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USA & EU

TOWARDS A CONFIDENCE PACT

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When expressing an opinion on transatlantic relationships, it is best to resist two temptations. The first is to take delight in the numerous formal declarations that have punctuated the past thirty years. Welcome though they are, they serve more as reminders of the friendship and goodwill between America and Europe than as specific commitments likely to be fulfilled. The second is to focus on the trade disputes which are continuously fuelling our quarrels and souring the atmosphere in both Washington and Brussels.

As a European, I am aware of the extent of the responsibilities shouldered by the United States as a world superpower. I can measure the extraordinary difficulty of some of the choices this country has to make, in response to events or manifest threats to its citizens and world security. The great American nation's priorities depend on numerous variables, and I do not mean to suggest that the sole issue of concern is the relationship between the United States and the European Union. The latter must retain a modest approach to world problems.

This modesty should not go so far, however, as to ignore the Europeans' share of responsibility in managing global issues. Nor should it conceal the economic, trading and financial strengths of the EU. The European Union, it should be remembered, is the largest public-sector donor for development and humanitarian aid. It also devotes significant resources to supporting economic adjustment in the central and eastern European countries.

The European Union is therefore not putting itself forward as an example to be followed or attempting to give lessons to the rest of the world. It would, however, be failing in its duty if it relinquished the reasonable ambition to share the burden borne by medium-ranking powers, faced with the changes and threats of an evolving world.

I. This century's challenges

Of the challenges we are facing, I will look at four: managing globalisation; supporting the efforts of developing countries; ending environmental damage; and resisting the spread of weapons of mass destruction.

I am well aware of the American reservations with respect to controlling globalisation. They include the need for unfettered movement of goods and capital, and corporate freedom as the best way to ensure economic security and sustainable development. Yet you will no doubt recall that just after the Second World War, the United States took the initiative to organise two conferences – in Bretton Woods and Havana – to establish the foundations for regulating currencies, financial flows and trade, with the promise of greater stability and a more secure world economy. Putting its money where its mouth was, the United States also provided considerable support, through the Marshall Plan, to the countries of Europe devastated by the war.

Today, the urgent need for a similar approach is indisputable. Witness the serious financial crises that have hit various parts of the world, the increased poverty experienced by 20% of the world's population, and the threats to energy supplies.

Knowing that it is impossible to find instantaneous solutions to all these problems, I proposed the creation of an Economic Security Council. This would have no decision-making powers, but would study the existing problems and suggest experimental approaches that could contribute to resolving them. It would comprise the G8 countries, China, India and the large regional organisations representing each continent. It would advocate greater responsibility on the part of all, and end the split between the large industrialised nations and the mass of other countries which all too often take refuge in protests. This council would work in close collaboration with the main international institutions such as the IMF, the World Bank, the WTO and the ILO.

Let me say it again: there is no single and miraculous cure. Nevertheless, alongside the growing interdependence of economies, globalisation must lead to an awareness that all countries must contribute to building a new economic, financial and monetary architecture. In fact, the UN has already initiated a debate on financing development which will result in a meeting of all its member countries in 2002.

As for environmental protection, many disagreements remain between the main countries capable of setting the ball rolling in an area which is so vital for safeguarding nature and human health. The last G8 meeting, in Trieste, left the hope that positions were not irrevocably set, and that definite progress could be made regarding one of the major concerns: reducing greenhouse gas emissions. I am not just sounding the alarm for conscience's sake. The situation is critical and threatening humanity as a whole.

This leaves the formidable threat posed by the spread of weapons of mass destruction and – the two things often being connected – the persistence of terrorist activity using increasingly sophisticated means. In this area as well, closer collaboration would be useful between the United States, the European Union, Russia and Japan.

II. Duties incumbent on the European Union

The primary aim of the European Union leaders in preparing for the most substantial enlargement ever is to reunify a Europe that had been divided by the cold war until 1989.

We will thus re-establish a geographical and historical entity marked by both unity and diversity. It is a daunting task, first of all in economic terms, as

these countries emerged from totalitarianism with dislocated economies and governmental institutions unsuited to the tasks of a democratic and modern State. This is why a long preparatory period is needed and why – once the new members have joined – there will be a need for transition periods in the most difficult areas, such as the free movement of people and the adoption of Community rules in the social and environmental spheres. We are beginning to see light at the end of the tunnel, however.

The guiding principle of this enlargement process – and of the European integration endeavour as a whole – is peace and stability. That is why it is part of the solution to the problem of the former Yugoslavia. With support from the European Union, all countries in the region are being encouraged to step up exchanges and establish new relationships based on the mutual recognition of peoples and on cooperation.

The image of a greater Europe is thus emerging, encompassing over 30 nations and destined to become a geopolitical entity that will bring peace and prosperity and set rules for living together. We must never underestimate the scope and demonstration value of such an ambition.

I would like to add, as I move on to Europe's other duties, that I do not regard the question of the borders of this new entity as an absolute precondition. This greater Europe will be able to fulfil its duties only if it forges privileged and lasting links with its neighbouring countries, both to the east and to the south.

To establish cooperative relationships in all fields with, on the one hand, Russia and the other countries of the CIS (including, notably, the Ukraine) and, on the other hand, the countries of the Mediterranean and Africa, is a formidable task. Yet the success of these two partnerships has a certain bearing on the prospects for world peace and the opportunities for economic and social development in all nations.

The European Union therefore intends to continue supporting development by pursuing its programmes, in favour of the African, Caribbean and Pacific countries under the Lomé Convention of course, but also in favour of other "less developed countries".

All developed countries need to engage in a joint debate on how to open up markets, reduce the debt burden, increase and make better use of public-sector aid, and encourage private-sector investment. Success also depends on these countries' ability to establish effective and democratic institutions, manage public and private finances scrupulously, prepare for the future by making public services (such as education and healthcare) more widely available, and combat poverty effectively.

III. United States & Europe: from trade disputes to a joint strategy

With regard to the trade disputes, I would be the first to say that they are «teaching us to live with our rheumatism.» In other words, we must neither overdramatise nor trivialise them.

The greatest danger is that of a unilateral strong-arm approach resulting in a *fait accompli* that would make it more difficult to find a compromise. In this respect, we should welcome the establishment of procedures within the WTO allowing recourse to panels and, if necessary, to the Court of Appeal. This is in line with the multilateralism we must build, stone by stone.

With regard to the effective launching of a new round of trade negotiations, the European Union is not only in favour of it, but is also ready for it. Moreover, the EU has already – through Pascal LAMY, the relevant Commissioner – formulated proposals, and these have been very well received by the developing countries. The EU is open to discussion in all areas, but is not prepared to accept as an absolute precondition that a specific issue be dealt with. I am thinking in particular of agriculture. This, at least, is the position that I have always held.

Such is the basis for the proposal made to the 48 least-developed countries to open up all markets «except weapons». Mr LAMY indicated in this respect that "we have given the rest of the world a signal, showing that we are sincere when we express our willingness for the poorest countries to share in the benefits of the liberalisation of trade.»

Another matter of concern on both sides of the Atlantic is defence. I do not propose to discuss NMD; not only would that be premature, but I am not on top of all the known aspects, let alone those still unknown.

I would, however, like to tackle another subject that is currently testing our relationship. This is the European Union's creation of a rapid reaction force able to fulfil the tasks set out in the European treaties: preventing conflicts, restoring peace, protecting humanitarian action, etc.

Responses were given, in due course, to the concern voiced by the United States, which its representatives summarised under three headings: disengagement from NATO, duplication of effort and discrimination.

There is no disengagement from the Atlantic Alliance. It could easily be argued that by increasing the resources devoted to defence, the European Union is helping strengthen NATO.

There is no duplication of effort. This question is more complex, but in seeking to fill the gap that exists in some operational areas, the Europeans are also responding to a constant demand from their American partner. Some of these resources – such as intelligence, communication, transport and air cover – are essential for the successful implementation of a military operation.

There is no discrimination. That is a claim made mainly by the European countries that do not belong to the EU. On this point, there should be no ambiguity. The decision to intervene is the responsibility of the European Union. If the countries concerned want to be involved, that is their right, and it is a possibility that is open to them.

In other words, the aim is not to build another military organisation alongside NATO. It is, very simply and after consultation within NATO, to make it possible for the European Union to conduct an operation in which its allies, first and foremost the United States, do not intend to participate, while agreeing to it in principle.

On this basis, a consensus has emerged between the United States and the European Union. It is undoubtedly fragile and will be tested by the first crisis requiring intervention either by NATO or by the European rapid reaction force. Yet I am so convinced of the robustness of the Atlantic Alliance that I do not believe that such a situation could damage transatlantic relationships.

The Europeans have up to now demonstrated both pragmatism and loyalty towards NATO. When, however, I recall the critical observations made by American leaders in 1991 on «the Europeans' inability to cope with the Yugoslav drama», I cannot help but welcome this initiative and the promise it brings of a more tight-knit and responsible European Union. The proof of

the pudding will be in the eating.

These are a few essential points on which I, as a citizen, hope there will be in-depth discussion and substantial sharing of views. Not that I feel I have covered all the concerns associated with the global future; nor have I ventured into Asia, central and Latin America or the Pacific. Problems are arising throughout the world, and the European Union does not intend to turn a blind eye to them.

Moreover, other tasks beckon, as I wanted to show by starting this presentation with the great challenges presented by this century. They call for reflection, and responses that remain to be defined. More importantly, they also require an underlying philosophy. In this respect, I should have added to my list of challenges the great ethical questions raised by the fantastic advances in science. It is certainly in the name of a certain conception of humankind, its destiny and the unique nature of each individual that this reflection should be carried out. There is no doubt that, in this respect, Americans and Europeans, inspired by and responding to the same values, will find common responses commensurate with the risks faced by the human race.

With this in mind, let us reiterate the goodwill we have expressed on many occasions, and let us add faith – faith in our democratic system and our values – and commitment to a genuine confidence pact between the United

States and the European Union.