

Today I'd like to briefly touch upon two fundamental, very fundamental changes in the assumptions of European security architecture and Europe's relations with its neighbors to the East. One change results from the Georgian-Russian War, the second change from the recent gas cut-off to Ukraine. A third fundamental change in our assumptions, a new U.S. administration with new priorities is something others here are far better qualified to discuss than I. On the first two points I would argue that we need to get our own houses in the EU and NATO in order to deal with the challenges of a new security environment in which use of force and energy as political tools has become a part of the way things are done.

After the dust from the guns of August has settled, we must deal with a profound change in a fundamental assumption of Western Security: the collapse of the post-1991 settlement, and more broadly the principles of the CSCE Helsinki Final Act of 1975: no use of force to change national borders, a principle signed on by all the countries of Europe and/or their legal successor states.

The collapse of this order represents a paradigm shift in European security equivalent to the end of the Cold War in 1989-91. No longer can we assume that international aggression, (as opposed to the civil wars of the Balkans) is excluded in Europe. Yet this assumption has underpinned Western security policy ever since the middle nineties. What, after all, was it that allowed us to spend the second half of the nineties in the debate under the broad headline „Out of area or out of business“? We thought that since there is no need for NATO to be concerned about international conflict in Europe, then NATO's *raison d'être* can be sustained only by a readiness to go beyond its borders.

After the Georgian-Russian War and the EU's ultimate acquiescence in the outcome of that war in its decision to declare a *tabula rasa* or alternatively a *status quo ante* means that we have accepted that the paradigm has changed, that we accept the principle that international borders in Europe can be changed unilaterally by military force without consequences.

How to proceed? The liberal democracies of the European Union and NATO have not been able to agree on how to deal with this new reality. Instead, we merely have accepted it. We have all become adherents of Hans Vaihinger's *Philosophie des Als Ob*, philosophy of as if. We act as if nothing happened, nothing has changed.

Russia on its part has moved beyond the paradigm, not only by changing it but also by proposing a new security architecture to replace the OSCE and other structures because „the old one clearly does not work“, that the Georgian-Russian War shows that the existing arrangements failed. True they did, but thanks to whom?

When a child purposefully breaks a toy in order to get a bigger and different one we have to decide do we reward this behaviour? When a party purposefully breaks a fundamental principle of European security and then uses this to argue for a new security architecture, one might be forgiven for finding it a bit disingenuous.

The other issue we must ask is what is this structure that is supposed to replace the non-functioning OSCE? Is it the OSCE minus ODHIR, the election-monitoring arm of the OSCE

that reports on whether or not member state elections are free and fair? Is that the only difference?

I do believe we should proceed in earnest with arms control. Arms control agreements are legal instruments, they are technical, they can be agreed upon whether we are dealing with liberal democratic, autocratic or despotic regimes.

Beyond that we get to values, common values. When Russia cannot get along with neighbors who have shed communism and opted for democracy, we are dealing with values. When Georgia's and Ukraine's relations with Russia deteriorate when they opt for democracy, we are dealing with values.

We are told that we should take President Medvedev at his word on the new security structure. Many of us, however, have a problem with which words? The President of Russia declared the former soviet republics on its borders as region of privileged interests for Russia. Must we in the democratic West accept that the democratic choice of a country that happened once to have been a part of the Soviet Union matters less than the privileged interests of its neighbor? Is respect for democratic choice something only for those already in the EU and NATO club?

It seems to me that a security architecture of Europe based on this notion of privileged interests so egregiously violates the fundamental values and assumptions of liberal democracy that binds the West together, that we have to approach such new structures with extreme caution. First we need to return to the core mission of NATO, the defense of the alliance, and only after that begin to discuss other, new structures.

The second fundamental change in the security of Europe arises from the just-ended gas cut-off to Ukraine by the state run company Gazprom. After the first large scale use of manipulation of gas supply by a state for foreign policy ends, also in Ukraine in 2006, we were assured this was one-off. Alas we now have a twice-off.

The issue is not how this came about, but rather how to avoid a recurrence. Energy security is the great security challenge we face in Europe today.

The solution is diversification of supply, which will require major reforms and infrastructure development within the EU. Nabucco, Southstream, Nordstream are the three solutions up for consideration. The future of Nabucco was for a long time unclear, but I am heartened by growing understanding within EU of the need to proceed on the project.

That leaves Nordstream and Southstream. I shan't get into the specifics of these projects and rather concentrate on European policy more broadly. First, do pipelines from Russia by-passing transit countries really mean diversity of supply? Secondly what are the environmental implications of Nordstream for the most delicate sea in the world, the Baltic?

Third, how do we justify the use of EU funds to build Nordstream when it would be many times cheaper to build an overland pipeline, i.e. Yamal II, which comes from the same source? Finally, is there enough gas when the Russians themselves have not invested in the Siberian fields

while forcing out foreign investors who do have the competence and funds to do so?

Leaving aside the question of whether bypassing Ukraine but still buying Russian gas represents diversification of supply or merely bypassing Ukraine, the real question for both Southstream and Nordstream is really how we inject some parity into this dependency. Specifically, should appropriate we large EU structural funds for a project that fundamentally violates EU competition rules, in American English, EU anti-trust legislation. The technical term in Eurospeak is „bundling“, i.e. when ownership of supply and distribution is one and the same. Recently the EU fined Microsoft for a second time 1 Billion Euros or almost a 1.4 billion US dollars bundling. In this case for including the internet programme Explorer as an obligatory component when buying the Windows operating system. So we know that in some cases the EU does apply its laws. When it comes to energy unbundling, however, national interests prevail, with dire consequences for our security.

In short, we are faced with the following: massive EU funding is sought for a project that by its nature violates EU competition policy with a country that January once again showed, is quite willing to use energy as a foreign policy tool.

In order to face this security challenge adequately, the EU needs to get its own energy house in order. What is sauce for the goose is sauce for the gander: if we take on Microsoft on bundling/anti-trust issues, we must perforce do the same with Gazprom. The latter implies liberalization of energy markets in the EU, a far more daunting task than fining a U.S. software company. But if we place the rule of law at the heart of the EU then we have no choice.

There are many security policy challenges today. The two I just raised differ from others such as terrorism, non-proliferation, the Middle East in that they are new to us and that they in fact must be addressed by NATO and the EU on our own before we move ahead. Indeed, I suggest that both in the case of any new „security arrangement“ as well as any decision on energy supply to Europe, we need first, within NATO and the EU decide what we wish to do. Not unilaterally pursue as individual countries that actually require the participation and consent of other Allies and Member States and in the case of energy requires a serious look at our own legislation.

We can and must revisit the assumptions held in the past 17 years about the use of military force in Europe and we must follow our own legislation to ensure that we not become politically hostage to energy supplied by an outside power. Though the solutions interact with the outside world, they are in fact internal issues: NATO itself must deal with the new paradigm of in area armed aggression and the EU itself must ensure its legislation is applies uniformly to ensure the security and well-being of its citizens.