

By George Friedman

The weeklong extravaganza of G-20, NATO, EU, U.S. and Turkey meetings has almost ended. The spin emerging from the meetings, echoed in most of the media, sought to portray the meetings as a success and as reflecting a re-emergence of trans-Atlantic unity.

The reality, however, is that the meetings ended in apparent unity because the United States accepted European unwillingness to compromise on key issues. U.S. President Barack Obama wanted the week to appear successful, and therefore backed off on key issues; the Europeans did the same. Moreover, Obama appears to have set a process in motion that bypasses Europe to focus on his last stop: Turkey.

Berlin, Washington and the G-20

Let's begin with the G-20 meeting, which focused on the global financial crisis. As we said last year, there were many European positions, but the United States was reacting to Germany's. Not only is Germany the largest economy in Europe, it is the largest exporter in the world. Any agreement that did not include Germany would be useless, whereas an agreement excluding the rest of Europe but including Germany would still be useful.

Two fundamental issues divided the United States and Germany. The first was whether Germany would match or come close to the U.S. stimulus package. The United States wanted Germany to stimulate its own domestic demand. Obama feared that if the United States put a stimulus plan into place, Germany would use increased demand in the U.S. market to expand its exports. The United States would wind up with massive deficits while the Germans took advantage of U.S. spending, thus letting Berlin enjoy the best of both worlds. Washington felt it had to stimulate its economy, and that this would inevitably benefit the rest of the world. But Washington wanted burden sharing. Berlin, quite rationally, did not. Even before the meetings, the United States dropped the demand — Germany was not going to cooperate.

The second issue was the financing of the bailout of the Central European banking system, heavily controlled by eurozone banks and part of the EU financial system. The Germans did not want an EU effort to bail out the banks. They wanted the International Monetary Fund (IMF) to bail out a substantial part of the EU financial system instead. The reason was simple: The IMF receives loans from the United States, as well as China and Japan, meaning the Europeans would be joined by others in underwriting the bailout. The United States has signaled it would be willing to contribute \$100 billion to the IMF, of which a substantial portion would go to Central Europe. (Of the current loans given by the IMF, roughly 80 percent have gone to the struggling economies in Central Europe.) The United States therefore essentially has agreed to the German position.

Later at the NATO meeting, the Europeans — including Germany — declined to send substantial forces to Afghanistan. Instead, they designated a token force of 5,000, most of whom are scheduled to be in Afghanistan only until the August elections there, and few of whom actually would be engaged in combat operations. This is far below what Obama had been hoping for when he began his presidency.

Agreement was reached on collaboration in detecting international tax fraud and on further collaboration in managing the international crisis, however. But what that means remains extremely vague — as it was meant to be, since there was no consensus on what was to be done. In fact, the actual guidelines will still have to be hashed out at the G-20 finance ministers' meeting in Scotland in November. Intriguingly, after insisting on the creation of a global regulatory regime — and with the vague U.S. assent — the European Union failed to agree on European regulations. In a meeting in Prague on April 4, the United Kingdom rejected the regulatory regime being proposed by Germany and France, saying it would leave the British banking system at a disadvantage.

Overall, the G-20 and the NATO meetings did not produce significant breakthroughs. Rather than pushing hard on issues or trading concessions — such as accepting Germany's unwillingness to increase its stimulus package in return for more troops in Afghanistan — the United States failed to press or bargain. It preferred to appear as part of a consensus rather than appear isolated. The United States systematically avoided any appearance of disagreement.

The reason there was no bargaining was fairly simple: The Germans were not prepared to bargain. They came to the meetings with prepared positions, and the United States had no levers with which to move them. The only option was to withhold funding for the IMF, and that would have been a political disaster (not to mention economically rather unwise). The United States would have been seen as unwilling to participate in multilateral solutions rather than Germany being seen as trying to foist its economic problems on others. Obama has positioned himself as a multilateralist and can't afford the political consequences of deviating from this perception. Contributing to the IMF, in these days of trillion-dollar bailouts, was the lower-cost alternative. Thus, the Germans have the U.S. boxed in.

The political aspect of this should not be underestimated. George W. Bush had extremely bad relations with the Europeans (in large part because he was prepared to confront them). This was Obama's first major international foray, and he could not let it end in acrimony or wind up being seen as unable to move the Europeans after running a campaign based on his ability to manage the Western coalition. It was important that he come home having reached consensus with the Europeans. Backing off on key economic and military demands gave him that "consensus."

### Turkey and Obama's deeper game

But it was not simply a matter of domestic politics. It is becoming clear that Obama is playing a deeper game. A couple of weeks before the meetings, when it had become obvious that the Europeans were not going to bend on the issues that concerned the United States, Obama

scheduled a trip to Turkey. During the EU meetings in Prague, Obama vigorously supported the Turkish application for EU membership, which several members are blocking on grounds of concerns over human rights and the role of the military in Turkey. But the real reason is that full membership would open European borders to Turkish migration, and the Europeans do not want free Turkish migration. The United States directly confronted the Europeans on this matter.

During the NATO meeting, a key item on the agenda was the selection of a new alliance secretary-general. The favorite was former Danish Prime Minister Anders Fogh Rasmussen. Turkey opposed his candidacy because of his defense on grounds of free speech of cartoons depicting the Prophet Mohammed published in a Danish magazine. NATO operates on consensus, so any one member can block just about anything. The Turks backed off the veto, but won two key positions in NATO, including that of deputy secretary-general.

So while the Germans won their way at the meetings, it was the Turks who came back with the most. Not only did they boost their standing in NATO, they got Obama to come to a vigorous defense of the Turkish application for membership in the European Union, which of course the United States does not belong to. Obama then flew to Turkey for meetings and to attend a key international meeting that will allow him to further position the United States in relation to Islam.

### The Russian dimension

Let's diverge to another dimension of these talks, which still concerns Turkey, but also concerns the Russians. While atmospherics after the last week's meetings might have improved, there was certainly no fundamental shift in U.S.-Russian relations. The Russians have rejected the idea of pressuring Iran over its nuclear program in return for the United States abandoning its planned ballistic missile defense system in Poland and the Czech Republic. The United States simultaneously downplayed the importance of a Russian route to Afghanistan. Washington said there were sufficient supplies in Afghanistan and enough security on the Pakistani route such that the Russians weren't essential for supplying Western operations in Afghanistan. At the same time, the United States reached an agreement with Ukraine for the transshipment of supplies — a mostly symbolic gesture, but one guaranteed to infuriate the Russians at both the United States and Ukraine. Moreover, the NATO communique did not abandon the idea of Ukraine and Georgia being admitted to NATO, although the German position on unspecified delays to such membership was there as well. When Obama looks at the chessboard, the key emerging challenge remains Russia.

The Germans are not going to be joining the United States in blocking Russia. Between dependence on Russia for energy supplies and little appetite for confronting a Russia that Berlin sees as no real immediate threat to Germany, the Germans are not going to address the Russian question. At the same time, the United States does not want to push the Germans toward Russia, particularly in confrontations ultimately of secondary importance and on which Germany has no give anyway. Obama is aware that the German left is viscerally anti-American, while Merkel is only pragmatically anti-American — a small distinction, but significant enough for Washington not to press Berlin.

At the same time, an extremely important event between Turkey and Armenia looks to be on the

horizon. Armenians had long held Turkey responsible for the mass murder of Armenians during and after World War I, a charge the Turks have denied. The U.S. Congress for several years has threatened to pass a resolution condemning Turkish genocide against Armenians. The Turks are extraordinarily sensitive to this charge, and passage would have meant a break with the United States. Last week, they publicly began to discuss an agreement with the Armenians, including diplomatic recognition, which essentially disarms the danger from any U.S. resolution on genocide. Although an actual agreement hasn't been signed just yet, anticipation is building on all sides.

The Turkish opening to Armenia has potentially significant implications for the balance of power in the Caucasus. The August 2008 Russo-Georgian war created an unstable situation in an area of vital importance to Russia. Russian troops remain deployed, and NATO has called for their withdrawal from the breakaway Georgian regions of South Ossetia and Abkhazia. There are Russian troops in Armenia, meaning Russia has Georgia surrounded. In addition, there is talk of an alternative natural gas pipeline network from Azerbaijan to Europe.

Turkey is the key to all of this. If Ankara collaborates with Russia, Georgia's position is precarious and Azerbaijan's route to Europe is blocked. If it cooperates with the United States and also manages to reach a stable treaty with Armenia under U.S. auspices, the Russian position in the Caucasus is weakened and an alternative route for natural gas to Europe opens up, decreasing Russian leverage against Europe.

From the American point of view, Europe is a lost cause since internally it cannot find a common position and its heavyweights are bound by their relationship with Russia. It cannot agree on economic policy, nor do its economic interests coincide with those of the United States, at least insofar as Germany is concerned. As far as Russia is concerned, Germany and Europe are locked in by their dependence on Russian natural gas. The U.S.-European relationship thus is torn apart not by personalities, but by fundamental economic and military realities. No amount of talking will solve that problem.

The key to sustaining the U.S.-German alliance is reducing Germany's dependence on Russian natural gas and putting Russia on the defensive rather than the offensive. The key to that now is Turkey, since it is one of the only routes energy from new sources can cross to get to Europe from the Middle East, Central Asia or the Caucasus. If Turkey — which has deep influence in the Caucasus, Central Asia, Ukraine, the Middle East and the Balkans — is prepared to ally with the United States, Russia is on the defensive and a long-term solution to Germany's energy problem can be found. On the other hand, if Turkey decides to take a defensive position and moves to cooperate with Russia instead, Russia retains the initiative and Germany is locked into Russian-controlled energy for a generation.

Therefore, having sat through fruitless meetings with the Europeans, Obama chose not to cause a pointless confrontation with a Europe that is out of options. Instead, Obama completed his trip by going to Turkey to discuss what the treaty with Armenia means and to try to convince the Turks to play for high stakes by challenging Russia in the Caucasus, rather than playing Russia's junior partner.

This is why Obama's most important speech in Europe was his last one, following Turkey's emergence as a major player in NATO's political structure. In that speech, he sided with the Turks against Europe, and extracted some minor concessions from the Europeans on the process for considering Turkey's accession to the European Union. Why Turkey wants to be an EU member is not always obvious to us, but they do want membership. Obama is trying to show the Turks that he can deliver for them. He reiterated — if not laid it on even more heavily — all of this in his speech in Ankara. Obama laid out the U.S. position as one that recognized the tough geopolitical position Turkey is in and the leader that Turkey is becoming, and also recognized the commonalities between Washington and Ankara. This was exactly what Turkey wanted to hear.

The Caucasus is far from the only area to discuss. Talks will be held about blocking Iran in Iraq, U.S. relations with Syria and Syrian talks with Israel, and Central Asia, where both countries have interests. But the most important message to the Europeans will be that Europe is where you go for photo opportunities, but Turkey is where you go to do the business of geopolitics. It is unlikely that the Germans and French will get it. Their sense of what is happening in the world is utterly Eurocentric. But the Central Europeans, on the frontier with Russia and feeling quite put out by the German position on their banks, certainly do get it.

Obama gave the Europeans a pass for political reasons, and because arguing with the Europeans simply won't yield benefits. But the key to the trip is what he gets out of Turkey — and whether in his speech to the civilizations, he can draw some of the venom out of the Islamic world by showing alignment with the largest economy among Muslim states, Turkey.

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