

New Challenges for the Transatlantic Partnership

Remarks by

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Re-Dedication of

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Introduction

I am delighted to visit Pittsburgh to re-designate the European Union Center.

Your program is a great success story of the EU Centers initiative launched by the European Commission to promote knowledge of the EU and the transatlantic relationship through teaching, research and outreach programs.

The EU Centers have offered nearly 4,000 courses to tens of thousands of students - tomorrow's leaders in government and a host of professions - in fields ranging from law and business to communications, social science and public policy. They are training over 600 Ph.D. students. They have brought the European Union to their surrounding communities through workshops, conferences and information briefings for media, businesspeople, high school teachers, and legislators.

Your performance during the initial three-year cycle which started in 1998 was impressive, as you developed a truly transatlantic reputation and became a leading member of the EU Centers network. We were not surprised that your proposal for re-designation was also very competitive, and hope that you will maintain your role as a leading player within the new network of 15 Centers.

I particularly wish to thank Professor Sbragia and her staff for their efforts. I also wish to acknowledge the support shown by Chancellor Nordenberg, Associate Chancellor Singh, Provost Maher, and UCIS Director Brustein for the EU Center and European studies at the University of Pittsburgh. We at the European Commission also appreciate your support of EUSA – the European Union Studies Association – which has its administrative headquarters here and plays a unique role in promoting transatlantic understanding. Let me congratulate you and promise the full support of my office in the years to come.

Rita and I were very fortunate to enjoy the company last night of Fred and Maxine Bruhns, who have made a very generous private donation to the EU Center. Fred Bruhns' life is so impressively and closely marked by the changing destiny of Europe. The old continent he left in 1941 as a German citizen was at the height of the bloodiest of all cataclysms, while the new Europe he believes in as an American citizen is engaged with the United States in building a safer world.

The European Union has been the driving force in Europe's profound transformation during the second half of the 20th century. Its emergence from the ashes of the old system of rivaling nation-states has been the most remarkable

success story of contemporary politics. We are vigorously pursuing the agenda of further deepening the process and enlarging it to the new democracies liberated from Communist domination, to make the 21st century a happier era of our history. And as you are proud to be Americans we are again proud to be Europeans.

11 September: A Turning Point in the Transatlantic Relationship

I witnessed the terrible events of 11 September minute by minute with my staff, Europeans and Americans. We shared a common sense of horror, anger and intense sadness that human beings in our modern times are capable of such acts. And we became slowly but surely aware that terrorist acts of such magnitude will have a lasting impact both on our daily lives and on the world around us.

This was indeed a turning point in the history of the international community as a whole, as it presents a formidable challenge for the United States, the European Union, and the development of the transatlantic relationship. It underscored the need to generate even greater commitment and common purpose to push ahead with the New Transatlantic Agenda, which since 1995 has served as an organizing framework for EU-US relations. As many of you know, the NTA

consists of four broad 'chapters.' These include working and expanding our common values, to address together regional and global challenges, to manage the bilateral and multilateral aspects of our all important economic relationship, and to have this work underpinned by people-to-people dialogues between our civil societies, including the work of universities and the academia on both sides of the Atlantic.

The pursuit of terrorists and the fight against terrorism have added a new dimension to and re-energized our common agenda. At the same time, many in the U.S. are reconsidering their approach to global issues. After eight months into the new Administration characterized by a mix of skepticism and indifference to internationally binding commitments, it has again become clear that international cooperation is the only viable policy option to address problems 'out there.' What might have become a very serious area of disagreement between a European Union bound to engage in multilateral cooperation and a mighty United States able to impose its own views has given way to new opportunities to address together international threats which have clearly demonstrated that no one can nurture the misperception of invulnerability.

Responding to International Terrorism

Though the attacks took place on American soil, many of the victims in the World Trade Center were from other regions of the world, including Europe and the Arab world. It is clear that the terrorists were targeting not only the United States, but all who believe in the values of modern civilization.

The reaction of the European Union was immediate and deeply felt solidarity with the American people. Romano Prodi, President of the European Commission, put it in simple terms, saying “In the darkest hours of European history, the Americans stood by us. We stand by them now.”

Not only has the European Union given its vocal support to the efforts led by the United States in forming the international coalition against terrorism. Measures have been taken in a minimum amount of time by the European Commission, various formations of our Council of Ministers and the European Council, supported by the European Parliament, to put together an ambitious European Union anti-terrorism agenda. This establishes the basis of EU-US cooperation in addition to the very valuable bilateral channels already in place between the US

and individual member states. Early meetings of our foreign minister Troika with Secretary Powell and between the Belgian Prime Minister and the President of the European Commission and President Bush have defined the common framework. Recently President Bush has suggested 47 specific measures that could be implemented by the EU in support of our common anti-terrorism agenda.

Many of these are already underway. EU action and EU-US cooperation against terrorism since 11 September involves a broad range of measures in the areas of homeland security and international cooperation. They include:

- I. ***Denial of financing of terrorism, including financial sanctions.*** The EU has frozen more than 100 million euro worth of assets of people and organizations suspected of terrorism and identified on identical lists. We have also accelerated agreement on changes to the Money Laundering Directive. These changes will extend the scope of the transactions covered and the range of professions subject to a reporting obligation.

- II. ***Police and judicial cooperation, including extradition.*** The EU and US are increasing cooperation between the operational services responsible

for combating terrorism. On the EU side, this includes Europol (the European Police Office), Eurojust (the newly formed European Judicial network), in addition to member state intelligence services, police forces and judicial authorities. The Commission is taking forward related measures including the practical details of the European arrest warrant and a common definition of terrorist offences.

III. *Aviation and other transport security.* Here the Commission has proposed a regulation to introduce uniform EU-wide security and safety standards. We have also outlined measures which can be taken to assist EU airlines facing the direct consequences of the attacks, and seeks to establish a Code of Conduct with the US in order to ensure equal competitive conditions. In addition, the EU has made a number of airport and airline security recommendations to be taken forward within the International Civil Aviation Organisation.

IV. *Export control and nonproliferation to limit terrorist access to conventional arms and weapons of mass destruction,* including chemical, bacteriological and nuclear substances.

V. *Border controls, including visa and document security issues*, such as technical measures reinforcing security features.

VI. *Law enforcement access to information and exchange of electronic data*. This includes tracking the electronic traces of terrorist active, such as phone records and internet usage, as a key investigative tool.

VII. **Strengthening the international legal framework** through rapid ratification and implementation of international conventions on terrorism and support for a general framework convention against international terrorism.

VIII. **Responding to threats from biological and/or chemical agents** through surveillance and control of communicable diseases.

The Situation in Afghanistan and Central Asia

Regional crises have long been a focus of the NTA. Our response to the humanitarian situation in Afghanistan and Central Asia represents the most recent and topical example of EU-US cooperation. The EU is playing a key role

in Afghanistan, mobilizing aid amounting to over 310 million euro to relieve the suffering of the Afghan people over the coming months. This represents roughly one-third of total pledges by the international community, with another third coming from the U.S.

We are all aware that reception of refugees in bordering countries can only be temporary, and that they must be able to return home once the crisis has been resolved. The EU has pledged to do everything possible to lessen the negative consequences for neighboring countries. In the case of Pakistan the EU has agreed a comprehensive package of trade measures, including liberalization of textile imports. In Pakistan and the other countries of Central Asia the EU will increase its support for regional projects, particularly in the fields of drugs and border controls.

The EU has also contributed to diplomatic efforts in the region. Shortly after 11 September, Chris Patten (EU External Relations Commissioner), Louis Michel (Belgian foreign minister) and Javier Solana (High Representative for the Common Foreign and Security Policy) went first to Washington and then on to Pakistan, Iran, Saudi Arabia, Egypt and Syria to help build the global coalition against terrorism.

And, as noted by Secretary Powell during his recent trip to Pakistan and India, the EU will play a key role in the reconstruction of post-Taliban Afghanistan. This will be a difficult, lengthy, and costly process involving the international financial institutions, the Arab countries, and regional neighbors. It must succeed if we are to deny terrorists their safe haven. Under the guidance of the United Nations, the EU will work towards the emergence of a stable, legitimate and representative government for the Afghan people, one which respects human rights and develops good relations with neighbouring countries.

I have spoken at some length about joint EU-US actions and related EU contributions to the campaign against terrorism, and to the situation in Afghanistan. It is also clear that the events of 11 September have again underlined the importance of EU-US cooperation on a broad range of regional and international issues, making the case for what I would like to call a renewed “compassionate” internationalism.

Regional and Global Challenges

EU-US regional cooperation has long been an essential dimension of the NTA. The most obvious regional imperative emerging from 11 September is the need for enhanced dialogue with the Arab and Islamic worlds and the revitalization of the Middle East Peace Process. The end to violence and retaliation is the only way to resume negotiations towards a final political settlement.

The crisis also provides a further reason to increase the momentum of the Barcelona Process that drives the Euro-Mediterranean partnership. This strategy supports the Mediterranean countries, including Israel and its Arab neighbors, in their efforts to promote peace, stability, democracy and prosperity, with a primary goal being the creation of a Euro-Mediterranean free trade area by 2010. The EU committed over \$5 billion during the 1995-1999 period for economic development in the Mediterranean region.

The anchoring of our Euro-Mediterranean and Euro-Asian 'near abroad' into the EU process also includes the stabilization of the Balkans and partnership with Russia and the Ukraine. We have worked closely with the US – with much work yet to be done – in bringing peace and the prospect of a better future to the Balkans, with Macedonia the most recent example of our joint efforts. The EU

and its member states have also responded to calls for increased ‘burden sharing.’ Approximately 85% of all military, humanitarian, and reconstruction efforts in the Balkans are of European origin.

The EU’s own enlargement over the next decade to almost double its membership will consolidate the ‘Europe whole and free’ envisioned by then President George Herbert Walker Bush in 1989. The enormous challenge of this enlargement should not be underestimated. The tasks for the candidate countries themselves and the EU are immensely complex. But think of the wonderful prize – Europe united by consent for the first time in history, with the prospect of stability, security, and eventual prosperity for all.

In addition to events at the regional level, advancing the global chapter of the NTA has also become more pressing following 11 September. Efforts to stamp out international terrorism must be underpinned by policies addressing some of these sources of radical discontent. The EU has long sought to promote co-operation on these cross-cutting issues on the international agenda, such as poverty and migration, environmental degradation, crime, drugs, and infectious diseases, as well as the security issues of weapons proliferation and terrorism.

The success of President Bush in forming the international coalition against terrorism will hopefully lead to a renewed transatlantic effort to focus similar energies on these issues. During his meeting with Prime Minister Verhofstadt and President Prodi, President Bush said that we now have a new opportunity to work together. We look forward to engaging President Bush and his administration in extending our work together beyond terrorism-related objectives. This effort will be more fruitful if it is backed by a strong internationalist consensus based on the notion that a more multilateral approach best serves the long-term interest of the US.

It is no secret that, prior to 11 September, the EU and the US government had different approaches to a number of challenges (Kyoto Protocol, ICC, UN Arrears, Implementation Protocol for the BTWC). Though we will still have respectful differences over some issues, after 11 September I believe we are all much more focused on finding solutions. Unilateralist attitudes based on selective engagement of issues have yielded to the realization that partners are needed to ensure US security, and to make progress on many other common challenges where international cooperation is essential.

The EU is particularly well placed to help the US address these issues.

Humanitarian and development aid, conflict resolution, and building effective state structures in unstable regions are things on which the EU specializes and to which it devotes very substantial resources, by far the most in the world. In 1999, for example, the EU and its member states accounted for about 55% of world totals of overseas development assistance, with the US contributing 16% of that total. Through the Lomé convention and its successors, the EU has also maintained close political, economic, and social ties to 77 countries of the African, Caribbean and Pacific regions.

The EU is thus uniquely poised to help the US strengthen global systems of cooperation.

The Economic Dimension of Multilateral Cooperation

Our bilateral economic ties and our efforts to promote the multilateral trade system form another, vital chapter of the NTA.

Successful development policies require an environment of broad-based and sustainable international economic growth. This combination is the surest way to limit the number of potential breeding grounds for terrorism. The need for rapid

progress in a new WTO round has thus been thrown into sharp new relief. This fact and the special concerns of the poorest developing countries were recently recognized by the EU in adopting the ‘everything but arms’ initiative, which provides tariff-free access for all but their arms industries.

While the EU and US have some remaining differences over the agenda and timetable for the new round, we emphatically agree that it must go forward.

European Trade Commissioner Pascal Lamy and US Trade Representative Bob Zoellick have established a forceful working relationship in promoting the new round. They recognize that only the EU and US can demonstrate the leadership needed to win world consensus on a new round. The result has been a renewed sense of common purpose that does not ignore our differences, but one that will allow us to rise above them.

This is crucial given the size and influence of our economies. Combined EU and U.S. GDP is around 56% of world total, though we only constitute 10% of the world’s population. Commanding over 40% of world trade between us, no fundamental progress can be made on global trade issues without the European Union and the United States working together.

As impressive as these figures are, the bilateral dimension of our \$2 billion a day relationship is even more significant. The EU and U.S. trade and investment markets are not just closely linked - they are joined at the hip. We are each other's largest single trading partners, accounting for one-fifth of each other's total trade in goods and fully one-third of our total trade in services. And our trade is increasingly at the sophisticated high technology end of the market, with much of it not only intra-industry, but intra-firm (around 40% of each other's merchandise exports).

Over 98% of trade between the EU and the U.S. is completely dispute-free, with a little over 1% of transatlantic trade volumes subject to formal disputes. Many disputes arise from our societies differing views of health and safety issues, and are part and parcel of the democratic process. While our trade disputes are important, they must not be allowed to negatively impact on the overall state of the transatlantic relationship, particularly as we focus on our close cooperation in the campaign against terrorism. We must simply deal with our disagreements in a business-like, responsible manner.

Commissioner Lamy and USTR Zoellick have amply demonstrated their ability to do this, and have even managed to reach an agreement on the perennially

vexing issue of bananas. We both have an interest, above all, in respecting the multilateral rules so painstakingly built up over the decades, and so fundamental both for us and the rest of the world's trading community. When WTO cases are launched, we must cooperate to limit negative fallout.

Of course it is vastly preferable to address potential conflicts before they become the subjects of newspaper editorials. Reference to the WTO dispute settlement mechanism should be a last resort, not a first. "Negotiate before you litigate" should be our guiding principle. Toward that end, cooperative transatlantic trade measures have increased in importance, most notably with the 1998 launch of the Transatlantic Economic Partnership.

The EU's presence as a global economic actor has also been enhanced by the euro, which will be available as notes and coins in less than 70 days (almost 15 billion banknotes and over 50 billion coins have to be distributed). The euro's impact was dramatically evident in the days after the attack, when the European Central Bank and central banks around the world cut interest rates and took other measures to reassure the financial markets. The promise of the euro in contributing to global financial stability has thus been realized.

Unfortunately, the quick recovery for the world economy by the end of this year now seems unlikely. Within the EU as in the US, the slowdown may well be deeper and longer than previously expected. But there are no major imbalances in the EU economy, with the macroeconomic situation – again thanks in part to policy initiatives related to the euro – in much better condition than during the slowdown of the early 1990s.

A Turning Point in the Evolution of the EU

As many of you are well aware, the events of 11 September have happened at a crucial point in the building of Europe. The forthcoming arrival of new Member States and the upheaval created by globalization mean that the Union needs to be recast via the EU's ongoing constitutional debate.

The outcome of the post-Nice debate on the EU's future and the planned 2004 Intergovernmental Conference are important to transatlantic relations because they will further shape the coherence of the EU as a political actor and global partner. A clear division of competences between the Union and the Member States, although not at all an easy exercise in practical terms, together with a

reorganization of tasks between the Union institutions would support the logic towards strengthening rather than weakening the EU's decision-making process.

Many of our leaders feel the time has come to focus seriously on the destiny of the Union, on what membership of the Union really means to all our citizens, and how best can we organize ourselves to take decisions and act effectively as a global partner. In Laeken next month European leaders will put this issue front and center.

European Security and Defense Policy

A final crucial element in the EU's development of capabilities is the European Security and Defence Policy, or ESDP, within the context of the EU's Common Foreign and Security Policy. The ESDP will encompass humanitarian and rescue tasks, peacekeeping tasks and tasks of combat forces in crisis management, including peacemaking.

The 'headline goal' for the ESDP, with a January 1, 2003 deadline, is a military Rapid Reaction Force of 60,000 troops deployable within sixty days and sustainable in the field for one year. EU Member States have also undertaken to

provide up to 5,000 police officers by 2003 for international missions of conflict prevention and crisis management in the Balkans and elsewhere.

American administrations and legislators now can thus start seeing unfold what they have sought from Europe for decades, namely a capacity to shoulder more of the security burden, commensurate with the European Union's considerable political and economic weight. This obviously takes on greater importance after 11 September. The combined capabilities of the Union and its Member States will provide the transatlantic relationship with more than one option in addressing the 'Petersberg Tasks', including regional crisis prevention and management, peacekeeping, and peacemaking, where NATO as a whole is not engaged.

Secretary Powell and other members of the Bush Administration have made clear that they appreciate the added value that ESDP as a whole will bring to the transatlantic partnership.

Conclusion

The events of 11 September have brought home to all of us that the transatlantic partnership is essential and unique. My colleague and good friend Richard Morningstar, who recently completed his tenure as US Ambassador to the EU, captured this in his eloquent farewell address, saying:

“It is particularly obvious at this moment that the US is not just another ‘third country’ for the EU. Likewise, the EU is no longer just a group of sovereign countries acting as a trading block. We are big and important and special for each other. Let’s take the time and effort to give this partnership the space in which it will flourish.”

I fully agree. We must keep our eye on the big picture.

I would ask Professor Sbragia and her colleagues to continue to remind us of what is important in the transatlantic relationship, and in the evolution of the European Union. Let me conclude by warmly congratulating you for your rededication as an EU Center.