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The Transatlantic Alliance:

Is 2004 the Year of the Greater Middle East?

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Bush neoconservatives will not fight out Armageddon with the Quai D'Orsay on the darkling plains of the "Greater Middle East" during 2004. The center will still hold – to some extent – and any "gyre and gymbaling in the void" will be less intense than it was 2003. It is the intention of the Bush Administration, however, to seek a greatly expanded role for NATO in Iraq and Afghanistan during 2004, since the Bush Administration does see the "Greater Middle East" as a major new focus for Transatlantic security.

This will also be a year of continued tension between the US, France, and Germany. Rightly or wrongly, senior Bush Administration officials also perceive France as more of an opponent than an ally in making necessary shifts in NATO and the Transatlantic alliance. They see France, and possibly Germany, as seeking to make the security efforts of the EU a separatist counterbalance to NATO and the US, rather than seeking synergy between Europe and the US in NATO.

It is hard to see how the Bush Administration can achieve its objectives in expanding the European role in the "Greater Middle East" under these conditions without provoking major new debates over Iraq, Afghanistan, the role of NATO versus the EU, and the role individual European states should play in power projection. This does not mean that the public tone of US relations with the "Old Europe" will not be more polite during 2004. Both the US and "Old Europe" seem to have learned to be more cautious about their rhetoric. It is far from clear, however, that the underlying relationships between the US, France, and Germany will actually improve considering the Bush Administration clearly intended to focus on stronger relations with other European powers.

Nevertheless, US policy will raise the question for every member of the Transatlantic alliance as to what changes can and should take place in the way the West deals with the "Greater Middle East"—whether this really should be the post-Cold War focus of NATO and Transatlantic power projection, and what burdens would such a shift impose on NATO.

US Efforts to Focus Western Security Efforts on the Greater Middle East

Despite tensions in 2003 and the real world limits on European capabilities, the Bush Administration sees 2004 as the year in which giving NATO new and expanded missions in the "Greater Middle East" can reunite the alliance behind meaningful missions and roles. The US argument is that the "Greater Middle East" is a Western, not a US responsibility, and that the need for NATO power projection missions no longer is a theoretical force improvement priority of the kind that NATO is now organizing for, but rather a tangible and immediate need that the West must begin to meet in 2004.

It is not yet clear how aggressively or openly the Bush Administration will push to refocus Western security efforts on the "Greater Middle East" during 2004. However, it has begun to push for four major initiatives:

- Steadily build-up the NATO security presence in Afghanistan during 2004, as well as the role European forces will play in fighting Taliban forces. Create a single NATO command in Afghanistan by 2005 that will effectively put NATO in charge of a nation-wide peacemaking/nation building effort and in charge of defeating the remnants of the Taliban and Al Qaida. There does not seem to be any US estimate of what this force would be, but it would clearly take more than 6,000 men.
- Modify the military posture in Iraq so that it has a US led-NATO command to deal with military advice and security assistance after the transfer of power, with the option of a UN-led political and economic effort. In effect, NATO Europe would commit serious power projection assets to provide the equivalent of two divisions: One to take the role of the Polish-led International Division and the other to take the role of the British division.
- Restructure the US force posture and deployments in Europe to suit a power projection mission into the Middle East and Central Asia. Reduce the US presence and facilities in areas like Germany, and create new facilities and bases for power projection in Eastern and Southern Europe.
- Shift from the creation of largely generic power projection capabilities in NATO to actual deployments focused on the “Greater Middle East”.

Some Underlying Realities

Before making any predictions about the wisdom of these US efforts to focus Transatlantic relationships on the Middle East, and their probable success or failure, it is important to point out that these will scarcely be the only critical issues of 2004. In the case of the US, there will be a bitter American Presidential election, fueled in part by the Democrats understanding that they must run aggressively against Bush’s policies to have any chance of winning the Presidency and control of Congress. Invariably, this will mean attacks on the Bush rationale for -- and conduct of -- the Iraq War, and management of the counterinsurgency and peacemaking efforts that have followed.

The real issues in US politics, however, will be virtually all domestic and be driven by the economy and jobs. At present such issues favor President Bush and mean the US would have to face a virtual disaster in Iraq for foreign policy and security issues to seriously influence the election. Such a disaster seems very unlikely. Things will probably get better in security terms and not worse.

At the same time, President Bush does not have a guaranteed victory. This will be a very uncertain year for the world economy, and for the US economy in particular. The American “recovery” of January 2004 is so far fragile in terms of trade, budget deficits, and jobs, and Europe and Japan have equally serious – if different -- uncertainties.

The American Force Transformation Problem

From a security viewpoint, however, 2004 will be a year in which it becomes steadily clearer that even \$400 billion US defense budgets leave the US with some of the defense modernization problems of its European allies. The US simply cannot afford its present level of deployments, readiness, and force modernization plans. As a result, the US faces major problems in funding air force modernization and new combat and support aircraft. It has not yet arrested the steady cuts in combat ship numbers and is putting growing strains on Marine Corps modernization. It has not translated its advances in intelligence, surveillance, and reconnaissance into a meaningful force plan for “netcentric warfare,” and -- above all -- it has not developed a clear and fundable plan for the Army of the future.

The Iraq War has shown that the US faces serious strains in fighting even one prolonged low intensity conflict. This is not because the US cannot use its immense advantages in high technology conventional forces to fight additional or much larger wars. It is rather because it cannot do so with its present force structure and maintain the deployment and rotation cycle necessary to retain its skilled professional forces.

There is no question that these strains are a major reason that the US is seeking to expand the role of NATO and European military forces in the “Greater Middle East”. The US needs more than political coalitions. It needs warfighting coalitions. Important as the role of NATO has already been in Afghanistan, and that of Britain has been in Iraq, the Bush Administration has strong practical reasons to seek more contributions from its allies.

Moreover, the US faces three potential risks outside Europe and the “Greater Middle East” that can place much more serious strains on US forces in 2004 and any other time in the near future:

- The Korean security situation will probably become somewhat better, but North Korean proliferation will not stop, and the risk of a major miscalculation remains.
- The Bush Administration seems to have accepted the fact that Taiwanese nationalism is considerably more destabilizing than mainland China’s ambitions for unification. US and Chinese relations are good, and there is little reason for the Bush Administration to go back to its early focus on China as an emerging threat. The Taiwan Straits remain, however, a critical wild card.
- The drift over how to create an effective US role in Columbia and the war on drugs is likely to continue throughout any second Bush Administration. However, Latin America has a number of troubled economies and political structures, and one could become a more serious problem for the US in 2004

At a minimum, the US either needs more ground troops or a sweeping reorganization of the Army to focus more on rapid deployability and asymmetric warfare. So far, however, US force transformation is far more evolutionary than revolutionary, and the major shifts

necessary to enable the US to fight asymmetric wars efficiently have only begun. The US simply is not ready to start comprehensive force transformation. The FY2005 budget will be the fourth Bush defense budget, but it will only be marginally more transformational than the first, and will involve significant cuts and stretch outs in many area of military modernization.

The European Security Dilemma

At the same time, US military modernization and force transformation will still outpace that of any of its European allies. This is partly a result of far more efficient force structures and much clearer and more functional force improvement priorities. It is partly the result of the fact that most European nations are far more concerned about economic and social priorities, and the future of European unity and the EU, than strategy and defense spending.

It also, however, is because the US has more money. The US is spending an average of over 3.5% more of its GNP on defense. Its 18 allies in NATO are spending something on the order of \$140 billion with only limited coordination, much of it on “traditional” forces with no clear current mission. In fact the US delegation to NATO calculates that European forces only have the capability to deploy 3% of some 1.4 million men and women in power projection missions.

Europe cannot afford to replicate anything like the US mix of IS&R assets, precision long-range strike systems, infrastructure for power projection, and development of netcentric warfare capabilities. Britain, however, is the only European state that has really begun to find an effective compromise between independent action and the need to depend on US IS&R systems and support in major power projection contingencies. Even Britain, however, is still making gradual cuts in its forces and modernization plans, and its current defense budgets cannot really buy its planned forces.

Unfortunately for the Transatlantic alliance, US and French tensions make this situation worse. France’s force plans are less mortgaged by underfunding, and more innovative. It has done better than many other European powers in finding a new balance between modernization, reform, and military spending. Although, a large part of French forces still lack a current mission and meaningful deployability to any area where they may really be needed.

The most serious problem among the “big four” powers in NATO, however, is Germany. While Germany still has some highly capable force elements, it is spending approximately 1.3 to 1.5% of its GDP on defense versus some 3.2% of its GDP during the Cold War. This compares with 2.4-2.6% for France and Britain; well over 2% for most of Europe and some 3.6% for the US. Regardless of German force plans and strategy, this simply is far too little to recapitalize and modernize its forces. Moreover, Germany is now politically committed to such gross underspending through 2007, and the German approach to preserving outdated forces and conscription (94,500 men out of

284,500) may be politically correct in terms of domestic politics, but is but extraordinarily wasteful in terms of military capability.

Most of the smaller European states have been slow to specialize, create meaningful power projection capabilities, and abandon their traditional approach to force planning. Norway, for example, is one of the few smaller states to specialize effectively around missions like Special Forces, rather than try to sustain an unaffordable traditional mix of land, naval, and air forces. Poland and Spain have also shown that they can project forces with limited budgets (Spain only spends about 1.2% of its GDP on defense), but far too many countries are likely Belgium – becoming a military home for the aging.

More generally, the debate over whether the EU should have a small defense planning staff and command that came to a head on April 19, 2003 disguises a much more serious reality about the lack of any real-world credibility in the EU's force goals. NATO's far more limited goals for creating new combat-ready European power projection capabilities will be difficult enough to achieve. The EU's present power projection goals are totally unachievable and little more than an invitation to a military liars' contest. There is no way the EU is going to approach the ability to deploy a 60,000 person force within 60 days with sustainability of a year in the foreseeable future, much less this year. Can the EU create the façade of a paper farce? Of course. Can it create the reality of real-world power projection force at anything like the planned level? Not a chance in hell.

Oil Import Dependence

The year of 2004 is scarcely an easy climate for the US to ask Europe to make major and rapid increases in its role in the Middle East in 2004. Economics, military capability, and a broad lack of European political support for much of what the Bush Administration is trying to do are all major barriers. So is the need European nations face to clarify the future structure of the EU and European unity.

Nevertheless, the US does have a valid argument. Barring a steadily less credible rebirth of the Cold War, European security should focus on the "Greater Middle East" and other out of area missions. The

"Greater Middle East" does involve truly vital national security interests for Europe as well as the US. The industrialized nations of the world are becoming steadily more dependent on a global economy fueled by Middle East energy exports, and this dependence is growing rapidly regardless of whether individual European states are increasing their direct dependence on energy imports from the Persian Gulf and North Africa.

Energy Dependence on the Middle East

The US Energy Information Agency (EIA) estimates that world consumption will rise from 66.1 million barrels per day (MMBD) in 1990, and 76.9 MMBD in 2000, to 81.1 MMBD in 2005, 89.7 MMBD in 2010, 98.8 MMBD in 2015, 108.2 MMBD in 2020, and 118.8 MMBD in 2025. While this is only an average annual increase of 1.8% per year, it

amounts to a total increase of 41.9 MMBD between 2000 and 2025 – a cumulative increase of 54%.¹

While the Gulf dominates the increase in MENA oil production capacity, the EIA estimates also project significant increases in oil production capacity in North Africa. Algeria and Libya are estimated to increase their production from 3.3 MMBD in 2001 to 3.4 MMBD in 2005, 4.0 MMBD in 2010, 4.3 MMBD in 2015, 5.0 MMBD in 2020, and 5.7 MMBD in 2025.²

If the entire MENA region is considered, oil production capacity is projected to increase from 22.9 MMBD in 1990 and 27.5 MMBD in 2001 to 29.9 MMBD in 2005, 34.9 MMBD in 2010, 37.2 MMBD in 2015, 46.4 MMBD in 2020, and 53.6 MMBD in 2025. This would mean that total MENA oil production capacity would increase from 33.0% of total world capacity in 1990, and 34.7% of world capacity in 2001, to 35.5% of world capacity in 2005, 39.8% in 2010, 40.1% in 2015, and 43.0% of world capacity in 2025.³

The International Energy Agency (IEA) makes generally similar projections, although it uses different time periods and definitions of the regions to be assessed. It estimates that global oil demand will increase by an average of 1.6% during 2000-2030. This compares with 1.8% for the EIA over the period from 2000-2030.⁴ Other sources do reflect more serious differences in the estimate of the coming shifts in demand for oil. For example, similar estimates by Shell call for 1.1% average annual growth and DRI/WEFA for 2.2% growth.⁵

The IEA estimates that total OPEC Middle Eastern production will increase by an annual average rate of 3.0% per year from 2000-2030, and will grow by 1.4% a year as a share of total world production. The IEA estimates that total Middle Eastern OPEC production will grow from 21.0 MMBD in 2000 (28.1% of the world oil supply) to 26.5 MMBD in 2010 (40.4%), 37.8 MMBD in 2020 (36.4%), and 51.4 MMBD (54.1%) in 2030.

Projected Increases in MENA Oil Exports Through 2025

According to estimates in the BP Statistical Review of World Energy, the Middle East exported an average of 18.1 MMBD in 2002, or 41.4% of the total world average of 43.63 MMBD in exports.⁶ If the four oil exporters in North Africa are added to the total to create a figure for the MENA region – Egypt, Algeria, Libya, and Tunisia would add an average annual production of 3.86 million barrels of oil a day (MMBD) in 2002.⁷ This was 4.9% of a world total of 73.94 MMBD. The North African states exported an average of 3.1 MMBD in 2002, or 0.7% of the total world average of 43.63 MMBD in exports. The total Middle East and North African (MENA) region produced a total of 24.83 MMBD, or 33.6% of the world total. The total average oil exports were 21.2 MMBD in 2002, or 48.6% of the world total.

If one uses EIA, rather than the BP estimates, the Gulf OPEC states exported an average of 16.9 MMBD, or 30% of a world total of 56.3 MMBD. If one includes the North African states, the exports climb to 19.5 MMBD, or 35%.⁸ The DOE projects that Gulf OPEC exports will reach 35.8 MMBD by 2025, of 37% of the world total of 94.6 MMBD. If one includes North Africa, the level of exports climbs to 40.6 MMBD, or 43% of the world total. This is a climb of 7-8% in the Middle East's share of global oil exports between 2001 and 2025.⁹

The Direction of MENA Oil Exports and Its Importance in a Global Economy

Under most conditions, the normal day-to-day destination of MENA oil exports is strategically irrelevant. Oil is a global commodity, which is distributed to meet the needs of a global market based on process bid by importers acting in global competition. With the exception of differences in price due to crude type and transportation costs, all buyers compete equally for the global supply of available exports, and the direction and flow of exports change according to marginal price relative to demand. As a result, the percentage of oil that flows from the MENA region to the United States under normal market conditions has little strategic or economic importance. If a crisis occurs, or drastic changes take place in prices and the U.S. will have to pay the same globally determined price as any other nation, the source of US imports will change accordingly. Moreover, the U.S. is required to share all imports with other OECD countries in a crisis under the monitoring of the International Energy Agency.

The size of direct imports of petroleum is also only a partial measure of strategic dependence. The U.S. and European economies are increasingly dependent on energy-intensive imports from Asia and other regions, and what comes around must literally go around. The EIA and IEA do not make estimates of indirect imports of Middle Eastern oil in terms of the oil that the nations the export to the US and Europe must import in order to produce their finished goods. Both the US and Europe, however, have major imports from countries that are dependent on Middle Eastern exports. and analysts guess that they would add at least 1 MMBD to total US oil imports. The total for Europe could be roughly to the same.

To put this such figures in perspective, direct US oil imports increased from an annual average of 7.9 MMBD in 1992 to 11.3 MMBD in 2002, and 2.6 MMBD worth of US petroleum imports came directly from the Middle East in 2002.¹⁰ If indirect US imports, in the form of manufactured goods dependent on imports of Middle Eastern oil were included, the resulting figure might well be 30-40% higher than the figure for direct imports.

Moreover, the industrialized states are increasingly dependent on the health of the global economy. US economic activity and growth, for example, is dependent on how well the economies of Europe, Asia, and Latin American function. With the exception of Latin America, Mexico, and Canada, all of America's major trading partners are critically dependent on Middle Eastern oil exports.

In 2002, the Middle East and North Africa supplied 5.0 MMBD of 11.9 MMBD of European imports (42%). MENA exporters supplied 4.0 MMBD of Japanese imports of 5.1 MMBD (79%). While MENA countries supplied 0.8 MMBD out of China's imports of 2.0 MMBD (39% and growing steadily in recent years), 0.2 MMBD of Australia's imports of 0.6 MMBD (33%), and 6.5 MMBD of some 8.6 MMBD in imports by other Asian and Pacific states (76%).¹¹

The EIA and IEA project that the global economy will also grow far more dependent on the Middle East and North Africa in the future. The EIA projects that North American imports of MENA oil will increase from 3.3 MBD in 2001 to 6.1 MMBD in 2025 – an increase of 85%, almost all of which will go to the US. The increase in exports to Western Europe will be from 4.7 MMBD to 7.4 MMBD, an increase of 57%. This

assumes major increases in oil exports from the FSU and conservation will limit the scale of European imports from the Middle East. Industrialized Asia – driven by Japan – will increase its imports from 4.1 MMBD to 6.0 MMBD, or nearly 50%. China will increase its imports from 0.9 MMBD to 5.2 MMBD, or by nearly 500%; and Pacific Rim states will increase imports from 5.0 MMBD to 10.0 MMBD, or by 100%.

These trends reflect the impact of the high rate of economic development in Asia, the limits to Asian oil reserves, and the fact the Middle East is the most economic supplier. In fact, total Asian imports are projected to increase from 18.2 MMBD in 2001 to 35.0 MMBD in 2025, an increase of nearly 100%, almost all of which will go to developing Asian states.¹²

The trends projected by the EIA are very similar to the trends projected by the IEA. The IEA projects that total interregional trade in oil will increase from 32 MMBD in 2000 to 42 MMBD in 2010 and 66.1 MMBD in 2030, Middle Eastern exports (less north Africa) will increase from 19 MMBD in 2000 to 46 MMBD in 2030. Most of these additional exports will go to Asia, with China emerging as the largest market, followed by India. The rise in US imports will be limited by increased exports from Canada, because of production from tar sands, from Mexico, and from Sub-Saharan Africa.¹³

The IEA also provides the longest-term estimate of the share of Middle Eastern exports relative to other regions: It provides estimates to 2030 versus 2025 for the EIA. It estimates the interregional oil trade at 66.1 MMBD in 2030. The Middle East would provide 70% of that total. If another 4 MMBD were added for North Africa, the MENA region would provide 76%. In contrast, Central Asia and the Caspian would provide 4 MMBD. Russia would provide 5 MMBD, the rest of Africa would provide 4 MMBD, Brazil would provide 0.1 MMBD, and the rest of Latin America would provide 3 MMBD.¹⁴

The Enduring Security Problems of the Middle East

In a world where the “Soviet threat” consists largely of seeing how rapidly and smoothly Russia will progress towards democracy and economic growth, and where any security missions in Europe consist largely of projecting peacemaking forces within Europe, it makes sense to seek security cooperation in a troubled area that is a vital common strategic interest. The West has a long-term strategic dependence on the “Greater Middle East”, and one that will endure long after today’s problems with Iraq, the Taliban, and Al Qaida are over.

The problems of Islamic extremism and terrorism have a deep cultural and ideological genesis. They are affected by the broad failure of secular politics and ideologies in much of the Middle East, and by the radical social and cultural changes imposed by the collapse of many agricultural sectors, hyperurbanization, and radical changes in media and communications like satellite television and the Internet. The resulting “culture shock” and political problems almost ensure a long period of instability and drive many in the Middle East to try to find security in religion and a rebirth of Arab culture. At the same time, the impact of Turkish and Western colonialism, religious tension, the Arab-Israeli conflict, and hostility towards the unaffordable materialism of the West combine to create hostility towards the US and Europe.

The Growing Resource Challenge

Both these problems -- and the ability of the MENA countries to maintain and expand their energy exports -- are affected by major economic and demographic pressures. Regional economic development has been poor since the end of the oil boom in the late 1970s. The Middle East only averaged 1.5% annual economic growth from 1990-2000, only half of its average annual population growth. This situation has improved since 1990, but growth averaged less than 3% before the economic collapse in Asia and the similar collapse in world oil prices in late 1997. Population growth slightly outpaced real economic growth throughout the 1990s.

The World Bank's report on Global Economic Development for 2003 shows a sharp decline in economic growth in GDP in constant prices from 6.5% during 1971-1980 to 2.5% during 1981-1990. While growth rose to 3.2% during 1991-2000, it barely kept pace with population growth. This is reflected in the fact that growth in per capita income in constant prices dropped from 3.6% during 1971-1980 to -0.6% during 1981-1990, and was only 1% from 1991-2000 -- reflected static income over nearly twenty years in a region with extremely poor equity of income distribution.

While inter-regional comparisons may be somewhat unfair, the economic growth in East Asia and the Pacific was 6.6% during 1971-1980, 7.3% during 1981-1990, and 7.7% during 1991-2000. The growth in real per capita income was the economic growth in East Asia and the Pacific at 3.0% during 1971-1980, 4.8% during 1981-1990, and 5.4% during 1991-2000.

Some states like Kuwait, Qatar, and the UAE have so much oil and gas wealth per capita that they maybe able to buy their way out of their mistakes indefinitely. Most Middle Eastern states, however, suffer severely from economic mismanagement and excessive state control of the economy. Structural economic reform has begun in Algeria, Morocco, Tunisia, Egypt, Jordan, Saudi Arabia, Lebanon, and Bahrain. This reform, however, remains highly uncertain and no country has yet carried out such reform to the point where it has a serious prospect of success.

The other Middle Eastern states have uncertain near to mid-term economic prospects, and this is true of most oil exporters as well. The Israeli and Palestinian economies have been crippled by war. Egypt, Jordan, Lebanon and Syria are all experiencing serious economic and demographic problems, and the Iraqi economy is weak and may soon face the shock of a new war. The Iranian economy is in a serious crisis, compounded by deep ideological conflicts over how to deal with the issue.

Algeria's efforts at economic reform have been partially blocked by corruption and civil war. Qadhafi's mismanagement and UN sanctions have blocked much of Libya's development. Bahrain no longer has significant oil reserves. Saudi Arabia has experienced over a decade of budget deficits and has only about 40% of the real per capita income it had at the peak of the oil boom. Oman is also experiencing serious

development problems. While sources differ according to report, work by the World Bank shows that many Middle Eastern states have had rates of economic growth that lag behind their population growth, and that Middle East development has fallen badly behind the rate of growth in East Asia and China.

Population Growth, Demographic Pressures, and a “Youth Explosion”

These economic pressures are compounded by major demographic problems. The total population of the Middle East and North Africa has grown from 78.6 million in 1950 to 101.2 million in 1960, 133.0 million in 1970, 177.9 million in 1980, 244.8 million in 1990, and 307.1 million in 2000. Conservative projections put it at 376.2 million in 2010, 449.3 million in 2020, 522.3 million in 2030, 592.1 million in 2040, and 656.3 million in 2050. This growth will exhaust natural water supplies, force permanent dependence on food imports, and raise the size of the young working age population aged 15 to 30 from 20.5 million in 1950 to 87.8 million in 2000, and 145.2 million in 2050. The fact that the age group of 14 years or younger now totals over 40% of the region’s population creates an immense bow wave of future strain on the social, educational, political, and economic systems.

The end result is that a combination of fluctuating oil revenues, high population growth rates, and a failure to modernize and diversify the overall economy threatens to turn the past oil wealth of the oil exporting states into oil poverty. The Southern Gulf states have only about 40% of the real per capita income they had at the peak of the oil boom in the early 1980s, and little prospect for anything other than a slow decline. Kuwait, Qatar and the UAE maintain high per capita incomes, but Saudi Arabia’s “oil wealth” is becoming increasingly marginal, as its population grows far more quickly than its economy.

The resulting social turbulence is compounded by the region’s extremely young population, overstretched and outdated educational systems, and the failure of the labor market to create productive jobs, or any jobs at all for many of the young men entering the labor force. Emigration creates another source of social turbulence, while religious and cultural barriers and the effective employment of women compound other problems in productivity and competitiveness with other developed regions.

Political structures remain fragile and largely authoritarian regardless of the formal structure of government. Traditional monarchies often interfere less in human rights and normal social conduct than supposed democracies. In broad terms, however, no state in the region has managed to create a secular political culture that provides effective pluralism. Furthermore, the king of secular ideologies that dominate Western politics have largely failed: Pan-Arabism, socialism, capitalism, Marxism, statism, and paternalism have all failed to provide adequate development and meet social needs, and all governments are to some extent repressive. The fact that so many in the region have turned back to more traditional social structures and religion is scarcely surprising, but it is unclear that this offers any meaningful solution to the problems involved.

Is There Room for Real US and European Cooperation and a Serious NATO Mission?

The practical challenges are two fold. The first is the political realities of the Transatlantic alliance and whether the Bush Administration's efforts to make 2004 the year of the "Greater Middle East" will actually receive serious European and NATO support. The second is whether the West can actually create a meaningful approach to the most critical problems involved. Several key factors are involved, only some of which the Bush Administration seems ready to address:

The Problem of Iraq

Regardless of the genesis and justification of the Iraq War, the nations of Europe now cannot turn aside and easily allow the US and British-led coalition to fail. At the same time, Iraq's problems are as much political and economic as they are military, and it is far from clear what a NATO mission really entails. It is also not clear whether the US has a workable plan to transfer power to the Iraqis, deal with Iraq's economic issues, and internationalize the post-transfer political, economic, and military assistance process effectively.

The current calendar for a transition to Iraqi sovereignty is an extremely demanding one:

- By March 15, 2004: Elect a constitutional convention.
- By June 30, 2004: Select a transitional national assembly by local caucus or election, which assumes full powers to govern on this date.
- By December 31, 2005: Ratify the constitution and elect a new Iraqi government; transfer all aspects of sovereignty back to Iraq on or close to this day.

It does not take much vision to predict a new UN debate over Iraq at each stage in this process, and new tensions between the US and European nations such as France and Germany (and Russia) over how to internationalize support for the new Iraqi government, and the role the US should play in leading the Western effort to provide political, economic, and military advice and support.

The US may want European states to do more to help reduce its military burden, and it certainly wants more debt forgiveness and aid. There are, however, very serious issues:

- Iraq simply may not become stable and viable enough for a major US/European role of the kind the US envisages. A deeply divided nation – which is highly nationalistic, Islamic, and largely Arab in character – may well not divide into any kind of civil conflict. Whether it will want the US in any kind of continued dominating advisory and tutorial role is another issue entirely, and it may be only marginally more tolerant of NATO and a major European presence, unless it can play this off against the US.

- If the US largely defeats the insurgents, as it well may, a NATO role will not be open-ended. If it does not, it is asking NATO – specifically NATO Europe -- to take on an open-ended security mission that will involve real combat. The International Division has shown that a very diverse mix of Polish, Spanish, Ukrainian, and other forces can work well in a peacekeeping mission in a relatively stable area using NATO procedures in terms of language, communications, and command and control. Sustained low intensity conflict and terrorism may well be a different story. It is also unclear that even if a number of European defense ministries perceive this mission to be desirable, whether they will be able to obtain the necessary political support.
- Furthermore, the US is not talking about forces where the US provides lift and transport, and logistic and other support. It is talking about *serious* European power projection, and the EU and NATO discussions to date raise serious doubts about how well any European country other than Britain really understands the costs and difficulties of projecting large forces at long distances.
- Giving such a mission to NATO does at least indirectly challenge both the current French and German policies on Iraq, and the idea of creating a viable EU power projection force and command structure. The involvement of other European nations in this mission means a major commitment to NATO versus the EU. A German or French role means major American compromises, as well as abandoning any effort to make Europe a separate counterweight to the US in power projection.
- Mission length will be an issue in both Iraq and Afghanistan. It is easy to get into such roles. The fact that peacekeeping forces are in their fifth year in Kosovo and eighth year in Bosnia show it is much harder to get out.
- The economic and oil issues in Iraq will become steadily more important during 2004, and so will the questions of who gives and manages what in terms of aid, debt forgiveness, and reparations. More and more, nations will look towards future trade issues and a competitive role in Iraq's energy sector. This includes nations like China and Russia. At the same time, the UN must somehow be brought into a viable and well-defined international role.

The Problem of Afghanistan

Europe and NATO are already playing a major role in Afghanistan. Germany, in particular, has shown leadership in dealing with Afghanistan's economic and political problems. As is the case in Iraq, however, the fact that the US wants a major increase in European aid to deal with a costly and extremely difficult low intensity conflict does not mean it will get such support, or that success will be guaranteed even if it does.

This situation creates the following practical issues:

- It is easy to call for a major increase in the European military role. Such a role, however, definitely means combat, and it is clear that the US wants to expand the European military role at the cost of reducing its own. The incentive to European nations to take on the power projection challenge of securing a nation over the next two years is unclear. Those nations that do take on such a role may also soon discover just how difficult and expensive real power projection is, as distinguished from earmarking forces on paper.
- Progress in the Loya Jurga aside, the challenges of transforming “Kabulstan” into Afghanistan are going to be as serious in 2004 as ever, and involve a host of nation-wide political and economic challenges as well as military ones. The Bush Administration now seems willing to take these nation-building challenges on in part, but it will inevitably ask Europe for a major expansion in its role as well. This presents more problems in terms of European costs and resources, but it also presents a serious problem in planning and possibilities. Not every nation can be “built.” It simply is not clear that the internal divisions in Afghanistan will allow this mission to be accomplished, or that there is a feasible plan that can overcome Afghanistan’s divisions, the weakness of its central government, and critical economic development problems.
- The security problem extends deep into Pakistan, and is heavily driven by Pakistani Islamists, and Al Qaida and new Salafi movements based in Afghanistan and Central Asia. The role of Europe in dealing with these issues must be defined, and they may well present as many challenges as in Afghanistan.
- More generally, it simply is not clear where the “Greater Middle East” stops. If it can include Afghanistan and Iraq, it can also include the Caspian, Pakistan, and Central Asia. In the process, the strategic rationale for a Europe and Transatlantic role becomes steadily more vague, and the risk that new tensions and differences will emerge over given cases grows.
- It is one thing to try to make 2004 the year of the “Greater Middle East” in terms of Europe and NATO, but Afghanistan is in Russia’s backyard, and involves Russian vital security interests. Unless Russia has a clear role, the prospect of a major NATO mission may be less than enticing, and it is unclear that such a mission can be fully decoupled from Islamic extremist movements in the rest of Central Asia. China and Iran will also be interested (and “interesting”) players.

The Arab-Israeli Challenge

It is hardly surprising that the Bush Administration is concentrating on getting more European support for its two most immediate security problems: Iraq and Afghanistan. Yet, it is also clear that the US has trouble in dealing with another and equally serious

regional challenge: the Arab-Israeli peace process. This is particularly true in an election year.

No issue, however, does more to polarize the Arab and Islamic world more than the Israel-Palestinian War. This aspect of Arab and Islamic hostility is directed largely against the US and not against the West. European governments and public opinion are far more critical of Israel than any US political party or the American people.

The Road Map appeared to offer a way out – a compromise that could unite the West. It may not be dead, but 2004 is likely to be a year in which it remains in a coma and may well be dying. It almost certainly will be a year in which the situation deteriorates. Israel and the Palestinians already have two failed leaderships, and political structures unable to move towards a real peace. They may well have two failed peoples, where the majority on each side are too angry and fearful to compromise or see the other's valid needs.

This could also be a year in which a combination of the Israeli security fence and settlements, and Palestinian terrorism, push Israel into taking steps that make a meaningful Palestinian state on the West Bank almost impossible – if, indeed, the demographics and economies of Gaza and the West Bank have not already done so. Certainly, the US and European inability to agree on the details of Israel's borders and issues like Jerusalem in formulating the Road Map are going to become a far more serious challenge than when the Road Map was drafted.

This situation creates the following practical issues:

- *Can a NATO/European role in Iraq and Afghanistan be decoupled from the Arab-Israeli peace issue?* Probably in American eyes, but not in European ones, and probably now in Arab or Islamic eyes in terms of hostility towards NATO and European missions closely tied to the US.
- *Is there a better US-European option for peace making?* In theory, yes. In practice, not in terms of real world politics in an election year unless the leadership comes from Britain and European nations the US is willing to trust, and it is fully sensitive to Israeli concerns.
- *Is there any real hope for peace initiative if one comes?* Probably not. The war is not yet brutal and exhausting enough for the political leadership and popular opinion on either side to accept a peace of exhaustion and a peace of trust has long been impossible.
- *Can the US and Europe ignore the possible need for a NATO or joint peacekeeping mission to deal with the Arab-Israeli crisis?* For a year certainly. The worse the prospects for a peace based on trust, however, the more some form of outside military role may be necessary. Reaching any US and European agreement is going to be far from easy, however, and the military effort will

almost certainly have to be linked to an equally long and expensive economic aid effort.

The Iranian Challenge

Europe may join the US in seeking to block Iranian proliferation, but it does not see Iran as part of an access of evil. Where the US has sought to sanction Iran, Europe has sought dialogue, cultural exchanges, and economic ties. The Bush Administration may be turning away from sanctions and containment, but any unified security policy towards the "Greater Middle East" must deal with Iran, and 2004 is scarcely a year in which this issue can be avoided.

In practice, the European approach to Iran seems more successful, and more likely to give moderate force in Iran influence and power. It is far from clear, however, that the Bush Administration can agree on such changes, particularly in an election year.

The War on Terrorism

None of the previous discussion has come to grips with the need to deal with the broader problem of Islamic terrorism outside the West, and the need to develop better integrated and more effective Western approaches to counter terrorism and homeland security. In many ways, improvements are already taking place. There is far better intelligence sharing and cooperation between countries, and largely regardless of US, French, and German tensions. There is at least a better dialogue on homeland defense, and better cooperation in Interpol. NATO is developing a function as a clearinghouse for national intelligence and analysis.

This progress may be enough, but many experts would argue that it is not, and that a new and much better coordinated Western approach is needed in regards to both the war on terrorism and homeland defense. If so, this is as much an internal mission inside the US and Europe as a power projection mission, and raises almost as many issues about the role of European spending, the EU versus NATO, and the ability to agree on common policies as the military security mission.

In practice, these issues are most likely to be dealt with by deferring them through 2004, and relying on what already is significant progress and momentum towards more. Deferral, however, is dependent on there being no major act of terrorism in any way equivalent to "9/11," particularly in Europe. Another major terrorist success, particularly one involving any form of weapon of mass destruction, would create political pressures that would force massive increases in virtually every aspect of US and European policies and actions overnight. It could also trigger some very serious new tensions if any country was seen as having failed to take the kind of steps necessary to warn or protect another.

Immigration and North Africa

The US has talked about the “Greater Middle East” in terms of its security priorities, and has largely ignored North Africa and the problem of immigration, labor mobility, and the impact on European cultures. European countries, however, see illegal immigration as a transnational threat, and have priorities of their own. Moreover, the European treatment of Arab and Islamic immigrants, and multicultural issues, is another serious source of Arab and Islamic resentment of the West.

The key issue is what, if any, European demands will arise for some kind of quid pro quo in dealing with these issues, as distinguished from US priorities? The prospects for agreement, however, may have been improved by Libya’s efforts to recast itself as a moderate state that is focused on economic development, the settlements of both the Pan Am 103 and UTA incidents, and the US need to focus on terrorist and extremist elements in North Africa. Certainly, all of these issues must be dealt with to some degree in 2004.

The Clash Between Civilizations versus the Clash Within A Civilization

Finally, hidden away beneath all of these security and diplomatic issues, is the broader question of how the West should address the conflicts and tensions within the Arab and Islamic worlds, and particularly the challenge Islamic extremism poses to the stability and political systems of the nations in the region.

The problems in the West’s approach to the “Greater Middle East” are compounded by a lack of understanding of Islam, Iran, and the Arab world, and sometimes by overt or tacit cultural and racial prejudice. In the case of the US, both US ties to Israel and the shock of “9/11” compound them. In Europe, they are compounded by the cultural and economic shock of legal and illegal immigration, the threat of future terrorism, and the fact European demographics virtually force Europe to depend on labor immigration from the Arab and Islamic worlds for well beyond the coming generation.

Yet, Huntington aside, the real problem is not a “clash of civilizations.” It is not a clash between the West and the Arab/Islamic world, but the clash within the Arab/Islamic world. The real problem is whether it can deal with its political, cultural, economic and demographic pressures through reform and evolution or if it will face a prolonged period of violence and revolution. It is also whether Algeria and Iran are the avatars of what Islamic extremism will bring to the region.

It may well be that the forces at work within the Arab/Islamic world are so great and have so much momentum that the efforts of the West to support such evolution and reform can only have a marginal impact. Certainly, past and current Western efforts to aid the region in achieving political and economic reform have only had a marginal impact. There has been plenty of dialogue, some economic aid, a flood of wasteful arms sales, and little substantive progress. The same is true of military and security aid efforts. Some ten years of Mediterranean Dialogue in NATO have so far produced virtually nothing but dialogue.

Yet, it is also clear that the West cannot really hope to deal with the problems of the Arab/Islamic world unless it does make an attempt to deal with root causes, as well as the resulting instability, violence, and terrorism. It is also unclear that it can defeat a hostile ideology unless it can develop an ideological partnership with moderate regimes and Arab and Islamic intellectuals.

The Bush Administration has touched upon all these issues in its call for democracy in the Arab world, but the end result has been slogans rather than substance. So far, there is little evidence the Administration is shaping nuanced and practical policies to meet the very different needs of individual Arab and Islamic states. The Administration has not explained how regimes with no real political parties and experience with pluralism become real and stable democracies. It has largely ignored the need for a matching rule of law and human rights, the problems of demography, and the need for major economic reforms. The end result is that the Administration's efforts have generally appeared in the region to be calls for regime change favorable to the US, rather than support for practical reform.

It is also not clear that similar European calls for reform have been any more practical, or any more sensitive to the different cultural needs of MENA countries.

What is clear, however, is that if the West only deals with the "Greater Middle East" in security terms, the best it can hope for is a mix of containment, continued extremism, and occasional war. The root causes of all of the region's problems will remain, and this is scarcely a basis for eliminating terrorism or achieving energy security.

Making the Greater Middle East the New Security Mission for NATO and the West: Progress in 2004

If there is any bottom line to this complex mix of issues, it is that the Bush Administration is now planning to start initiatives that are going to invoke countless aspects of the law of unintended consequences. While it is acting from selfish motives, the US is defining tangible power projection missions far beyond the periphery of NATO for the first time since the end of the Cold War – if not the first time since NATO began addressing the issue.

Many of the issues that have just been discussed will almost certainly be dealt with to some degree in 2004, but it is unlikely that *any* will be dealt with in ways that will make more than a limited beginning. The US certainly will not get the level of European support it wants at the pace it wants. At the same time, the Bush Administration may succeed in forcing NATO and its European allies to address *all* of the previous issues and find in the process – perhaps to its surprise – that they will force it to deal with *all* of them as well.

Whether the end result will be a rebirth of the Transatlantic alliance or a new Pandora's box, it will be one of the most interesting developments of 2004 and probably for many years to come.

¹ Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, pp. 185.

² Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, p. 237.

³ Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, p. 237.

⁴ International Energy Agency, World Energy Outlook, 2002 Insights, Paris, IEA, 2002, pp. 91-93; Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, p. 185.

⁵ International Energy Agency, World Energy Outlook, 2002 Insights, Paris, IEA, 2002, pp. 91-93. for a detailed comparison of different estimates, see Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, p. 45.

⁶ BP/Amoco, BP Statistical Review of World Energy, London, BP, 2003, p. 18.

⁷ BP/Amoco, BP Statistical Review of World Energy, London, BP, 2003, p. 6.

⁸ Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, p. 42

⁹ Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, p. 237.

¹⁰ BP/Amoco, BP Statistical Review of World Energy, London, BP, 2003, p. 17.

¹¹ BP/Amoco, BP Statistical Review of World Energy, London, BP, 2003, p. 17.

¹² Energy Information Agency, International Energy Outlook, 2003, Washington, DOE/EIA-0484(2003), May 2003, p. 42.

¹³ International Energy Agency, World Energy Outlook, 2002 Insights, Paris, IEA, 2002, p. 106.

¹⁴ International Energy Agency, World Energy Outlook, 2002 Insights, Paris, IEA, 2002, p. 107.