

Beacon Global Strategies' Memorandum on the Munich Security Conference

The 2016 Munich Security Conference (MSC), to be held from February 12-14, will be a pivotal weekend for rolling out new policies and advancing agendas concerning Europe and beyond. There are dozens of Foreign Ministers and heads of State scheduled to attend. Here are the major issues we expect to be front and center including:

- **Refugees:** The conference will be focused on the strain that the estimated one million refugees has put on the EU, as politicians such as Chancellor Merkel, have been wounded by their handling of the refugee crisis. Merkel is scheduled to be in Munich, and her speech should be closely watched.
- **EU Solidarity:** In addition to the coming U.K. referendum on whether to remain in the EU, there are three existing external challenges to the EU – the migration crisis, the terrorism threat, and Russia – that taken independently would be enough to test the limits of EU solidarity and capacity. Taken together, these issues are nearly intractable and expose deep differences in approach and urgency among EU member states.
- **Information Sharing:** Despite the recent U.S.-EU Safe Harbor Agreement, persistent differences exist between Data Protection Authorities in Europe and the imperative of information needed to thwart a rising ISIS, in Europe and the U.S. This will be a key topic of discussion at a wide-range of information and cyber events in Munich.
- **U.S.-Russia:** Despite a resurgent Russia and widening Russian intervention in Syria, the viability of enhanced U.S.-Russia talks on Ukraine and their resultant impact on sustaining trans-Atlantic solidarity on Russia sanctions will be a critical discussion thread at the conference.
- **Syria and Iraq:** On the margins of the conference, Secretary Kerry will hold a meeting of the Syria Core Group, which includes Iran and Russia, as a way to try and breathe life into a flagging peace process. Prior to MSC, Secretary of Defense Carter will host a meeting of defense ministers from the major contributing countries

to the counter-ISIL campaign (he will do this on the margins of the NATO Defense Ministerial in Brussels; Secretary Carter will not be in Munich).

We are beginning to see signs of a shift in U.S. policy towards Russia. The U.S. and the EU are insist that sanctions on Russia can only be lifted once the so-called Minsk II obligations (cease fire, security of the Russian-Ukrainian borders border, and Ukrainian political “reforms”) are met. However, increasingly, EU member states are divided about the degree to which the West should engage Moscow, with views varying depending on geography and historical relationships.

Although the EU extended its Russia sanctions nearly without debate in December, it is increasingly apparent that EU future unity on Russia is in doubt due to a number of factors, including:

- A growing sense in Europe, especially Germany, that we need Russia for the Middle East and other matters. With Putin likely to remain in office at least until 2024, this challenge threatens to divide Europe for years to come.
- At least in Western Europe, Russia-Ukraine is being eclipsed by refugees, the Middle East, and the ability of the EU to cope with its challenges.
- Greater acceptance that full implementation of Minsk II is unrealistic and growing dissatisfaction with political developments in Ukraine, especially corruption.
- Resentment that the Germans, the chief advocates for existing Russia sanctions, are proceeding with a gas pipeline project, NordStream II, while similar projects, like the Italian’s South Stream, have been scuttled by the EU.

Timing will be critical in the months ahead. The next sanctions renewal is due this summer, just weeks before the NATO Warsaw Summit, where a main focus will be Russia. Most sources believe it is unlikely that leaders will agree to lift Russia sanctions on the eve of the summit, which would send the wrong signal, absent some game-changing shift from Moscow.

Both in recognition of the changing landscape and internal U.S. political and strategic calculations, apparently the U.S., which previously allowed Paris and Berlin to take the lead on diplomatic engagement with Russia on Ukraine to Paris and Berlin, has chosen to take a more active role in direct diplomacy with Russia. Secretary Kerry has spoken with Russian Foreign Minister Lavrov often recently, and will see him again in Brussels. Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland recently met with Kremlin

Advisor Vladislav Surkov in mid-January in Kaliningrad for direct talks on Ukraine.

In addition to direct talks, we are picking up indications that the U.S. may be open to flexibility in defining what constitutes “Minsk II” compliance. Assistant Secretary for Europe Victoria Nuland is quietly engaging E.U. countries, including Russia, on Ukraine. Some have dubbed such calibrations as “Minsk III”, which would synchronize and re-phase Russian and Ukrainian obligations. The ultimate U.S. goal would be to achieve Russian compliance with Minsk in return for the potential of easing sanctions. The Administration believes now is the right time to see what can be achieved to help resolve the conflict in Ukraine and the initiative seems to have the support of those policymakers that generally take a more skeptical view of Russia. That said, we have received reports the Germans and French are pushing back on the U.S. taking a more robust lead. BGS will be reviewing this new initiative closely in the coming weeks.

In parallel to the renewed U.S. diplomatic approach to Russia, the U.S. recently announced more robust moves to deter Russia. The Secretary of Defense announced on February 2 a \$3.4 billion extension of the U.S. European Reassurance Initiative, a significant increase in funds designed to deter Russia. ERI will provide additional rotational U.S. forces in Europe, more training and exercises with our allies, more prepositioned warfighting gear, and infrastructure improvements to support it. The details will be key, as some Eastern European partners (especially Poland) are concerned that equipment will not be forward deployed, but will instead reside in Germany.

To close, President Putin is doing everything he can to capitalize on and fuel the rise of anti-EU sentiment across Europe with the goal of both dividing Europe and driving a wedge between the United States and Europe. Prime Minister Medvedev’s attendance at Munich this year is a sign that Russia is moving actively to defang sanctions and portray Russia as a helpful partner in resolving Europe’s problems around the world.

BGS is available to advise on these matters as well as other national security and geopolitical issues.