March 26, 2010

Brussels Forum

Keynote Address

Craig Kennedy: We're ready for the next part of this year's Brussels Forum. And we're very, very pleased to have the president of the Commission, Jose Manuel Barroso, with us this year. Early on in his first term as President of Commission he was at the very first Brussels Forum and so we're very pleased that he has come back for this, the 5th Brussels Forum. I'm not going to go into an elaborate biography. All of you know former Prime Minister of Portugal. Some of us think of him as a former scholar at Georgetown University in Washington. I can't remember if you are a Hoya basketball fan, but that would probably do you well in this crowd. just very, very honored that he chose this venue to make a significant speech on Transatlantic relations from his perspective. At the end of it he will take questions. So if you have them I will be standing over in the corner trying to keep an eye open for those of you that are raising a hand. With that I want to turn

the podium over to Jose Manuel Barroso.

H.E. Jose Manuel Barroso: Distinguished guests, ladies and gentlemen, let me begin by thanking the German Marshall Fund and its present (Inaudible) for inviting me to address this fifth edition of the Brussels Forum. It is a real pleasure to be with you. This year's agenda is particularly broad and seems to cover every issue imaginable: security, counter terrorism, G20, regional hot spots and security just to name a few. All of these subjects are of great importance, most of them are high on the European Commission's agenda.

But today I want to focus on the European and U.S. relations. Europe and the United States find themselves at the crossroads. On one hand we enjoy the most successful and integrated partnership in the geopolitical world. On the other hand the world is changing fast and must and it probably should adjust to new realities if it is to continue to flourish.

The question is what kind of Transatlantic partnership do we want for the 21st century. At the risk of giving away the ending I will answer straight

away. In a world of new threats and new challenges we need a more balanced and global distribution of power. We need a more dynamic partnership between the two sides of Atlantic. Some argue that we devise our new powers has become less important and should be just one normal partnership among many. Let's call it the multipolarist argument. I think that it is misguided because it ignores the importance of shared values. Values do matter. They are not just ideas, they are the foundation of our constitutional order. They guide our political behavior. They justify our political reforms. They shape our political discourses. They should guide our foreign policy.

Values are also influential in defining our interests. Some people separate, if not oppose, values and interests. That is a mistake. Interests are not defined in a vacuum. On the contrary the formulation of political interest is infused by our values, whether we are aware of it or not.

Why don't U.S. and E.U. promote regulatory and legal mechanisms to solve their political and economic differences? Because the rule of law is a value we

share. Why do we condemn use of force by two regimes against our own people? Because we value individual rights, democracy and freedom. Why do we lead the world in developing policies? Because we believe in solidarity and the value of all human beings. Why have we spent the last six years promoting global free credit? Because we value economic freedom and wealth and stability it creates. Is it really considerable that U.S. interests can start to diverge in a significant way when we hold so many values in common? I don't think so.

So it is safe to assume that in a world of rapid change one thing will remain constant. We will continue to have more in common with each other than with any other great power. Ours is a natural partnership and it is only natural that we should deepen it. Of course, the fact that we share values and interests does not mean that we will always agree on everything. It is difficult enough to get two Americans to agree on everything, or two Europeans for that matter, something I am forced to deal with on a daily and sometimes on a nightly basis. Today I am

especially pleased that the 27 member states were able to come together on the very ambitious proposal from the Commission and yesterday the summit took very relevant decisions for Greece and for the future of our economic and monetary unit.

What matters is our ability to contain occasional disagreements and reach reasonable solutions when they occur. Let me be clear, in a more balanced world order it is obvious that we need to cooperate and work with other powers, growing economic interdependence common threats to security require both reinforced bilateral cooperation with our partners and bilateral global management. There is no doubt about that. the Transatlantic partnership is special in a way that none of these other relationships are. We do not pursue different visions of global order based competing values. We are not geopolitical or strategic rivals. Ours is a win/win relationship. The U.S. has a lot to gain from it (Inaudible) its relations in E.U. and vice versa.

Ladies and gentlemen, the counterweight to the multipolarist argument is that the Transatlantic

relationship is special, but we must go beyond traditional Atlanticism and build new Atlanticism around this strategic European Union/U.S. partnership in order to shape the global agenda. I am saying it is not enough the very important NATO relationship or very important bilateral relationships. The new Atlantacisim should be based on the relation between the European Union as such and the United States, as well.

The bedrock of this partnership is Atlantic economy and it remains solid despite the financial economic crisis. The Transatlantic economy is still by far the biggest economic area in the world. It has a GDP of around \$25 trillion, roughly 50% of global GDP and 800 million consumers. It remains the key driver globalization. According to recent surveys the Transatlantic economy accounts for 40% of world trade \$4 trillion and generates more than in annual commercial sales. Over the past decades 3/4 of foreign direct investment into the United States, \$1.2 trillion from Europe. By the end of 2008 U.S. come investment stakes in Spain, for instance, alone were

greater than U.S. investment position in all of China and India combined.

This level of economic integration combined with our shared values constitute a strong foundation on to build our partnerships. Yesterday's breakthrough on the second stage opened skies aviation agreement worth up to 12 billion Euros in economic benefits and creating 80,000 new jobs showed the value of further economic integration. On top of that, (Inaudible) finally in place after a difficult burst empowers for the European Union in several areas. Economic regulation and trade, justice and internal security, energy policies, development, civil construction and humanitarian aides. It gives the European Union profound external affairs, reinforces the European Union's efficiency and its capacity to deliver. In other words, all the pieces of jigsaw are in place for a qualitative (Inaudible) in the transatlantic relationship for a more dynamic approach. This initiative should extend beyond agreement of conventional foreign relations. It forms part of the core of the program for my second commission.

My first (Inaudible) was about conservating the enlarged European Union. My second is very much focused on an agenda for global Europe. I'm convinced that Europe and the United States, great drivers of should contribute to globalization, can and leadership, which globalization is. Now is our moment. Now is our opportunity. In order for us to play a role must acknowledge global interdependence as we underlying reality of our times while reinforcing our We need to think global and partnership. Transatlantic. We can build on what we have achieved. By reintegrating E.U. American and political relationships. My making the E.U and U.S. more outward looking and making a conscious effort to engage more with third parties including emerging powers such as India and Brazil by combining our efforts to reform architecture of international cooperation, by working together to mitigate climate change while achieving greater energy security, by joining efforts to achieve and developing goals and by creating a common Transatlantic area of security. All of those issues reflect our growing interdependence. And we

should make this interdependence work for our citizens. We should continue to lead a reform of global and financial governance particularly in the context of the G20 where we need to finish the job we started.

will continue to engage in conflict resolution and state building processes in Afghanistan and Pakistan. This matters not only for Afghans and Pakistanis but also Europeans and Americans. Our goals must be to have peace in Afghanistan and help Pakistan build a stable democracy. In Afghanistan, European judges other soldiers, policemen, and civilian personnel are on the ground working with Afghans to build the basic institutions that would allow the state to function independently, to establish sustainable (Inaudible) that will allow communities to beyond conflict and direct trade.

In Pakistan we are dipping our engagement. Within a few weeks at the European and Pakistan summit here in Brussels, we will focus with the Pakistani government on broadening and deepening the scope of our relations. The objectives are to support sanctions of democratic institutions in Pakistan, to develop alternative and

regional answers to shared challenges. The E.U. and U.S. are the beginning of a dynamic partnership in dealing with security challenges. During the last two decades we have witnessed European and American soldiers fighting side by side to guarantee the security of both our citizens and the victims of aggressions in the Gulf, Bosnia and now in Afghanistan.

E.U. has also been playing a growing international role in recent years in all areas relating to civil use nuclear energy, safety, security and nonproliferation. A budget of 520 million Euros has been allocated to this task including the promotion of international cooperation. European (Inaudible) nonproliferation efforts which is why it will not hesitate to support a new round of sanctions against Iran if it continues to ignore its national conserve.

There could not be more positive signal to our efforts and the news today of an agreement between the United States and Russia on the new star treaty to get nuclear weapons. I congratulate both President Obama and President Medvedev for this historic agreement to

be signed next month.

In the modern world internal and external security indivisible. So a vital aspect of improving security cooperation counterterrorism is a sharing of information. We have been working hard in the U.S. to develop effective procedures to that end and we are fully committed to this. But it is essential to take into account the particular concerns of Europe fundamental rights and privacy that is lesson of the recent vote by the European Parliament on the so-called swift agreement. We all shared the goals behind that agreement but we must insure Europeans are behind the matters proposed by respecting what are (Inaudible) That does not mean delay, however. concerns. commission has already presented a negotiating mandate to the United States and European Parliament which we hope will enable us to conclude this important U.S. agreement quickly.

Making the Transatlantic partnership more dynamic means improving the way we work together. That means making our summits much more efficient and results oriented, allocations for a high level, less strategic

dialogue between leaders. In any event, we need to be guided by two principles, strategic priorities over analysts' list of issues and substance of a process. The summits must be an agenda setting and decision making events.

Ladies and gentlemen, let me finish by reassuring both the multipolarists and the traditional Atlanticicists that Transatlantic relationship is a special one. And the new Atlanticism does have the means to deliver. It is important from a bilateral point of view but it is also important from a unilateral point of view. In our fast changing world we have no time to lose. Thank you very much for your attention.

SPEAKER: Thank you very much. So now we have time for 3 or 4 questions. Who's going to ask the first one? Please identify yourself.

AUDIENCE: (Inaudible) International affairs. The European Union in the last few days has said necessarily to focus on the Greek and the most effective ways to address this financial crisis. And many call for introduction of new measures allowing the

union to develop a really common economic policy to compliment the common monetary policy. Some of these proposals would require probably treaty changes. What are your views on that, if you think that even without new changes the union can achieve this goal or there is the need to rethink the possibility of introducing new change?

H.E. Jose Manuel Barroso: My honest answer to that is let's first concentrate on the changes without a treaty change and it is possible to do a lot with the current treaty. By the way, the decision yesterday regarding Greece and financial stability is possible without treaty change. It is a very novative solution and we have been working for that very hard the last will be a (Inaudible) few weeks. Ιt mechanism It is an exceptional design for (Inaudible). exceptional situation but it is possible. Wе shown through good debate that it was possible to come to a conclusion in the framework and to have all the member states of the E.U. area agreeing on that matter.

I know that some ideas have been floating may require treaty change, for instance, the idea put on by

finance of Germany on the account of European monetary fund, we can work on that, but I think we should not be distracted by the longer term. We should address some issues that we have already on the agenda and some of them are perfectly feasible with the current treaties.

I really welcome -- in fact, I have been working a lot for that -- the decision today to improve the economic governance of the European Union. now among leaders a much greater awareness of the need to economic policy coordination. In fact, strategy you have put forth for adoption by the 27 governance, we have proposed just that, not only to concentrate on some targets at the European level, but also to ask leaders to look at in a holistic way to macroeconomic policy to financial regulation provision, to structural reform and also to the extent I mention of the economic policy, namely trade. So to really have an economic policy for Europe, economic policy that respects diversity of our 27 member states but should be jointly designed and jointly implemented. I believe there is now a willingness to do that.

AUDIENCE: (Inaudible) To ask you what has changed

from yesterday to this morning and will it be sustainable when it comes to economic governance? Secondly, as business (Inaudible) and we agree on both sides of the Atlantic we (Inaudible) and others, it is an in depth relationship that we have to solve some problems that we have to Transatlantic economy. We have introduced together an agenda but in the meetings are there the outcome are very poor. What has to change there in order to make it more effective?

H.E. Jose Manuel Barroso: First question, the decisions taken yesterday and today are important because it was unanimously agreed to have a more integrated system of governance in the European Union. This is very, very important. Those were commitments at the highest level. It is a political declaration translated into concrete hope it will be I decisions. So we are keeping, of course, the treaty. The treaty was just adopted. But it is possible in the framework of the treaty to accept this kind integrated decision making in terms of economic policy and policy coordination. In English the expression was economic governance.

And I think it is quite obvious that we need that. If you accept the principle of global interdependence, for instance, financial markets, if you accept this principle at G20 it will be a contradiction not to accept it at the European level. So I hope now that this is going to be translated into practice. Today it was the first realization of this because we have adopted on the basis of the Commission proposal the European 2020 strategy with five targets for the next years with some flagship initiatives and some concrete actions that are going to be developed over the next years.

Second point and I know very much a commitment of business Europe and I thank you for that. You have been constant supporters of the Transatlantic agendas in the business community. And we have, in fact, given new drive and new importance to the Transatlantic Economic Council. I think it is extremely important at that council because it puts together on both sides the interests of the business communities and also for increased regulatory convergence. And I know because I have been in some of those meetings, as well. On both

sides of Atlantic, in the business community there is a great demand for these increased economic relations, namely regulatory convergence. And it will make life more simple for business on both sides of Atlantic to have as much as possible a common economic space between the United States and Europe. I believe we should put more importance on both sides of the Atlantic, both administrations on the European Union Commission and the United States administration so that we can achieve some results and I believe it is possible to achieve that purpose.

AUDIENCE: (Inaudible) You spoke convincingly about some more outward looking Transatlantic relationship. How do you look back at 18th of November last year when Obama visited President China and signed partnership agreements, some of which created slight nervousness in the European industry including the electric current initiative. European Union took a lot of pride out of being a regulatory superpower in the past. This was to a large extent true. China adopted European legislation very fast after it went out of the Brussels pipeline but it seems to be changing.

convinced are you that we were talking about a more outward looking Transatlantic as opposed to Transpacific relationship?

H.E. Jose Manuel Barroso: We also are developing our relationship with China. I will be in China next month for a meeting between the Commission and the government of China. We have this now every year. Once in Beijing and another time in Brussels. we are not against the development of relationships with the United States and China. On the contrary, the point I have made earlier was that our relation should not only be bilateral, but how we can engage with in this new global order that we are witnessing. The Commission and the European Union have been supporting the G20 process, in fact. We are at the origin of it. It was during the French presidency that President Sarkozy and myself asked President Bush, at that time he was the American president, in Camp David to call the first G20 summit. Afterwards we had another one in London and one in Pittsburgh. One of is the G8 the points we have been making sufficient that we need to engage with other partners

like China.

I'm not jealous of the relations of the United States or China. I believe it is a complete mistake, by the way, all of this talk about the G2 is a complete mistake. You understand that the reality shows that this is not the evolution. On the contrary there are now growing differences between the United States and China in many matters. I don't think this is good. What is important is that we work all together to find solutions for some global issues. And the United States and Europe for the reasons I have highlighted in my speech I believe have special reasons to do so.

AUDIENCE: I am a member of the European Parliament. I'm from Greece so we are rescued so we can talk. And I thank your leaders. Mr. President, you emphasized how important it is that we share the same values with the United States. I would say the following. When we had the voting of the swift in the Parliament, when it comes to a bilateral question between the commission and the United States the problem is not there. The agreement is done. We have the honorable president of the European Parliament with us here, as well, Mr.

Buzek. When we had the voting, a vast majority of the European Parliamentarians, they voted against the swift for many of us it was a signal that we don't share the same values on personal data, on sensitive issues that the Europeans have. And personally I think there are open issues that the people of Europe, not the Commission when you come to an agreement, but the people of Europe, they don't share with the Americans, especially I notice that on security issues and when we have violation, let's say, on human rights. So would you share this with me or do you have a different opinion? Thank you, Mr. President.

H.E. Jose Manuel Barroso: Regarding the European Parliament, there are different assessments. As you said, President Bozek is here and probably can give us a more accurate assessment. I think there are different issues and there was some institutional issues. The European Parliament did not like the way the council was presenting the legislation. It was a very short period for discussion. There were other concerns.

Anyway, I would not say that we have fundamental

difference or values between the United States Europe. I think the United States and Europe, we care about human rights, fundamental rights and liberties and including the right to privacy. What may happen, yes this is true, there are different ways of dealing with these issues but I would not say there is a position of values in that matter. That does not mean that we agree on all issues on the way to deal with those issues. I will not agree it is a difference of values when it comes to these issues. That is why we are now committed to work in the new mandate that we have just presented, commissioner has just presented for the members of the Parliament to agree on a swift agreement because I have to underline this. extremely committed to the agenda of liberties fundamental rights. I was 18 years old when I dictatorship of 48 years fall. That was the generation of the birth of democracy in my country. So I know what it is to live in a country with no freedom.

Freedom cannot be something people enjoy if there is no security. The right to security is also fundamental right. So the need to fight terrorism is a

fundamental right, as well. The need to have a common approach to fight the terrorism puts in question our freedoms. It is a question of finding the right balance. I believe we can do it together with our American partners.

AUDIENCE: Gayle Maddox from the U.S. Naval Academy. My question has to do with what I see is a pretty broad agreement for the need for closer E.U. and NATO relations. Could you address some of the challenges of that relationship and what you see as a way forward?

H.E. Jose Manuel Barroso: The membership of NATO and European Union is very similar on the European side. And SO it makes sense to have stronger а I'm in favor of that. relationship. I'm I believe it makes sense to work Atlanticicist. and together, NATO European Union, of course respecting the autonomy of each organization.

Now there have been very unseen developments. In Prague, in fact, President Obama met us in the meeting with all the European Council, the message he conveyed to us is he is supportive of European defense identity. That was probably not the perception at least some

years ago. Some years ago many people were seeing some kind of European defense identity as competing with Transatlantic community and defense community. Today it is obvious that you can do it not against NATO but as European pillar of Transatlantic defense system.

the French decision, President Sarkozy decision, of integrating the NATO fully, I think it was an extremely important decision. I am speaking out of President of the Commission because the Commission is not to specific (Inaudible) on that matter. But I say it publicly I fully support it. It is a very important and courageous decision of President Sarkozy. Because I think now there are no obstacles to have this kind of developing of relationship, developing European identity in defense at the same time that we are loyal to NATO. And I believe that in the United States but for that and I welcome there is support that development because we need this for all kinds We are living in a more unpredictable world. reasons. There are new kinds of threats and it makes sense that European develops its defense capabilities, its defense identity without being in competition with

Transatlantic defense community.

AUDIENCE: My name is Dan Price from Washington, D.C. Mr. President, one of the cornerstones of the Transatlantic relationship historically has been a common commitment to trade and investment liberalization and, indeed, Europe and the United States have been drivers globally of the move for free trade and investment. The E.U. has helpfully moved forward with an agenda with FTAs, Canada, Singapore, I believe Vietnam is in the cards. I think it is fair to say with the exception of the Transpacific partnership the trade agenda in the United States has stalled. Where do you see the U.S./E.U. partnership going on trade? Thank you.

H.E. Jose Manuel Barroso: Thank you, Dan. I remember our cooperation. You have a very important role in American administration. Let me tell you the following. Just today I received (Inaudible) and I asked him about this. And he told me that is very much the commitment of his administration, President Obama personal commitment to trade DOA and trade liberalization. As you know better than me, the United

States is not very happy with the negotiations so far so it wants to open some issues.

One thing is certain. I believe we should keep our commitment to conclude DOA. It is important both for trade and development reasons. And SO conclude DOA and there is an agreement at the G20 to conclude it as soon as possible. That has not been That is why we are at possible. that same developing some bilateral relations. Yes, they have concluded negotiations with Korea. Wе have concluded negotiations with (Inaudible) community and we are concluding now with Central America. I hope we will open with (Inaudible) very recently. We engaged with India and Canada and others. We don't see contradiction between the real the bilateral relationships and trying to have a global comprehensive deal.

And I very much hope that the United States and Europe find some common ground working also with others and solving the remaining difficulties so that we can have the DOA positive conclusion as soon as possible.

AUDIENCE: (Inaudible) Germany, I'm teaching U.S.

foreign policy for 21 years. As a staunch Atlanticist, also new Atlanticist, Mr. President, allow me to ask you a question about another elephant maybe in this Transatlantic new Atlanticism. We spoke about China. I think we left Russia out. How would you see the role of Russia in the future? Do you see any strategic role working together with Russia maybe in a trilateral relationship between the United States, Europe and Russia tackling all of these global issues?

H.E. Jose Manuel Barroso: I mentioned Russia in my speech. In fact, I congratulated President Obama and President Medvedev for the newest agreement that they have announced today. Russia remains a very important power. I do not agree with those that think Russia does not count anymore. Russia is a European country. It is part of our civilization but a country that does not share all the, let's say, points that we think are very important in our European system.

I'm in favor of a positive engagement with Russia. I think it in our fundamental interest in Europe to this relationship with Russia. So I think we have the possibility to develop the special partnership with the

United States and look at matters that are of common concern with Russia. Sometimes dialogue with Russia is difficult in some areas. You have some difficulties, but I believe that we are able to solve some of those issues. For instance, on energy we have been making progress and I believe we can do in other areas, as I have a great respect for Russia and what it can bring to the world. In fact, in many areas we are working with them and I hope in nations like Iran we can find common ground. The United States, Russia, Europe and others, that is an important and concrete example. But I think it will not be a good development try to oppose those relationships. They important for different reasons. And we should develop both of them.

AUDIENCE: (Inaudible) We are not really partners of Transatlantic relationship. We have a special relationship with the United States. (Inaudible) We have a relationship with Europe. We are not in Europe but are of Europe and therefore we are following things very clearly. And I have a question. Given the fact that you achieved yesterday a very important decision

Greece, one of regarding the criticisms made historically of the European Union was there was democracy deficit. It has been addressed more or less successfully. You are working on it. To my mind and this has been especially in the press in the last few weeks that the debate about Greece was not economics. It was a political debate and it showed a certain lack of solidarity that the European Union idea that people feel solidarity responsibility for even the weakest or the most problematic member of the family didn't really work out and rather than have common European values and common European interests specific interests of specific European countries until yesterday appears to be dominant. It certainly did some harm to the idea of the European Union. How would you respond to that kind of criticism?

H.E. Jose Manuel Barroso: I respond with the results of the summit. All countries declared they are ready to support Greece. I was in the meeting and I can confirm it. There is a great deal of solidarity.

Let's be honest about it, some of the criticisms to Europe are completely unfounded. We are 27 countries.

We are not 1 country. We are a union of states and citizens. It is only natural to have different points of view and to have a process of decision making by which we come together. That's what happened this There were different points of view. There were some people that say we don't need the mechanism. There were those that said we do not want IMF. very happy with the result. We expected this kind of solution, a new kind of solution. So I don't agree with the idea that there is not in Europe this common We have to understand that Europe today purpose. regarding democracy is much better than in the past. Recently half of you were (Inaudible) regimes. compared Europe today and Europe 20 years ago or 40 years ago, the difference? For the better. Almost all of Europe is united in democracy. Can you have a better example? It was possible precisely because of European integration, as well.

NATO was very important but without the, let's say, the focal point of European Union, if you look to Poland, Hungary, Czech Republic, to all of those countries, the candidate countries now are trying to

adjust their patterns (Inaudible) to Europe driving force for democracy. How can you speak about the deficit of Europe of democracy in Europe? We have a Parliament that is elected. It is the only transnational Parliament in the world. We have by far the most advanced process of integration but we are 27 countries proud of their identity.

So you cannot compare me to one country be it United States or China or Russia or Israel, whatever. You cannot compare. It is a union of states and they are all democratic states. That condition to be a member of the European Union is to have some standards in terms of rule of law and of democracy. I really believe that some of those criticisms are completely unfounded and they are missing the most important thing, to strategically, to compare time. People sometimes look at the problem today or this week. They should think where was Europe 20 years ago or 50 or 60 years ago? The Holocaust took place in Europe. Now you have 27 countries united and on the values of peace, freedom, rule of law, democracy, human rights. Is there any other place in the world we have achieved this? Any other place in terms of integration? (Inaudible) I don't know anyone. We are very proud. We don't pretend that we are there to give lessons to the others, but we believe the European integration and process is, indeed, very important. It could be an inspiration for other cases.

By the way, probably in the Middle East, in the Middle East as you know many people are speaking about the need for integration, through cooperation in (Inaudible) and so on. I will be so happy that in the Middle East we have some kind of (Inaudible) of economic integration one day that Israel (Inaudible) understand that they should live together on the basis of some shared interest respecting the fact that they are two different countries but sharing some of their common resources. I think it is a good inspiration for other areas of the world and I really mean it.

In Europe we had the most devastating war ever. It was after that war that former enemies made the reconciliation and through integration on very specific issues like gold and steel, that was the bones of

European community, 25th of March, yesterday, it was the date of the founding of the European community. Through that we put France and Germany and Italy and 6 countries and then 9, then 10, then 12, then 15, then 25 and now 27. And more want to join. No one wants to leave. More want to join. All the Balkans want to join. Probably Croatia will join us next year. Iceland now requests to join the European Union.

I want to tell you very, very firmly that, of course, we are far from perfect. We have some shortcomings but the European Union remains a great case of success in terms of regional integration and democracy.