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**Speech by**

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**"THE INTERTWINING OF SECURITY AND ECONOMICS IN  
TRANSATLANTIC POLITICS"**

**Bertelsmann Foundation**

**Transatlantic Strategy Group**

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Professor Weidenfeld,  
Ladies and Gentlemen,

Allow me to begin by thanking the Bertelsmann Foundation for this opportunity to be with you this evening. I can think of few more sensible fora in which to discuss the issue of transatlantic relations than this Foundation. In recent months it has been fashionable to be pessimistic about the transatlantic relationship. Indeed, some commentaries and analyses have read more like obituaries. But my starting point is the same common sense approach as this Foundation. Europe and the United States do indeed face important new global challenges. Transatlantic co-operation is the best hope of overcoming these challenges. And the best way to achieve this co-operation is through dialogue based on our common values and interests. So let me welcome the convening of this conference as an important part of that dialogue.

You have chosen as the theme of the conference "The intertwining of security and economics in transatlantic politics". It is a complex and fluid triad, within which there is not just intertwining but also interdependence: interdependence between the security, economic and political aspects, and interdependence also between Europe and the United States. Interdependence is the glue in our relationship. But the degrees of interdependence differ between the economic, security and political spheres. In some areas we need a bit more glue. Let me explain.

Take first the economic sphere. Here, there is a reasonable degree of balance on the two sides of the Atlantic and a well-developed acknowledgement of our interdependence. The United States and Europe are the world's two economic superpowers. Each is big enough to affect the other and each has a stake in the other. Today, the transatlantic link is the largest trade and investment relationship in the world: total EU-US trade exceeds 500 billion dollars and more than 6 million jobs in the US and the EU depend on it. Each partner has investments totalling around 500 billion dollars in the other.

Globally, economic interdependence has been a powerful stabilising force. The closed economies and competitive devaluations of the 1920s and 1930s were part of the "zero-sum mind-set" that fostered insecurity by closing borders, minds and societies. By contrast in the post-war period both America and Europe had the wisdom to construct systems that allowed economics to strengthen security. At global level this was based on the promotion of open but rules-based trade, with mechanisms allowing the peaceful settlement of disputes. Within Europe, integration was based on a doctrine of security through economics.

Today, broad balance and interdependence seem to be a good recipe in the economic sphere for a transatlantic relationship that is mature and characterised by mutual respect. Our economic balance has been given new force with the arrival of the Euro, a development that will contribute also to global economic stability. Of course, the economic sphere has its share of occasional frictions. Bananas, hormones in beef, and steel are evidence of that. And our economic models do not have to be identical in order for the relationship to be balanced and mature. But in the scale of things, occasional trade frictions and more enduring differences do not threaten the overall tranquillity of our economic relations.

In the security and political spheres we are a long way from the kind of balanced relationship that we enjoy in the economic sphere. Greater balance in the security and political relationship would help us to maximise the potential of the transatlantic partnership as a factor for stability in the century to come. Achieving this balance requires a degree of adjustment on both sides, adjustment not just of capabilities but also of perceptions. I would highlight three particular areas. The first concerns threats, the second burdensharing, and the third, methods of dealing with the world's problems.

As far as perceptions of threats are concerned, for most Americans, 11 September has changed everything. Until then, America could always rely on geography to protect the homeland. The brutal attacks on its own soil have overturned that perception. Europe had been used for centuries to the idea of threats on its soil, until very recently. The fall of the Berlin Wall left the Europeans with a new sense of security, which the terrorist threat has dented but not abolished. Closing the perception gap requires a better mutual understanding of the nature of the threats posed to our open societies by ruthless opponents, ready to use terrorism and possibly weapons of mass destruction. The question then arises how to deal with them.

The US response was swift and forceful. Europeans supported the use of force and still do. But they make two points, which bear repeating. The first is that a military response alone will not solve the problem of terrorism. Europeans have learnt this lesson. The second is that even the strongest country in the world needs partners and allies, not simple followers. A true partnership requires dialogue and mutual respect. But it also requires both sides to be convinced of the benefits. This raises the question of the balance of contributions.

In terms of political and security capabilities, the burden of adjustment clearly lies on European shoulders. And we in Europe are making efforts to adjust, to bring more balance. Europe is on the move. The Euro has been successfully introduced. The upcoming enlargement will reunite our continent after centuries of division. A Convention is working on a new continental-wide constitution. The EU is developing the tools it needs to become a stronger and more equal partner for the US. Remember the scepticism at the announcement of the creation of the Euro. The doom-mongers got it wrong. They'll get it wrong again about the creation of a European foreign policy, including a defence component. The latter is still at an early stage, but the trend is unmistakable.

During the Cold War Europe shared the burden by providing the battlefield while the US provided the battle. Today Europe is determined to give itself the means to act decisively when and where needed, in close co-operation with NATO. That does not mean trying to equal the US military build-up. But it must mean Europeans spending more or spending better - and spending better means integrating more. Painful choices will have to be made if Europe is to live up to her security ambitions. But more painful still would be to do nothing. To do nothing, to avoid the hard choices ahead, would guarantee a steady decline in our capabilities to the point where it would be ever more difficult to operate alongside the US. And when we take the tough decisions required, this will be good news for Europe and for the US.

There is a perception that Europe offers too much talk and too little action, while the reverse applies to the US. Let me briefly address the European side of the equation. After 11 September, Europe delivered action as well as words. In Afghanistan, six thousand European troops stand shoulder to shoulder with their American partners. Europe, together with the US, plays a leading role in reconstruction and nation building. The fight against terrorism has led to a flurry of activity in judicial and police co-operation. In the Balkans the EU is progressively taking on a more active role, with the full backing and support of the US. Of the 58000 peacekeeping troops currently in the Balkans, 38000 are Europeans. As in Afghanistan, the financial burden is being shared, with the EU by far the largest financial donor.

In the Middle East we have worked closely together. The co-operation within the Quartet should be the model that inspires us. Policymakers on both sides of the Atlantic share to a very wide extent the same vision of a just and durable settlement, even if our publics' perceptions of the conflict differ somewhat. That shared vision is of the peaceful co-existence of two states living side by side within secure and recognised borders and enjoying normal relations with their neighbours. To get there both the US and the EU are convinced that we need more emphasis on peace, less on process. We both agree that terrorism must stop. We both agree that reform of the Palestinian Authority is essential. And we both agree that lasting peace requires an end to occupation and the establishment of a democratic, viable, peaceful and Sovereign State of Palestine. What we must concentrate on now are mechanisms allowing that shared vision to be realised.

We need to take courage from our successes and apply them elsewhere. A sustained collaborative approach is needed on other common priorities: Africa; poverty; epidemic and pandemic disease, and the environment. These are issues that threaten our interests, our values, and our security. But they are also issues on which Europe and the United States have the capacity to lead an "axis of good".

It is no accident that conflict breaks out in significantly higher numbers and on a grander scale in some of the poorest countries of the world. Desperate people are all too often driven to desperate acts. Poverty is no excuse for violence, but it makes a fertile ground for those wishing to propagate it. Half the people on this earth live on less than 3 EURO a day. That represents an enormous reservoir of desperation, an enormous potential for conflict that for practical as well as for moral reasons we cannot afford to ignore.

Even the best of friends do not agree on all matters. The sign of a mature and equal relationship is not the absence of conflict but the capacity to deal with it in a responsible manner. On the International Criminal Court, global warming, or steel, we have open disagreements. The European desire for the US to be more committed to multilateral solutions is not a case of Lilliputians trying to tie down the superpower Gulliver. It is based instead on three factors.

Firstly, because of our tradition of shared sovereignty, the belief in collective action comes naturally to Europeans. More than forty years of experience has taught us that multilateral solutions are an alternative to war and that sovereignty shared is sovereignty revitalised. Secondly, we are convinced that global problems - whether they are economic, environmental or political - require genuinely global solutions. Goods, services, people circulate more than ever. Greenhouse gas emissions do not respect borders. Nor do terrorists or criminals. Conflicts spread from one country to another; financial crises have spillover effects worldwide. And thirdly, a commitment to genuine multilateralism is a long-term investment in security. If the weakest and poorest feel that their voice will not be heard then they will soon be the angriest.

The International Criminal Court has been the focus of particular disagreement in recent days, so let me be quite clear. European advocacy of the ICC is not designed to constrain the actions of the United States, nor do I believe that this will be the effect of the ICC. Our advocacy is based on the simple premise that the world will be safer and more just if there is a general expectation that the rule of law will prevail. The ICC is designed to constrain, prevent, deter and punish the actions of would-be war criminals, not of peacekeepers.

The United States is quite right to point to its special global responsibilities. But these are not responsibilities that are unique to the US. European nations also have peacekeeping responsibilities, but see no threat to these from the Court. The United States has probably done more than any other country to strengthen the rule of international law in the post-war era. In the Balkans, Washington has insisted - and rightly so - that the countries of the region co-operate with a Tribunal. In the Balkans, that same Tribunal has demonstrated that international justice is capable of delivering real benefits not imagined risks. So I hope that the United States will think again and let the Court prove its worth.

Ladies and Gentlemen, one week ago the United States celebrated her independence. Forty years earlier the then President of the United States proposed a “declaration of interdependence” between a united Europe and the United States. Speaking at the Independence Hall in Philadelphia, President Kennedy spoke of “a concrete Atlantic partnership, a mutually beneficial partnership between the new union now emerging in Europe and the old American Union.” Transatlantic interdependence did indeed grow, in the economic, security and political spheres. The intervening forty years have seen the disappearance of a Cold War threat that was stable and unifying in its impact on the transatlantic link. Now we face new and unpredictable threats.

Today it is not only Europe and the United States that are interdependent. We live in an increasingly interdependent world. Economics, security and politics are bound together in a complex web that creates interdependencies. No one is completely sheltered from these interdependencies, not even the most powerful. We must begin to see our reliance on one another as a blessing not a curse. Common cause spurs us to collective action. Of course, collective action comes at a price: hard work, patience, a willingness to listen, and sometimes compromise. But given the nature of the challenges of the century to come I am convinced that collective action is our best hope of mastering our destiny and achieving progress.

In the modern era our independence will best be achieved by recognising and exploiting our interdependence. Today, human events dictate that it is necessary not to dissolve but to strengthen the political, security and economic bands that connect us. To that end we want more Europe, not less America.

Thank you.