and 50% other (for example, "the US got what it deserved," "Europe has been dealing with this for years," and other sentiments). However, after just one week's time, the supportive letters had fallen off completely. This took him by surprise, but showed how far the US image had dropped even before the later disagreements over Iraq.

One potential reason for the increase in the erosion of the US image in Europe is that criticizing America is so commonplace, especially among politicians and the European media. Positive stories about America "don't sell in Europe," according to Robert Wood's conversations with media officials. And the knee-jerk reaction to attribute any and all problems foreign or domestic to America, constantly feeds the public's perceptions about US foreign policy decisions.

Despite the situation, all speakers felt the image was repairable and that it was important that both sides try. Good relations need care, said Ambassador Simonyi, but the US-EU relationship was critical for the challenges ahead. He said the economic and global challenges posed by China and India alone were reason enough to heal one of the most successful alliances in the world. Mr. Eichhorn noted that the German legislative agenda includes a line item on repairing the transatlantic relationship, and that Chancellor Merkel put this as a top priority for Germany's presidency of the EU.

Some ideas for fixing the problem start with America – that the US needs to both explain its foreign policy decisions better and to listen with more sincerity to European concerns. Others rested with Europe and its leaders to resist the temptation to use America-bashing for political gain.

Ambassador Simonyi concluded the panel discussion by calling for creative new ways to address the challenge: “We are trying to fix this IPOD challenge with a vinyl record mindset.”

Global Economic Issues: Capital Markets, Taxation and Financial Services

The morning of August 13th, the front pages of the world’s newspapers were filled with headlines and stories about the potential economic crisis threatening the global economy. Central banks in the US, Europe and Asia were injecting billions of dollars into global markets to respond to the liquidity crisis caused by subprime mortgage defaults in the US. The panel discussion on economic challenges couldn’t have been more timely.

An expert panel featuring 4 economists from academia and the private sector discussed the situation and other issues associated with the economy, including hedge funds and global trade. The speakers included:

- US Congressman Frank Lucas
- Dr. Jon Danielsson, London School of Economics
- Dr. Henrik Enderlein, Hertie School of Governance
- Professor Jörg Rocholl, European School for Management and Technology
- Dr. Bernhard Speyer, Deutsch Bank Research

Congressman Frank Lucas began the discussion by noting that the global economy was in the midst of what some experts said was its first great challenge since the arrival of complex financial products developed over the past decade, like mortgage backed securities and collateralized debt obligations. He also asked the panel to explore the question of whether hedge funds were a good or bad financial innovation, and how they were contributing to or helping to limit the damage caused by the subprime mortgage situation.

But first, the pending global market meltdown.

Dr. Jon Danielsson eased many concerns held by some in the room by saying he felt the central banks were doing exactly what they should be when faced with this situation: printing money. He did not see the subprime crisis as a long-term problem, but more of a short-term correction, and noted that such market fluctuations were a natural result of having a capitalist economy. He joked that other economic models like communism were not marked by such unpredictable swings but carried other displeasing baggage.



Dr. Enderlein was the most sanguine about the state of the global economy. While he felt that the subprime crisis was containable and that overall economic conditions were good, he was concerned about what he saw as other more significant threats, especially the debt level of the US and the fact that China held significant amounts of it. He painted a grim scenario whereby China could wreak havoc on global currency

markets by selling all its US Treasuries instantaneously. After this presentation, other economists noted that China would hurt itself more than the global economy by pursuing such a strategy.

Hedge funds also dominated much of the discussion. While hedge fund growth has been more rapid in Europe and Asia than in the US, recently, hedge funds are still a relatively new financial product in the eyes of both the European and American public. Germany, for instance, has only 47 hedge funds, which is a very small amount compared to the United Kingdom or the US, noted Dr. Bernhard Speyer. Governments in Europe and the US are analyzing hedge funds and their impacts on the economy, on savings, and on the financial markets. Because of their size and secrecy, Dr. Enderlein suggested that hedge funds needed better regulation and more oversight. This prompted a response from Dr. Danielsson, who asked specifically what kind of regulatory tool would be used. He said hedge funds existed precisely because they were not limited by any of the traditional tools -- greater disclosure, investment limitations, and government oversight -- and that applying them would shutter the industry.

Aside from hedge funds and the subprime crisis, Dr. Rocholl discussed the need for greater corporate governance in Europe, especially in light of fraud allegations at Siemens. He argued that greater corporate governance was a positive development, generating greater investor confidence, profits, and economic growth for countries which embraced it.

Before adjourning, the panelists engaged in a brief but significant discussion about the trends in global trade. Dr. Speyer, who was trained as a trade economist, was very concerned about what he saw as increasing protectionism around the globe. He argued passionately that open trade had done as much for human rights improvements and ending poverty as political alliances and military strength. There is no voice for unfettered and true open trade any longer, he said, noting that even countries which profess to be free traders were hypocritical in that they often espouse non-tariff barriers.

Tuesday, August 14, 2007

Europe's New Leadership: the United Kingdom, France and Portugal's Presidency of the European Union

The Leadership in three of Europe's top power centers -- London, Paris and Brussels -- has changed within the past several months. Over the summer, British Prime Minister Gordon Brown completed a visit to the United States, where he met with top US officials. A few weeks later, French President Nicolas Sarkozy had lunch with President Bush in Kennebunkport, and even spent his vacation in the



US. And on July 1st, Portugal and Prime Minister Jose Socrates took over the Presidency of the European Union from Germany.

Representatives of each of the governments and other experts gathered to explain what the changes might mean for the transatlantic relationship, trade, immigration and other issues of interest.

Panelists Included:

- US Congressman F. James Sensenbrenner (R-WI)
- Mr. Hugh Mortimer, Deputy Chief of Mission at the British Embassy in Berlin
- Mr. Jean-François Boittin, Minister-Counsellor of Economic Affairs at the French Embassy in Berlin
- Ms. Graça Mira-Gomes, Deputy Chief of Mission at the Portuguese Embassy in Berlin
- Mr. John Koenig, Deputy Chief of Mission at the US Embassy in Berlin

Since Portugal holds the EU Presidency, the conference heard from Ms. Gomes first. She outlined the top goals of Portugal's presidency and said that Portugal would continue the work that German Chancellor Merkel had begun to try to rebuild the transatlantic partnership when it held the Presidency. "A Strong Europe for a Better World," is the motto of Portugal's Presidency, she said, and with that strength, the EU would be best positioned to carry out the priorities outlined in the Lisbon Agenda.

The reform treaties, climate change, peace, fighting terror and organized crime, better integration and immigration will all be on the agenda for the 6-month term. Ms. Gomes also stressed that Prime Minister Socrates would try to promote social mobility so that all of the EU's citizens could enjoy the fruits of a strong and vibrant economy. She also said that Portugal's long relationship with Africa will be utilized to reach out to that continent, and said there would be a special summit with Africa during Portugal's term.

She concluded by noting that there were big challenges ahead -- especially Kosovo and Iran -- and that two keys to success in these areas are a united Europe and a healthy transatlantic partnership.

Turning to the new French President, Mr. Boittin said all one had to do to recognize the change in leadership was to note that President Nicolas Sarkozy was actually vacationing in the US. He said to expect the unexpected and that for all that is not known about what's in store, we do know a few things about Mr. Sarkozy: that is he fast and furious, that he has hit the ground running, and that he is only on the first lap of the race.

Mr. Boittin praised Sarkozy for being a shrewd political tactician, pointing out that even his worst adversaries concede that he has been smart and tough. His cabinet selection and outreach to minorities in France have won him plaudits from all sides, and he is using this goodwill to try to enact his agenda.

At the top of the list is France's moribund economy. Instead of changing France's traditional work week and requiring people to work longer hours – which experts say would be political suicide -- Sarkozy pushed for a proposal which instead permits workers to earn overtime wages without paying income taxes. Mr. Boittin used this example to illustrate how Sarkozy is using creative ways to attack lasting problems.

He said Sarkozy was committed to the EU Constitution and to a “working Europe” as opposed to a United States of Europe.

Moving to 10 Downing Street, Mr. Mortimer said that Prime Minister Brown wants to focus on restoring confidence in the EU. He said the favorability ratings for the EU are in the low 30 percentage points amongst the public in the member countries. The three main ways to accomplish this, he said, were to; a) boost prosperity by increasing competitiveness of member countries; b) address employment policies that are not working, especially for the youth; and c) to continue to provide security by countering threats.

He said that while the EU had enjoyed a very good image for the last 35 years, it might be time to rebrand itself so that all of the member countries understood why it was important for the EU to continue. On the transatlantic relationship, Mr. Mortimer delivered a very clear message when he said that while the UK had a relationship with the US, they are Members of the EU.

From the US perspective, John Koenig was very optimistic about the change in leadership, saying he was hopeful that the hard work of Chancellor Merkel in repairing US-EU ties would continue. He said when the US looks to Europe, that the US wants a strong partner to address big challenges. He noted strong US-EU success in dealing with Iran, and good prospects for a united approach in dealing with Russia.

On EU enlargement, Mr. Koenig reiterated the US position that it would like to see Turkey become a member, and that if enlargement doesn't continue, it will mean the end of one of the greatest initiatives in world history to spread freedom and democracy.

All this strong foundation was necessary to help improve America's image in Europe, which is disturbingly low. “We need help,” said Koenig, and that help can come from European leaders.

WTO and DOHA: Failures and Their Implications

As two of the top export and import markets in the world, the EU and the US have significant influence on the direction and tenor of global trade negotiations. Russia's effort to join the World Trade Organization and its position as a top energy exporter to Europe and around the world also makes it an increasingly influential player in the global trade arena.

Top trade officials from France, the US and Russia and other experts listed below assembled to discuss these and other issues relating to global trade and commerce.

- Ms. Patrice Willoughby, Chief of Staff for US Congresswoman Stephanie Tubbs Jones (D-OH) (moderator)
- US Congressman John Linder (R-GA)
- Mr. Jean-François Boittin, Minister Counsellor of Economic and Financial Affairs, French Embassy in Berlin

- Mr. Andrey Kushnirenko, Deputy Head of Russian Ministry of Trade Talks
- Mr. Robert Pollard, Minister Counselor for Economic Affairs, US Embassy in Berlin

Some topics posed to panelists included: Is protectionism on the rise around the world? Was Doha a success, a failure, or somewhere in between, and why? Will the trend be toward more bilateral trade deals in place of global trade agreements, and is this a good thing or bad thing in the long run? Is China fulfilling its commitments in the WTO since it became a member five years ago?



Congressman Linder, who is a Member of the House Ways and Means Committee, provided a grim outlook for the prospects of open trade in the US Congress. He said that despite the proof that open trade is one of the key ways in which developing nations get out of poverty, that Congress was unlikely to renew Trade Promotion Authority (TPA). TPA is a process whereby the Administration negotiates trade agreements and then Congress has an opportunity to approve or disapprove the entire package, but cannot change individual provisions.

Both President Clinton and President Bush have had this authority, but Congressman Linder said that will likely end this year. If TPA is not renewed, said Congressman Linder, it could put at risk bilateral agreements with Columbia, Peru, and the Central American Free Trade Agreement that was enacted recently.

Mr. Boittin agreed that the trend in global trade was toward stalemate, noting that the Doha round of world trade negotiations was essentially dead and that there was little hope of reviving it. He said one of the reasons for the stalemate was the difficult challenge of dealing in a multilateral institution like the WTO: “WTO is like the United Nations without a Security Council.” He also said that developing countries believe they had suffered under the Uruguay Round and were therefore less inclined to make concessions during Doha.

As always, agriculture is a key sticking point, said Mr. Boittin, despite the fact that agriculture is becoming less and less important to the economies of member countries. He noted that in 1982, agriculture was responsible for 12% of the GDP of the nations who participated in world trade talks, but that it has dropped to 7% today. He also said that the change in the French Presidency would not change the French position when it comes to trade.

Mr. Kushnirenko of the Russian trade ministry had a different view. He argued that the Doha round has been a success and discussed how far negotiators had come particularly since 151 Member Countries were at the table. He said the positions of the nations are much closer now than they had been at the beginning, and that this narrowing of differences would be a good starting point once negotiations resumed.

One of the challenges cited by Mr. Kushnirenko was that while the world economy is global, trade negotiations are still national, and this inevitable conflict contributes to the slow pace of negotiations. He felt that further liberalization of trade was going to happen, even though it might require some work.

He then reiterated Russia's desire to become a WTO member and that it hoped to complete final requirements so that it could join by 2008. He said one obvious way to address all the concerns raised by a number of participants in the conference about Russia's role in supplying energy to Europe was through the WTO. Only by discussing these sensitivities in a multilateral setting, he argued, could all viewpoints be heard.

In conclusion, he said that Russia's initial membership in WTO and in the global trade arena would be governed by a cautious approach. He said Russians wanted to learn, to train, to get experienced in how the rules worked and how the system operated. "If you are playing an unknown game, you don't take the first step," he said.

The Bush Administration has not given up on the Doha round and still believes it can be closed successfully, said Mr. Pollard. He agreed with the notion that much progress had been made, but questioned whether other parties had the same desire for a positive outcome as the US. He was also more optimistic about the chances for Trade Promotion Authority in the US Congress, saying the Administration would push for it. He echoed previous comments that open trade was very positive for developing countries.

Intellectual Property: Internet Downloading

As the world economy moves faster and faster into the information and innovation age, intellectual property (IP) enforcement and efforts to build a more constructive global system to protect it are becoming more prevalent. Counterfeiting and IP piracy continue to be a major challenge both for countries with vast IP resources as well as emerging market players like China and India.

Panelists for this session included:

- US Congressman Rick Boucher (D-Virginia)
- US Congressman F. James Sensenbrenner (R-Wisconsin)
- Mr. Michael Keplinger, World Intellectual Property Organization
- Dr. Wolf Osthaus, eBay Germany
- Dr. Jochen M. Schaefer, Hogan & Hartson, Germany



As a Member of the Courts, the Internet and Intellectual Property Subcommittee of the House Judiciary Committee, Congressman Boucher started the discussion with some of the developments that the US Congress was monitoring with interest. He said internet downloading and especially peer-to-peer file

sharing in music, video and computer games were happening without authorization, and that it was important to put in place measures to protect IP. In the US, he said, internet service providers are treated by the regulatory community as virtual “pipes,” and are not held responsible for unauthorized file sharing by bad actors that might occur over these pipes. However, he noted that a court in Belgium was currently weighing whether to require ISPs to install new software that would prevent unauthorized file sharing, which would mark a significant development in the evolving intellectual property regulatory landscape.

Congressman Boucher also discussed the concept of network neutrality, where ISPs essentially treat all content equally in terms of transfer speed and access. He said that the Federal Communications Commission (FCC) was conducting an auction of valuable spectrum which will lead to improvements in the telecommunications industry, and that the rules governing the spectrum sale included some provisions ensuring open access, but that in his view did not go far enough.

Congressman Sensenbrenner took the discussion beyond file sharing and outlined why he felt international IP protection was so important. He said that the US and the EU had a great commonality in IP protection because 90% of the IP created today was created by these two entities. If we don’t protect it, he said, such innovation and progress will stop.

China, Russia, and India were cited as the leading problem areas for counterfeiting and piracy. China’s admission to the World Trade Organization (WTO) in 2001 was supposed to help improve IP enforcement and crack down on piracy, but the reverse has happened, said Congressman Sensenbrenner. He said that not only is Chinese IP enforcement lax, but that in some areas, China is applying manufacturing processes and practices learned abroad to make its piracy industry more productive.

Congressman Sensenbrenner used the example of China to set the stage for Russia, which is looking to clear the final hurdles toward becoming a WTO member. Before Russia is granted membership, he said, Russia must clearly demonstrate and prove that it has the systems and commitments in place to protect IP. If it cannot, Russia should not be admitted to the WTO, he concluded.

Dr. Osthaus of eBay said the Internet hadn’t created new counterfeiters, but that it offered the counterfeiting industry a new avenue to ply their trade. He said the main difference is that piracy and forgeries can happen much faster and from all corners of the world. He agreed it was a problem, but that it was a natural, albeit illegal and unseemly response to the burgeoning demands for electronic commerce.

Most people don’t want to buy fakes, however, so it is incumbent on products suppliers and retailers to embrace e-commerce rather than shy away from it. People want to buy goods online, he said, and someone will supply them those goods. He specifically cited the luxury items sector where this scenario was playing out, arguing that by going slow or resisting legal e-commerce, the industry was ceding the field to counterfeiters and other bad actors who were more than ready to supply potential buyers with the items.

eBay invests heavily and employs over 2,000 people to work against counterfeiting because it wants a “clean and well-lit marketplace.” It also invests in technology to prevent piracy and fakes, and embraces proper regulation. He said there were rules in place in the US and some in the EU, but that in the EU they were not well-enforced. He concluded by saying that the private sector needed to use the most powerful weapon available – the consumer – to help drive down demand for illegal goods.

From a regulatory perspective, Mr. Keplinger noted that 80% of the value of the world's top companies was in IP, and that the World Intellectual Property Organization was mandated by the United Nations to protect it. He agreed that the vast majority of internet users want to follow the law, but that there needed to be education and a greater sense among the public that counterfeiting and piracy cannot be permitted at any level.

Dr. Jochen Schaefer agreed that regulatory agencies and governments had put in place the laws, but that enforcement was very difficult even with more resources. "When there are too many policies, there can be no freedom. Too many soldiers, no peace. And when there are too many lawyers, there can be no justice," said Dr. Schaefer, a practicing attorney.

He believed that regulation and enforcement were necessary but that the true solutions lied in technology. A company in India, for instance, has developed a system which transmits movies directly to buyers by satellite so that there is no computer file to copy. This kind of thinking and approach is the only way to beat the counterfeiters, who are very savvy and quick. Dr. Schaefer said the international community would benefit by not only working together to enforce laws, but to invest in technology-based solutions to combat the "supersonic" speed of the counterfeiting industry.

Wednesday, August 15, 2007

International Transportation: Moving People, Goods and Services Faster and Safer

Wednesday's first policy session assessed the challenge and necessity of keeping the world moving in the face of global terror, counterfeiting, open trade, and the threat of a global pandemic. After the terrorist attacks of 9-11, the London and Madrid public transit bombings, and continued air security threats, panelists from both government and the private sector listed below debated how best to strike the proper balance between free travel and trade and security concerns.

- US Congresswoman Jean Schmidt
- Mr. Matthias von Randow, Director General for Policy and International Affairs, German Ministry of Transportation
- Mr. Ronald Grimes, Chief of US Immigration and Customs Enforcement Division, Department of Homeland Security, Frankfurt
- Mr. Olivier Onidi, Head of Unit, Internal Market, Air Transportation Agreements and Multilateral Relations, European Commission
- Mr. Stefan Sellmaier, Vice President Legal and Political Services, Lufthansa Cargo, Germany

As a Member of the House Transportation and Infrastructure Committee, Congresswoman Schmidt began the discussion by underscoring how transportation was critical to keeping the economy growing. She said the US Congress was working hard on security concerns, and that it had made great strides to improve air passenger safety. Shifting to cargo security, she said it was important to have strong inspections but that it was impossible to inspect every single container, and that to do so would seriously threaten economic growth by slowing down today's global supply chain.

Mr. von Randow of the German government agreed that it was very important for officials to conduct impact assessments of new security rules to guard against over-regulation. He said the new legislation recently passed by the Congress and signed into law by President Bush -- the so-called “9-11 Law” – would have some benefits for security but could cause harm to the economy if not implemented properly.

“Unilateral security can be phony,” said Mr. von Randow. The US is the EU’s main trading partner, and the EU would work with US officials to make new rules work, but he felt it was critical to streamline bureaucracy and coordinate internationally. He thought the US should be more involved in multilateral security discussions.

He concluded by saying that all the rules and legislation in the world will be meaningless without enforcement. He questioned the merit of multiple checks on a single cargo container, and that inspections should be moved as far forward in the supply chain as possible. If more and more security rules are put in place, he said, our freedom will be eroded and the terrorists will win.

In response to the question of whether multiple checks were worthwhile, Mr. Grimes said the main reason to do them was that terrorists and smugglers had proven adept at exploiting the system. As a top customs official in some of the busiest ports of entry in the world, Mr. Grimes said officials often found that containers which had passed initial security screening had been compromised as they moved towards US shores.

Mr. Grimes also said that overall, the US and the world had provided much greater security while also keeping the economy growing. In many cases, security improvements have actually accelerated the movement of goods around the world, as new technologies, systems, and processes are adopted. He noted that the levels of international cooperation are the best they have been in years, and singled out Germany as one of America’s best partners in the international Container Security Initiative. He agreed with the earlier comments by Congresswoman Schmidt that the goal of inspecting 100% of containers before they approach the US was going to be very difficult to implement.

New initiatives underway include the Secure Freight Initiative and the Customs Trade Partnership Against Terrorism. Mr. Grimes closed by underscoring Mr. von Randow’s sentiment that strong partnerships with the private sector and other countries were critical for security, and that the story of security after 9-11 had overall been one of success.



From an aviation viewpoint, Mr. Onidi said that the European Commission’s top priority was the safety of people and goods, while also working with international partners to dismantle barriers to travel and trade. He praised the April 13th US-EU summit declaration of a quasi-free trade area between the two partners. He used this example of cooperation to list areas where the most progress had been made: building trust, including sharing best practices and methods; joint inspections; and mutual recognition of other countries rules (i.e. on rules governing liquids on passenger aircraft).

From the EC's perspective, Mr. Onidi said he felt this joint approach afforded the greatest opportunities for continued success, particularly in the area of technology development and intelligence sharing. If resources can be pooled for research and development into screening technologies, government officials can stay ahead of bad actors seeking to exploit the open trade system for terrorist or criminal purposes, he concluded.

Mr. Sellmaier asked conference participants what the share of air cargo was in world trade, and after a few wrong guesses, said it was less than one percent in total volume. However, he said this one percent of volume represented 40% of total cargo value, which put the security of air cargo in proper perspective. He said private industry had taken many measures to protect cargo, but that it had been difficult at times because of the myriad of regulations and differing approaches amongst enforcement agencies. He too praised multilateral efforts to develop joint regulations and processes to improve security while streamlining bureaucracy.

Although the discussion focused mainly on air and cargo security, there was a brief discussion about the VISA waiver issue and the security of public mass transit in Europe following the London and Madrid bombings. Mr. Onidi expressed a view held by most participants that the three main defenses against mass transit attacks were good intelligence, good technology and monitoring, and alerting passengers.

Immigration and Integration



As a Member of the House Subcommittee on Immigration, Border Security, and Claims of the House Judiciary Committee, Congressman Steve King was speaking from experience when he began the panel on immigration. He said that the US was the beneficiary of the greatest immigration policy in the world, and that if anyone wanted to stretch their wings and give it a try, America was the place to be. For many immigrants from past generations, the physical difficulty of getting to America acted as a sort of filter, where only those with true ambition and drive could make it.

However, he argued that it was not necessary today for America to import workers, citing that 69 million American citizens who could be in the workforce are not. He also discussed the need for true assimilation in an era of what he considered to be growing multiculturalism, where pockets of ethnicities live completely separate lives and cultures without developing true ties to their adopted home country. This challenge of finding the proper balance between being proud of one's heritage while learning national cultural mores was very critical in the debate, said Congressman King.

This began a hearty discussion about immigration and integration challenges in the US and around the world, featuring the following panelists.

- US Congressman Steve King
- Mr. Reinhard Peters, Deputy Director for Migration, Refugees, and European Harmonization, German Ministry of the Interior
- Ambassador András Simonyi, Embassy of the Republic of Hungary
- Sir Peter Torry, British Ambassador to Germany
- Ambassador Gaddi Vasquez, US Ambassador to the UN Food and Agricultural Organizations

Mr. Peters recounted Germany's growing experience with immigration, and said that it had become clear to most of Europe's leaders that people's mobility will increase, not decrease, and that policies had to reflect this natural trend. The 2005 EU immigration plan recognized this and began to put in place some pragmatic approaches that should help improve the immigration system in Europe.

This plan was built on three fundamental principles, including: a) restricting illegal immigration, b) improving systems for legal immigration and c) promoting integration. Immigration and integration, for instance are part of the EU Constitution.

For its part, German Interior Minister Schäuble held a conference of national integration experts in Potsdam this summer, and Chancellor Merkel hosted a summit with Germany's large and growing Turkish population earlier in August. These meetings were designed to exchange best practices among nations and also to reach out to minority populations in a direct fashion to air differences and seek to identify solutions to problems.

Returning to US immigration policy, Ambassador Simonyi asked what the US would be without Edward Teller, the Hungarian-born scientist, or a host of other leading immigrants, as he argued for a continued open immigration system. "You cannot afford to lose what has made the US the shining star of the world," he said. With one of the more open immigration systems, countries around the world look to the US for leadership.

The Ambassador then turned to the sensitive subject of the VISA waiver program (VWP). In early August, President Bush signed into law a measure that in part allows expansion of the VWP to allies, including some of the countries in eastern Europe like Hungary. The Ambassador wanted to make clear to all the conference that for countries like Hungary, the VWP program was less about easy travel and much more a symbol that Hungary had finally matured and been accepted in the family of nations. He said that the top issue that had damaged the US image in Europe was not Iraq, but the arguments over whether Hungary should be included in the VWP.

Ambassador Gaddi Vasquez, the son of first generation immigrants from Mexico, said immigration issues certainly resonated with him. He joined Ambassador Simonyi in saying that an open America was a stronger America, and that despite concerns about multiculturalism, integration happens.

He used his remarks to focus on why people are on the move, which is mainly because they are poor, hungry, and in search of better life. Hunger, in particular, continues to kill millions of people around the globe, including one child every five seconds. This stark reminder of the global challenge that hunger and poverty present was one of the reasons the UN Food and Agricultural Organizations are working so hard to provide emergency food aid, while working on longer-term food supply priorities like fisheries, forestry, and agriculture. If developed countries believe that too much immigration could have negative effects, then they need to work on these fundamental problems.

Sir Peter Torry said the United Kingdom had benefited from immigration, and that its policies attempted to manage the way new immigrants are integrated into the greater society. From 1948 to 1962, the UK essentially had an open door policy. Ironically, when politicians began discussing the need to limit immigration, it caused a huge surge in immigrants to the country as people tried to beat the deadline.

London is a multicultural city, he said, recalling the photographs of the different races and ethnicities of the London subway bombing victims. The bombings caused the country to look in the mirror and ask the basic question, “what does it mean to be British?” Over 2 million Muslims live in the UK, and while it was good to celebrate differences, it was important that all residents have shared values.

In the discussion that followed, Congressman Sensenbrenner argued that until the US got a handle on illegal immigrants, the door will be slammed on legal immigrants. Congressman King echoed this sentiment by saying that Congress would be unable to make progress on what were viewed as second-tier but important issues like the H1B visa program until it dealt with the 12-20 million people already in the US illegally.

In conclusion, Ambassador Simonyi returned to US immigration policy and how integration happened naturally over time by telling a story of Tony Curtis, who did not speak any English when growing up in the Bronx as a child. After venturing outside the Hungarian enclave where his family lived, Curtis returned home to tell his mother about his experience. His mother responded by telling her son that he had visited a place where Hungary ended, and America began.

Global Health Care Issues

Congressman Frank Lucas opened this panel discussion by reminding the conference that health care is always on the agenda in the US Congress, whether the topic is affordability, access, delivery, regulation, or some other issue. However, health care is also a top issue around the world, for both developed and developing countries. After decades of a government-run health care system, for instance, Germany is in the midst of a national debate about how to bring private sector market forces into the system in hopes of limiting cost increases. The world is also threatened by other health challenges, like the fight against HIV/AIDS, disease and potential pandemics like SARS or pandemic flu.



The health care panel consisted of officials from the American and German governments, one international institution, and the private sector, including:

- US Congressman Frank Lucas
- Mr. Ulrich Dietz, German Ministry of Health
- Ambassador Constance Morella, US Ambassador to the OECD

- Mr. Hervé Gisserot, General Manager and Vice President of Commercial Operations, sanofi-aventis Germany
- Mr. Walter Köbele, Vice President and Managing Director of European Project, Pfizer GmbH
- Mr. Lukas Pfister, Director of External Affairs, MSD, Sharp & Dohme, GmbH

Dr. Köbele outlined a scenario where the combination of an aging society, longer life expectancies, and economic growth push health care demand to new heights. In the face of this demand, he said that governments in Europe should rethink their heavy regulation approaches to health care delivery, and instead try to introduce market forces where appropriate. He also argued that patients should have much more information about health care options and choices, observing that 50 billion Euros are spent in Germany on health care and the average citizen has little to no information about how it is spent.

He credited the German Health Ministry for starting new programs on prevention, saying that it was important that patients take more responsibility for their own health. All panelists agreed that the power of prevention and health education to help address long-term health challenges was a critical component for every country. Smoking cessation programs, obesity education, and other health maintenance initiatives were listed as good examples for how the public and private sector can work together to improve care.

While prevention is an important part of OECD's work, health care problems are quite different in the developing world, Ambassador Morella said. Instead of overuse of health care services, she said the top problems involved actual shortages of health care resources, from too few doctors and nurses, to the challenge of "brain-drain," where skilled medical personnel move to the developed world to pursue their profession but never return to their country of origin. She noted that the biggest single health threat in the developed world continues to be infectious disease.

Speaking on behalf of the German Health Ministry, Mr. Dietz said the country was working on overhauling its system, and was looking to the US and other countries like Denmark for innovative solutions. He said there was a difference in opinions among governments about health care, saying clearly that in Germany, health care is a right, not a privilege. This statement is the subject of much debate among American elected officials.

Further weaknesses in the American system according to Mr. Dietz were that there was not universal access and that people were too dependent on their employers for their health care. Despite the weaknesses, he was largely complimentary of the US system for leading the world in medical science, for the National Institutes of Health, and for cutting edge innovation and new technologies. He said Germany was trying to keep the strongest parts of its system while adding other mechanisms to continue to offer high quality care to all German citizens.

Universal access is a good goal but it comes at great cost, said Dr. Pfister. He said that one area which had suffered was in the high profit and high value area of innovation. He said the main health care reforms were a good start, that pharmaceutical companies ought to be able to contract directly with government funds, and that the reforms must be done in a holistic way. He agreed with the assessment that Germany must be more attractive to research. He also discussed health technology assessments, where health procedures, drugs and medical devices are run through a cost/benefit analysis to judge their effects on the overall system.

Mr. Gisserot noted that health care reforms were happening so quickly that it was difficult to keep up. While agreeing that reforms were necessary and going in the right direction, he made the point that a more stable regulatory and political landscape would be beneficial.

Some questions were raised about certain problems in the German system, including rationing. For instance, patients cannot get common and popular drugs like Lipitor or Plavix. Participants further pointed out that the German reimbursement system also does not allow for the reimbursement of products to treat obesity or smoking cessation. Panelists agreed that better communication and trust between the public and private sectors would help deliver the high quality of health care at better costs.

Thursday, August 16, 2007

Global Energy and Environmental Challenges

As efforts around the world to address global climate change grow, the debate over how to control it, what policies to implement, who should pay and a host of other questions have increased as well. Climate change was one of the top priorities for German Chancellor Angela Merkel when Germany held the Presidency of the European Union and the G8. British Prime Minister Tony Blair made it a priority of the United Kingdom's leadership of the G8 two years ago. And the US Congress has been working on climate change legislation for the past 8 months.

Policy makers from three countries and one international institution named below discussed these issues.



- US Congressman Rick Boucher (D-VA)
- Ms. Katherina Reiche, Member of the Bundestag
- Mr. Werner Burkart, Deputy Director General and Head of Department of Nuclear Sciences and Applications, International Atomic Energy Association
- Ms. Agnieszka Walter-Drop, Charge d' Affaires, Embassy of Poland in Berlin

As Chairman of the Subcommittee on Energy and Air Quality in the Energy and Commerce Committee, US Congressman Boucher is one of the leading architects of a bipartisan and comprehensive climate change legislative proposal in the US House of Representatives. He discussed how many hours of hearings he had held on the issue, and the fact that he had brought the members of his subcommittee to Germany earlier in the year to learn more about Europe's experience with new climate change rules.

Europe has put in place an emissions trading regime called “cap and trade,” which is in the early stages of implementation. Europe’s plan also included incentives for renewable energy supplies and conservation.

Congressman Boucher said that the US needed to do more to push renewable energy and conservation, but that 51% of America’s energy needs are supplied by coal, that coal is abundant in the country, and that coal must be part of the solution. He said modern technology to make coal cleaner burning and coal liquefaction would be ways to use coal in environmentally-friendly methods. Congressman Boucher was optimistic that the House will report a bill that will have the support of Democrats, Republicans, President Bush, and the private sector.

Despite the challenges of addressing climate change, developing countries must lead, said Mrs. Reiche. As a member of the conservative Christian Democratic Union party in Germany, she argued that the environmental movement had helped not only improve air and water quality, but that it was a strong contributor to the freedom and democracy movements that helped topple the Berlin Wall. She said it was critical for the US and EU to work together and lead on emissions reductions, or the developing world would not follow. When innovation leads to new technologies, these new technologies can then be sold to other countries.

Mr. Burkart said one proven technology with no emissions is nuclear power. However, he made a point to say that on the 50th anniversary of the International Atomic Energy Association, the institution’s main role was neither to promote nuclear electricity nor to be the world’s nuclear watchdog, but to bring the benefits of nuclear power to the world. He reminded the conference that nuclear is not just about bombs and power plants, but about medicine, sanitization, and a host of other every-day applications that are often overlooked.

Still, he said, atomic energy plays a significant role in Europe and Asia, and must be part of a long-term solution to global climate change. He also said that future energy sources like fusion should be explored and researched, and noted that India for instance, has contributed \$500 million to the International Thermonuclear Experimental Reactor (ITER), a top fusion research facility in Europe.

Speaking from the viewpoint of a developing country, Ms. Walter-Drop argued that strong growth requires strong energy consumption. She was concerned, as were many throughout the 4-day conference, about Russia’s growing influence in supplying energy to Western Europe and routing pipelines around eastern European countries, mentioning the Baltic pipeline in particular.

Religious Tolerance in a Pluralistic Society

Wednesday’s panel discussion on immigration and integration in a multicultural society was a good precursor to this interesting exchange on religious tolerance in a pluralistic society. People are on the move like never before, and while governments can try to manage that process, multiculturalism is going to happen, especially in this day and age.

One specific and significant difference in cultures is in the very sensitive area of religion.

Panelists included:

- Mr. Barry Bennett, Chief of Staff to US Congresswoman Jean Schmidt (moderator)
- US Congresswoman Jean Schmidt (R-OH)
- Dr. Lale Akgün, Member of the Bundestag (SPD)
- Ms. Heidrun Tempel, Minister Counsellor; Head of Unit, Relation to Churches and Religious Associations, German Federal Chancellery
- Dr. Peter Heine, Professor and Chair for Islamic Studies of the Non-Arab World Humboldt University in Berlin

Dr. Heine was first asked to summarize some of his research into the history of Islam in Germany, and he said that experts are still trying to get a good idea of the actual number of Muslims living in the country. For a long period after World War II, large numbers of Muslims lived in Germany, but no one seemed to notice, he said. It has only been in the last few years that Turkish immigrants and the communities now growing very rapidly in the former East Berlin were beginning to make their voices heard.



Dr. Heine explained that it was important to distinguish Turkish Muslims from Muslims from other countries because Turkey is, at least for now, a secular state. He felt this was important for the conference participants to understand, suggesting that integration in Germany might be relatively less challenging than countries dealing with a more fundamentalist Muslim population from a theocratic country like Iran.

Dr. Akgün, a Turkish immigrant and a Muslim, agreed with this sentiment but stated clearly that German-Muslim relations were “at a crossroads.” She highlighted a current controversy involving public opposition to the construction of a mosque in a shopping mall complex in one of Germany’s high-Muslim neighborhoods. She also recalled a recent summit hosted by Chancellor Merkel that was boycotted by some leaders of Turkish minority groups. All this was proof, she said, that relations were at a very sensitive point, and that it would require the good will and sentiment from all stakeholders to keep the situation from deteriorating further.

“We clearly need religious tolerance, but we also need tolerance of religion,” said Congresswoman Schmidt. While the American people have their differences on a host of issues, religion usually isn’t one of them. People respect people of other faiths or no faith at all, and there are mosques, churches and synagogues across the country, though none in a shopping center that she could recall.

Congresswoman Schmidt discussed this gap between how Americans view religion and how Europeans view Americans religiosity. Citing public opinion polls that Europeans think Americans are too religious,

while Americans don't think they are religious enough, she said that both sides had a lot to learn about each other.

Dr. Heine and other panelists agreed with this observation and said for many Germans and Europeans, speaking openly about religious faith was almost taboo. He said he saw signs of that changing, but that Germany's history as a highly secular society meant that it would take time for a change in attitudes about public displays of one's personal faith.

Ms. Heidrun Tempel picked up on this theme by noting that religion has gained ground among the German public, saying that more news articles are published these days about religion and faith-based subjects. She said two leading reasons for this resurgence in religion among the German culture were immigration, and also conversion, which was of great interest to many participants. Buddhism, for instance, has seen a growth in its membership from people converting from the more traditional faiths of Catholicism or Protestantism.

Two recent actions by the German government to promote peaceful coexistence and religious tolerance were initiatives to accept migrants as workers and the German-Islam conference. She believed and others agreed that there was a split in the Muslim community in the country between those that feel they are being represented and those who feel their voices are not being heard.

One ironic point of discussion was that despite Germany's strong tradition as a secular society, religious training in public schools is not only permitted but promoted. The public education system has trained Rabbis for years, said Ms. Tempel, and was now in the midst of replicating that effort with Muslim Imams. This surprised most of the American participants, who responded that such training in the US could never take place in public schools.

The Aging Population and Increasing Societal Costs

The final panel of the conference was on the Aging Population and Societal Costs. Countries around the world are facing the challenges of more and more workers retiring. In the US, Medicare and Social Security spending, if left unchecked, will take up more and more of the federal budget and potentially crowd out spending for other priorities. And aging populations not only present challenges to government budgets, they have implications for the workforce, immigration, and a host of other issues.

Some questions that the panel discussed included: What can we learn from countries who have already experienced this, or are dealing with it right now? Will government budgets be able to support an increasingly elderly population without damaging their underlying economies? What role will immigration play in replenishing the workforces of countries with large numbers of retirees? How can the private sector create incentives to retain older workers who wish to continue working past normal retirement age?

Panelists asked to address these issues were as follows:

- Ms. Amber Sechrist, Senior Policy Adviser to Senator Robert Bennett (moderator)
- US Congressman Steve King (R-Iowa)
- Ambassador Constance Morella, US Ambassador to the OECD

- Mr. Volker Berger, Head of the Division for International Affairs Pertaining to Policy for Older Persons at the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth

One fundamental way to address imbalances in demography is to increase childbirth, said Congressman Steve King (R-IA). He cited very low fertility rates in some of the leading countries of the world acutely affected by an aging population, especially those in Europe. If civilizations do not replace themselves, the challenges of an aging population will be far greater than budgets, workforces, and immigration, he said. Western civilization and the future of the modern nation-state could be at risk. He recounted a time in American history when then President Theodore Roosevelt called having children patriotic and publicly discussed how women had a special social responsibility to become mothers.



While true that the world and societal roles of both men and women have changed dramatically since the days of Teddy Roosevelt, Ambassador Morella and Mr. Volker said that an aging society wasn't all bad, and in many ways was a positive development.

Ambassador Morella noted how much women have contributed in every aspect of society by listing towering female leaders like Supreme Court Justice Sandra Day O'Connor.

Today's elderly also represent a true success story of science, health care, education, and economic development. Modern pharmaceuticals, awareness of the need for exercise and proper diet, and careers not requiring hard physical labor were a mark of great progress for the developed world and should be celebrated, said Mr. Volker.

Many EU nations have mandatory retirement, which could make it more difficult to address one aspect of an aging society. Germany, however, is experimenting with extending the retirement age as one response to a tight labor force and strained social security budgets, he said.

But the workforce will not only benefit from a greater number of workers, it will benefit from the experience and wisdom that only older workers can provide. Ambassador Morella shared this view and said that educating employers about how much older workers can contribute would be a key part of addressing the challenge. She also believed that there was a growing level of age discrimination around the world, which should be of some concern.

Mr. Volker added that one great benefit of an elderly population was the market potential that older people represent. Many have a decent amount of discretionary income. Many are mobile and wish to relocate. These people will help to drive economic growth, he argued, as the private sector supplies them with the goods and services they need.