



CARNEGIE
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Transcript

EU SECURITY AMID CRISIS IN UKRAINE

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JAN TECHAU: Pleasure, and of course a great privilege as well, at one of the busiest foreign policy periods in recent EU history, I guess, perhaps the biggest test to EU foreign policy ever, straight out of a Foreign Affairs Council, probably has to head back relatively early to continue the debate there, and that's why we're even more grateful, and specifically grateful for you joining us today. We don't want to waste much time, because your time is very limited, and we have a number of urgent questions and pressing issues ahead of us.

We just had a fantastic two-hour debate with think-tankers and foreign policy experts here from town, and the tone of the debate was not very optimistic, let's say, on how Europe, not only the EU, but Europe as such, that includes NATO of course, can tackle this biggest challenge to its foreign policy integrity if you will, this Ukraine crisis of course that's playing out, and which has created a lot of energy, but where that energy is going, we don't know yet. And we would like to hear your positions on this, perhaps some answers and also some prescriptions for us, that would be very good.

We certainly have to get our act together, the question is how can we do that with the limited resources, and perhaps also with the limited political will that often is said to be present in European circles. With this, I want to hand it over to Judy, who I think has the first question. Thanks again, Mr Minister, Judy, it's yours.

JUDY DEMPSEY: Thanks, Jan, and thank you very much again, Minister, for coming. Since this Ukraine crisis, and especially the annexation of Crimea, and what's happening in eastern Ukraine, there's an awful lot of talk now that maybe this is a new moment in history. But how do you see it? Is that really a new kind of Europe emerging?

RADOSŁAW SIKORSKI: I do have a sense of a new era beginning, because whereas you could treat the Chechen wars and the Georgia war as exceptions, now it's a trend. And whereas the various principles that President Putin enunciated in his annexation speech where there before, in the Medvedev doctrine, in Russia's National Security Council, and so on, the speech was important because essentially it dotted the last I, so say that this is for real.

Before, we could have had illusions that they say one thing, it's for the domestic consumption, but they'll be reasonable in behavior, and now really we can't assume that any more. So the new foreign policy doctrine is our new reality. And that's very serious, because the rejection of international law, the rejection of rules, or rather the imposition of new rules, self-generated, is something that has surprised a lot of people.

JUDY DEMPSEY: But you're looking at it from Putin's perspective, and what he has done, but what does it mean for us in Europe, the new Europe? If there's something new, how Putin is doing this, how is this going to create a kind of new Europe, or a new way of looking at Russia?

RADOSŁAW SIKORSKI: It might, or it might not. It might, if we generate the leadership that is proportional to the scale of the challenge. At the Council, we were just discussing Europe's neighborhood policy, and it's not exactly a success. When you look at the arch, from Central African Republic to Mali through Libya, Egypt, Syria, Caucasus, Ukraine, and unfinished business in the Balkans as well. I don't think we've ever faced anything like this before.

JUDY DEMPSEY: But then your sense you mentioned earlier, it leads perhaps leadership, but is this leadership lacking?

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RADOSŁAW SIKORSKI: Well, first of all we need to draw conclusions from our mistakes. I think, over the last few years, we were radically overestimating our attractiveness to the neighbors of Europe. We thought that our soft power and our economic attractiveness trumps all other considerations. Well, it doesn't look like it now. We thought we could still go on in that old-fashioned way of negotiating for years these free trade agreements, irrespective of political developments in the countries concerned, irrespective of the actions of third parties impacting on the result, and five years down the road have another DCFTA, and hope that that will change the political orientation and the direction of each other's countries.

This is far too timid and far too slow. When countries do the right thing, like Tunisia, or Moldova, or Georgia, we need to act with the resources and the swiftness that has the capacity to affect their political course in the political calendar of those countries. Europe had it easy for so many years, because we in central Europe were obsessed with re-joining Europe, and therefore any encouragement that the EU gave us in central Europe was eagerly grasped at, and we did what was right.

We've come almost to the limit of that method, because the next countries are not obsessed, and therefore the incentives, and our attractiveness is less. So the structure of incentives has to change.

JAN TECHAU: But is our attractiveness really less, and is our instrument, this neighborhood policy, really all that unsuccessful? Because you could also make the point in saying that it was actually powerful enough to bring about mass demonstrations and a revolution in Ukraine, and to instill mortal fear in Moscow, which deemed it important enough to really get all of the tricks in the book out, to actually prevent it from happening. Maybe it's not that bad after all.

RADOSŁAW SIKORSKI: Well, it would have been worse without it, that's for sure. But it has to be good enough to affect the outcome. And this is still in the balance.

JAN TECHAU: Okay, so what are we doing then? There's a debate, you were just part of it, about how this can be beefed up, revamped, how it can be perhaps scrapped and re-invented anew, how far are we into that debate about a new approach to the neighborhood?

RADOSŁAW SIKORSKI: A lot can be done by just fine tuning our procedures. After Vilnius, when I was thinking of what we could have done differently, and look, the Russian trade boycott of Ukraine only started in August 2013. The association agreement with Ukraine was completed and initialed under the Polish presidency in December 2011. In other words, we had a year and a half window of opportunity that we didn't use. And half of that is because it takes so long to translate this stuff into national languages and have it checked by lawyers. This is not a sufficiently robust way to act.

JAN TECHAU: So what would be sufficiently robust? Obviously if we want to have an impact on the ground in Ukraine, really make a difference, let this new government succeed, have elections that create more legitimacy, and so on and so forth, we have to do an investment both in terms of financial means, but also in terms of political support at an unprecedented scale, a massive investment into a geopolitical kind of building up project. From your sense, out of the discussions that you're attending, how much of a will is there in the EU to do that massive investment at this point, into a project that has no certain outcome whatsoever?

RADOSŁAW SIKORSKI: I don't think it's a question of resources. The resources that Ukraine is going to get are huge. When we got our association agreement from the EU, it was 1993, we got nothing. And when we were doing our shock therapy in 1991, all we got was \$1 billion stand by fund, which we didn't draw on.

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JAN TECHAU: But you had the most massive piece of capital, and that was your willingness, your eagerness to come on board. The same cannot be said...

RADOSŁAW SIKORSKI: Well, we denied the Ukrainians the promise. In our association agreement, we didn't have the promise of membership either. We had a one-sided Polish declaration that we wanted one day. But I'm saying you're coming to the limit of countries that have the obsession. The Ukrainians are divided on the subject.

JUDY DEMPSEY: But can't we then create a political incentive? The young people particular in Maidan didn't go out in the streets, and people weren't killed just to get killed, they went for the fighting of democracy, which is the aspirations which the Poles wanted, and some of their neighbors. But leaving the process aside, which clearly you believe doesn't work, in practical terms, what can we do, especially with Moldova, which is very, very vulnerable, and after Sunday. We can't just wipe our hands after Sunday and say right, elections were clean, let's move on. In practical steps, quickly, what can we do?

RADOSŁAW SIKORSKI: Actually on Moldova, I think in the end, to their surprise, we did do the right thing, and we did introduce two weeks ago the visa free regime. And that's a tangible benefit that we've produced at the right time.

JUDY DEMPSEY: The people to people is just so important. But I want to get back to this whole idea of how the EU, the member states and the EU together, are actually going to deal with the lands between, to paraphrase Timothy Snyder's book, modernize it, but talking about the lands between.

RADOSŁAW SIKORSKI: But in both neighborhoods, both neighborhoods are equally important, because both can harm us.

JUDY DEMPSEY: But there isn't that realization. The spotlight is off North Africa, the Middle East, the Sahel, we saw how...

RADOSŁAW SIKORSKI: It shouldn't be, there is trouble in Algeria now as well. We really need to pay attention.

JAN TECHAU: We just had a similar discussion at this little workshop that we staged before this event, and a NATO voice said the same thing. It will politically not fly if you focus just on one flank, you always have to focus on both flanks. And then there was a discussion about where the real threat comes from. In practical terms, many EU countries have a more tangible threat from the south, but the eastern flank now seems to be a much more geo-political game.

RADOSŁAW SIKORSKI: Well, I don't know what's tangible. Refugees or fighting. Both are equally tangible.

JAN TECHAU: But that wasn't necessarily... the point that came out of the debate where they said we are having a massive kind of dispute within the EU over how many assets should be dedicated to the one and to the other cause.

RADOSŁAW SIKORSKI: No, I think on this we actually have a consensus. It's two thirds to the south, one third to the east, which roughly means that it's about the same per capita.

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JAN TECHAU: And you're happy with that?

RADOSŁAW SIKORSKI: That's fine.

JUDY DEMPSEY: Minister, can I come in here? Isn't there a real problem with the EU and the member states, that they don't have a common shared perception? Germany has its own interests with Russia, Chancellor Merkel is trying to do what she can. The Spaniards are trying to get out of their economic crisis, but Ukraine is far away from them, so is Russia. What they care is about the stability across from the seas. How do you mould or create this common shared perception, or do you need one?

RADOSŁAW SIKORSKI: It's absolutely natural for countries to have different interests because of their different geography. Italy is far more threatened by refugees from Libya than Poland is, and it will ever be thus. The test is whether we are sufficiently a community to feel one another's pain. Poland is trying to do its bit. We sent troops to both Mali and Central African Republic, and before that to the Congo, to Chad and elsewhere, and equally we count on more southern tier states to show solidarity with us. And for example, France sent 1,000 troops to last year's Steadfast Just NATO exercise. So it works to a large extent.

And under Schengen, we all know that refugees, for example, can move about freely. So it affects us. There will always be some differences in perception, and we need a sufficiently strong external action service to aggregate it to a sensible joint policy.

JUDY DEMPSEY: Well, we don't seem to have a long term or medium term policy towards Russia.

RADOSŁAW SIKORSKI: Yes we do it's just not followed.

JUDY DEMPSEY: Would you elaborate?

RADOSŁAW SIKORSKI: If you look at the German presidency, whatever it was called, strategic paper on Russia it hardly needs updating and this was under Schroder.

JUDY DEMPSEY: No 2007 under Steinmeier, his speech in the [unclear].

RADOSŁAW SIKORSKI: Was it, but the point is that it's to do with promoting democracy, civil society, modernization all the good things and then collective we didn't follow it through. The countries then pursued bi-lateral deals with Russia and it seems to be particularly the case when it comes to very large outside States, whether it's China or the United States or Russia, some member states just go off on their own.

JAN TECHAU: But you could again also make the case that yes all of those assessments are basically right but the remedy, promoting democracy and transformation in Russia depends also on the other side to be willing to accept that; to be ready to be a partner in that kind of dance. And what we've learnt now is that there is a very limited willingness on the Russia side to be a partner in all of this so all of our wonderful documents that rest on the assumption that they also want to modernize, not only technically but also in terms of their political system seem to be beyond the point because that one missing element, the willingness to be a partner is just not there. How can we change that or do we have to reinvent the instruments because Russia is not going to change?

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RADOSŁAW SIKORSKI: I agree with you, Russia has chosen, despite our encouragements to move from being a strategic partner to being almost a potential adversary but it wasn't our choice. We were doing all in our power to do the other thing. And then when Russia does what she does we react with too little too late.

JAN TECHAU: But that is also because on the Russian side the cost benefit calculations of these partnerships is very different from ours.

RADOSŁAW SIKORSKI: It's also, I think if you listen to President Putin there is also contempt for Europe.

JAN TECHAU: That makes it even worse obviously but then again that raises the question in even a more urgent way, is not the instrument box that we've created for ourselves and the instincts that we have, is it not completely misplaced since their primary interest is not modernize but to stay in power. And all of our instruments are focused entirely on their willingness to modernize; that seems to be a mismatch that can't really be resolved easily.

RADOSŁAW SIKORSKI: Because we've been living in a post-modernist illusion. Everybody is a partner, everybody is on a convergence course, everybody really wants the same things as we do, it's just a question of managing the speed and the traffic. And it's just not true.

JAN TECHAU: We just heard from some members of the external action service that were part of our discussion that they obviously feel the pain of their instruments not having worked but they still insist that by and large the approach is the right one. That it's not the overall assumption that we need to question but it's rather the instruments that we need to fine-tune. Is it okay just as you say to change procedures or do we really have to fundamentally revise our entire assumption of our partnership with Russia?

RADOSŁAW SIKORSKI: I think there is still time for Russia to draw back but very little time. Just look at what's just happened today, President Putin on the one hand says to the separatists don't do the referenda but when they do they recognize them and then they talk about, if I understand correctly the statement, that the referenda have their consequences which have to be recognized. Well it's the same language that we had over Crimea.

JUDY DEMPSEY: What you're getting at is actually a question of security too and I'm thinking of the Baltics and Poland. You talked about the EU and its instruments and how it could react much quicker but you're in the frontline and Russia has these buffer States now and clearly we don't want this to remain permanent. What do you think NATO should do?

RADOSŁAW SIKORSKI: NATO needs to get back to basics. We were in the business of handing out security guarantees like insurance policies in the confidence that they'll not be called upon. Well President Putin has... I think he already did it in 2008 with Georgia, but we now can be sure that security guarantees that are not made credible will be tested.

JUDY DEMPSEY: If I follow you up on that then and the preparing for the Cardiff Summit, if you're talking about security guarantees should MAP therefore be offered to Georgia.

RADOSŁAW SIKORSKI: If we're willing to make it credible and not if we are not.

JUDY DEMPSEY: And are we?

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RADOSŁAW SIKORSKI: I don't think so.

JUDY DEMPSEY: Why? You know why.

RADOSŁAW SIKORSKI: Because member states are just not willing to do it.

JUDY DEMPSEY: But how can we expect then Georgia to continue down this path and contributing and doing the reform and dealing with the whole situation in Abkhazia and South Ossetia. What's the incentive then, the motivation for the Georgians to continue if they don't have some light at the end of the tunnel?

RADOSŁAW SIKORSKI: I tell the Georgians honestly the way I see it, namely that security guarantees that are not credible are dangerous for the countries that get them.

JUDY DEMPSEY: Well what about your own country?

RADOSŁAW SIKORSKI: Because we had such a guarantee a while ago.

JUDY DEMPSEY: Yes it was a while ago.

RADOSŁAW SIKORSKI: From the country that you know best.

JUDY DEMPSEY: I am Irish actually. But Minister I'll have to pick you up on this, here you are mentioning the idea of the security guarantees but Poland wants actually troops on the ground, boots on the ground, you have nothing of a concert hall or something, or some NATO recreation center, I've forgotten. A little bit more, sorry Jamie Shea there, sorry Jamie, a training center.

RADOSŁAW SIKORSKI: A virtual training.

JUDY DEMPSEY: A virtual training center; a virtual training center.

RADOSŁAW SIKORSKI: It's getting better every moment.

JUDY DEMPSEY: So in practical terms, you have to rewrite and [unclear] will probably look to throw away the card, record documents and say yes let's get the boots on the ground and General Breedlove would like this. What would you like to see NATO doing?

RADOSŁAW SIKORSKI: I would like to see NATO do in Poland what NATO does in every other largish NATO country. You have NATO bases in the UK, in Spain, in Germany, in Italy, in Turkey, in Portugal. In other words, almost everywhere where countries feel quite secure and you don't have it where it's actually needed. What worked before was the mixture of reassuring allies and outreach to the other side. 300,000 US troops in Germany plus Ostpolitik. That was the magic formula. Well you still need to do both things at the same time.

JUDY DEMPSEY: That's interesting what you say, do you see what's happening inside NATO, we have disparage between the leadership of NATO which is very outspoken and the member states which have very different views, again a common perception. Do you see a trend in NATO where the big Western European countries are unwilling actually to provide that security, solidarity to the smaller, more vulnerable East European countries?

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RADOSŁAW SIKORSKI: I think it's starting. I think NATO is waking up and I think President Putin will have given NATO a new lease of life.

JAN TECHAU: Now we're talking about NATO but that of course in essence means talking about the United States because in the end more than anything else NATO means the American's security guarantee for Europe. The US came late to the game then came in rather forcefully and is now providing leadership. But there are also voices that are saying that this kind of renewed interest is not going to be a lasting interest. That the real kind of game that America's is playing, it's playing in Asia. China is the real kind of dual strategic concern there and that this Ukraine/Russia conundrum is really only a distraction from major global shifts. Is that a similar reading you're getting from our American allies or how you assess this when you're in exchanges with them?

RADOSŁAW SIKORSKI: Not yet but I share your concern that for the United States Ukraine is essential a regional issue and a regional problem. Whereas the US plays in the global league and sooner or later will again need Russia for some of those issues and it's not even as big an issue as Asia. Cathy is off to Vienna tomorrow, I think, the US needs Russia on Iran, possibly, eventually, on Syria, and my theory is that every time the US has to choose between involvements in Central Europe and in the Middle East, we know how they will choose.

JAN TECHAU: But if we take this and then add to this the general more long-term development towards Asia, that leaves the Europeans kind of in-between. We have to take care.

RADOSŁAW SIKORSKI: Well, not in-between. It leaves the Europeans with the need to get serious about their own security. We've relied on the United States for 50 years and what they are signalling to us, whether it's in the Gates farewell speech or in the more recent speeches, the free ride is over. Get your act together.

JAN TECHAU: I mean your country is one of the countries that, one of the few countries in Europe that is actually putting more money out there for defense purposes...

RADOSŁAW SIKORSKI: Sure. In Poland we say every country has an army, either a foreign one, or either your own or a foreign one and your own is cheaper in the long run.

JAN TECHAU: That's true, sometimes you have neither, and that's even worse. But now the... we all know that we need to do more, that we get our act together, we have to get serious about this, about defense; we've been talking about this forever but now it looks like it's individual countries who are doing the homework, and we are not doing it at the Pan-European level, not really with a NATO and certainly not within the EU, so how does that square; are we getting more serious or is it in the end left to the member states again to take care of their own security?

RADOSŁAW SIKORSKI: What I would have liked to have done under the Polish presidency of the EU was to have launched permanent structured cooperation in defense and to have proposed a serious defense budget for the EU. PESCO was vetoed by the British and a serious defense budget just wasn't going to fly in the middle of the worst financial crisis in almost a century, and defense is an expensive business and if we were to have a serious European defense policy, it would require some sacrifices, some... we would all be better off together because of economies of scale but it would require some imaginative reassignment of resources.

JAN TECHAU: So the bottom line is we're not getting serious about defense?

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RADOSŁAW SIKORSKI: Well, Poland is spending 1.95% of GDP on defense and our GDP has grown by 20% in the crisis. We're now the 18th army in the world and we are border country of both NATO and the EU so, yes, we are now... if you looked at the disposition of NATO forces without looking at the borders, you would think that the NATO facilities are in all the wrong places but you have us to defend your forefront.

JAN TECHAU: Sounds brilliant.

JUDY DEMPSEY: Yes, well, then you slightly contradict yourself because you said Russia will give NATO this new impetus and it's certainly not giving EU defense the impetus, which brings me to the whole issue of the decimation of the British armed forces and how this could damage NATO, and indeed, the EU. You've had tetchy times with Britain over the last couple of years.

RADOSŁAW SIKORSKI: But you are still at 65 billion, it's still the largest defense budget in Europe.

JUDY DEMPSEY: The ex, the whole, the armed forces and the naval forces are being radically reduced and besides the leadership and the morale of the British armed forces, which I want to bring up Britain because this is just so crucial. They're experienced and professionals for any development of EU defense but also NATO. Now do you fear that, given your experience that's happened with the military integrated system cell you wanted, and Britain's total lack of interest now in the EU and how it sees NATO, surely you must see that the whole structures of NATO and the EU are being damaged by Britain's withdrawal in some ways from Europe.

RADOSŁAW SIKORSKI: The, I don't want to get into it because I think we should just accept it as a fact of life. The British have told us very frankly, look, you will never get us to fight under the EU flag, and you know British politics as well as I do, and you know that it's true.

JUDY DEMPSEY: Well, if this is the case would Poland fight under an EU flag?

RADOSŁAW SIKORSKI: We've done it already.

JUDY DEMPSEY: But I'm talking of an integrated European Union army; would you support that?

RADOSŁAW SIKORSKI: I could make that argument, I could probably convince my people, yes, because increasingly we see that there will be... what was our nightmare of the last 20th Century – Europe announcing that this is Europe's day in the Balkans and then failing, and then 200,000 people dying before we get rescued by the Americans, right? Well, high time that we should draw lessons from that and we now know for sure that there are crises in our neighborhood in which the Americans will not want to get involved. Well, so how many hundreds of thousands of people are we prepared to see dead before we get serious?

JAN TECHAU: Well, it will not surprise you that Judy and I are completely on your side on this argument, only that we look at the facts on the ground that are being created. We look at a very disappointing defense summit in December which was at great pains sold to us as wonderful incremental process success, but in reality, of course, it means basically nothing so we know...

RADOSŁAW SIKORSKI: For me the test of seriousness will be if we deploy a battle group.

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JAN TECHAU: And that doesn't seem to be in the books any time soon.

RADOSŁAW SIKORSKI: And we could do it in a war in which in which the battle group can actually win, somewhere like Central African Republic, for example.

JAN TECHAU: Just one, because I want to go out of this defense and security thing and move on to the things where the EU is potentially stronger, and that is, of course, on the economics and sanctions side on this. We are talking about a three-tier model. We're currently at level two as we all know. If I understand it correctly, that was part of the discussion today, to add perhaps names to that list within that level two, but if we really want to talk business, we're talking level three, which would be economic sanctions, banking system, financial sanctions and so on, stuff that really hurts. How far are we into this debate and how, to what extent can we rely on common political will to get there?

RADOSŁAW SIKORSKI: I think we could do more that is intelligent, useful and effective within stage two, and here again, Americans are ahead of us because they've targeted bankers of the regime and in some cases personally I believe it would be more useful to involve the family members of some of the people responsible than themselves. Look, some of the people that we're targeting can't travel abroad anyway and we targeted commander of the Black Sea fleet, a guy who just was given an order; he obeyed it. Third stage sanctions should have to be really intelligently conceived so that they are not, because most sanctions in the history of diplomacy have not worked so we have to be very careful not to hurt ourselves more than we hurt the other side.

JAN TECHAU: And I have one more question about the sanctions system that we've put together. It puts, of course, tremendous domestic pressure on Putin, which is exactly what we want but at the same time, that could also actually force him to press even harder and to succeed even quicker on the Ukraine front, which is to gain back full control over Ukraine, because he needs the domestic front to be pacified, he needs to show some success, and the more pressure we put on him, the more he will be incentivized to actually create results on the ground. That's an argument that you sometimes hear. How credible is that, do you think?

RADOSŁAW SIKORSKI: And to some extent we're also giving him an alibi for failure, for economic failure, you know the Cuban regime has been running on this for fifty years. We should be doing things that are in our own interests anyway and that don't actually require any sanctions. I mean if there is a massive move into Ukraine, we'll probably do sanctions anyway, but I will mention two issues. Number one, something that will get President Putin's attention is if we finally get our act together as regards energy. This is something that will be good for our industry, it will be good for our consumers and would mean tougher choices for President Putin – what's not to like? So first of all we should do those things that are under our control because those things we are sure about. And secondly, we should obey our own laws as regards due diligence when issuing bonds or shares at the major financial centers, when it regards conventions on corruption, and when it regards our own existing legislation on the monitoring of politically exposed persons.

JUDY DEMPSEY: Be consistent, in other words?

RADOSŁAW SIKORSKI: Be consistent and be prudent because the way it works is that the Russian corporate sector borrows money from us, then stuff happens with that money, it comes back to us as private money and it then corrupts us. Is that a smart way of carrying on; I don't think so.

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JUDY DEMPSEY: Maybe we've seen enough corruption in Ukraine and other countries as well and we've been dealing with Ukraine for such a long time and we've been very, very slow in dealing the corruption.

I've got one point to make on energy and a big question. I mean the EU wants to be hands-on with the Ukrainian reforms, yet [we were told ?] that the Ukrainian government, the interim government, has not made as its priority putting a gas meter on its borders with Russia and we know the implications of that for corruption, sell-off and others. I just want to raise this point that we have an enormous problem in dealing with the whole psychology of reform in Ukraine. But the second point on energy, I wish I could believe you; we've just seen OMV the big Austrian giant signing a big contract with Gazprom, we've seen the four or five, Croatia, Bulgaria, Austria of course, Slovenia, and they're all now involved in the South Stream, we've seen the tenders going out for the construction of the South Stream, we know exactly what the goal of South Stream is, I mean where's our energy policy on this, we don't get any kind of energy solidarity among the member states to deal with issue of energy?

RADOSŁAW SIKORSKI: By my calculations, if Russia were to build all the pipelines that are planned, she should have between three to four times more pipeline capacity than the actual gas exports of Russia to Europe. Fine by me provided we do what's under our control, namely no exceptions from the third energy package. You know more than ever before we now have to be strict about this. You know before there were all these deals, Russia had partnership for modernization, Russia was supposedly getting closer to us. Well now we know that gas is... we know for sure now, gas is a political weapon, this is about encircling Ukraine, we cannot pretend we don't know. And so they want their pipeline – fine, but in accordance with the energy treaty and the third energy package.

JUDY DEMPSEY: Well Oettinger, Gunther Oettinger only has a few months left in his job so he'll have to move pretty fast to close down any of those exemptions. How do you think...?

RADOSŁAW SIKORSKI: Well, just not grant any new ones.

JUDY DEMPSEY: Yes, well... plug the holes too, excuse the metaphor, but how do you think your prime minister's energy proposal will fly at the Summit in June?

RADOSŁAW SIKORSKI: He seems to have most of the leaders on board. If I may remind the audience, this is an idea for the Energy Union which is a pretty obvious idea, namely that the EU originated in the coal and steel community which were the strategic commodities of the '50s; the strategic commodity of today is pipeline piped gas and the idea is to increase the proportion of EU funds in projects to do with energy security – storage facilities, interconnectors and suchlike to continue to pursue the anti-monopoly cases that are going through the works, to have the payment point for gas on the EU border or even on the Energy Treaty community border. And by the way, everything I'm saying applies to all suppliers of gas, to Europe.

And then the really new idea which... whose technicalities are being worked out now, is to do what we do in the sphere of purchasing uranium, so there's a strong energy precedent, namely collective purchases by the Commission of energy and then assigning them to member states and to companies. We could then get below German prices for all of us across Europe, for all of our industry and all of our consumers.

JAN TECHAU: When we're talking about the energy complex and us getting our act together, that of course also has to do with the question of how we can pressure Russia and how much costs it is

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willing to accept before it changes its course. So far we've seen a relatively strong willingness to incur high costs on the Russian side and to swallow the price for their policies. Now I don't want to talk about this, I want to talk about our willingness to incur costs if push came to shove; how prepared are we and how firm are we on the sanctions front if it really came... you know if it was crunch time and the costs would be much, much higher than the ones that we've seen so far – what's your feeling there? And how united, with the little united-ness that we have, can we stay in such a case?

RADOSŁAW SIKORSKI: Well before I say that, I'd just like to make you realize that the, and I think I'm backed up in this by the Commission's calculations, but I knew this before, that the costs for Central and Eastern Europe would be much higher proportionately than for Western Europe. Germany, for example, imports one-third of its gas from Russia – we import two-thirds of our gas from Russia.

JUDY DEMPSEY: And do you know what, we pay more than you. German prices are fiendishly high, and if you're...

RADOSŁAW SIKORSKI: I don't think so. No.

JUDY DEMPSEY: I'll show you my gas bill.

JAN TECHAU: Consumer prices perhaps, but that's another story.

RADOSŁAW SIKORSKI: Ah consumer, no but in bulk you pay less. Germany pays less.

JUDY DEMPSEY: Minister we have three and half more minutes, so Jan we can do [overtalking].

JAN TECHAU: Okay, just one more question on this willingness to incur, yes, prices will be higher for you but that again raises the question of solidarity within the Union. We talked about that in the NATO context a little bit but in the EU context it just similarly applies. And so far against the odds we have had a relatively united front in the EU on the sanctions regimes and on the political reply to Ukraine, at this point.

RADOSŁAW SIKORSKI: In this this sense, it's no different from any other sanctions on any other country. You know when we applied sanctions on Iran, some countries suffered more than others. When we applied sanctions on Belarus, some countries suffered more than others. It will ever be so.

JAN TECHAU: So even if we go to a much more painful level of sanctions, you would think so? So there is a certain optimism in that.

RADOSŁAW SIKORSKI: We should be intelligent about which sanctions we pick to apply.

JAN TECHAU: Okay.

JUDY DEMPSEY: And you've mentioned the sanctions bit, I want to just return, probably one of the last questions about... I want to go back to Russia; I mean we've seen what is happening in Ukraine and daily this incremental federalization on a very dangerous level of what's happening in the Ukraine – what do you think, leaving aside the post-modern hatred of Europe perhaps, what do you think is President Putin's aim or long term agenda for Ukraine? How far will he go?

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RADOSŁAW SIKORSKI: Well I think he's strategically bold and tactically flexible. He will do what he can get away with. I think his preferred option would be for all of Ukraine to join his Eurasian Union because remember, only by controlling all of Ukraine does he solve his problem of gas transit and his problem of delivery of components for his helicopters, his jet fighters and his missiles. Anything else than that is a compromise.

JAN TECHAU: All right. Perhaps a final question, I don't know how many more minutes we have left... two/three minutes... okay good. One final question which has nothing directly to do with the complex that we've talked about so far, and that is of course that we will have a massive change in the EU this year and the leadership positions across the board and we have seen a new foreign policy apparatus being built, it's the talk of town obviously, the assessment is it good, is it not good, where does it go? What are your hopes and what are your expectations from that leadership change and to what extent does it give us a chance to perhaps recalibrate EU foreign policy across the board, not only with respect to this specific issue?

RADOSŁAW SIKORSKI: I think that after a period of the financial crisis in which almost necessarily the nation states came to the fore, we need to re-affirm the community method and we need to re-establish the authority of the Commission. So I'm hoping for a Delors mark two quite frankly, someone who would shake the reins and put new energy in the community institutions.

JUDY DEMPSEY: Minister Delors had an apartment in Brussels, would you like one?

RADOSŁAW SIKORSKI: No thanks. I'm a victim of these speculations, please.

JAN TECHAU: No, of course, but we couldn't... obviously we couldn't let you go without asking you this.

Well thank you very much for taking time, I think you're heading straight back to the treadmill, to the grind, and it was a privilege to get some of your time today. I hope that we can welcome you back to Carnegie Europe at some point, in whatever capacity comes your way. Thank you very much also for your patience and please come back to Carnegie Europe whenever the invitation reaches you. Thank you.