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**Discours du Haut Représentant de l'Union européenne pour la
Politique étrangère et de sécurité commune,
Javier SOLANA**

Paris, 30 octobre 2008

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Annual Conference of the Institute for Security Studies of the European Union

**Speech by the European Union High Representative
for Common Foreign and Security Policy
Javier SOLANA**

Paris, 30 October 2008

Seul le prononcé fait foi

Mesdames, Messieurs, chers amis,

C'est un plaisir de vous retrouver comme chaque année pour notre traditionnelle conférence.

L'année 2008 est une année particulière. Des bouleversements majeurs se sont enchaînés à un rythme très soutenu par exemple la crise en cours dans les Grand Lacs, à l'est du Congo, en est le tout dernier. Tous ont un point commun: l'ampleur de l'impact sur le système international. En même temps et parce que les défis accumulés durant la dernière décennie sont toujours là, la réponse est naturellement compliquée à définir et à mettre en œuvre.

Un monde plus complexe impose des réponses plus complexes. C'est la raison pour laquelle, je crois, les modèles théoriques réducteurs ont fait long feu. Ni "choc des civilisations", ni "fin de l'Histoire", ni "village planétaire". Aucun dogme, aucun slogan n'a finalement résisté face à la complexité du nouveau siècle et de ses enjeux. C'est aussi la raison pour laquelle il nous faut enfin assumer que le monde est entré dans une phase de transition. Les turbulences modifient les équilibres, ce qui inévitablement provoque de nouvelles turbulences, et ainsi de suite.

Qui dit transition, dit adaptation. Sans quoi le déclin est inéluctable. Ceci m'amène aux deux axes qui devraient orienter notre réflexion sur les défis du moment: comment anticiper les prochaines étapes de la transition en cours? Et comment nous y adapter au mieux de nos intérêts?

La lucidité et la flexibilité seront les clefs pour y répondre.

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Dear friends,

Let me start our "tour d'horizon" with the financial crisis. It has been the emblematic event of 2008, putting all else into the background.

It is worth analysing, especially for its consequences for foreign policy. Allow me to make some observations:

First, the **diagnosis**. This crisis has confirmed that globalisation remains the dominant force shaping our world. This really is a global crisis. It has spread at incredible speed. Functionally, from sub-prime mortgages to credit markets to the real economy. And geographically from the US to Europe to emerging markets. Not everyone is affected equally; but no one is immune.

In its wake, the balance between markets, states and individuals will have to be adjusted. But globalisation itself - that is the global spread of goods, people, ideas and technology - will not stop. The crisis has highlighted globalisation's central dilemma. Today's big problems are global in nature. But the main resources and legitimacy are located at the national level. In a way, European integration is an attempt to resolve this core dilemma.

Regarding, the **policy response**, the crisis has demonstrated - once more - the need for stronger global institutions. With goodwill and creativity a lot can and has been achieved. Through ad-hoc crisis management among political leaders, central bankers and others. But if we are honest we must admit that the existing architecture is not up to the task - neither in Europe, nor globally.

I have been convinced, for some time, and I have underlined that in different fora, that the current international system is inadequate. Now the case for deep reform has become overwhelming. This must start with the international financial institutions. But we need to go further.

From the UN and the G8 to the regimes and institutions dealing with the big issues of our time: non-proliferation, energy and climate change, migration. Hopefully, the obvious need to deepen co-operation in the area of finance will act as a catalyst for these necessary wider reforms.

In any case, this effort cannot be handed by the US plus Europe alone. Even the talk of us "leading" is misleading. Apart from changing formats, the mindset needs changing too. We better not see this as the Western powers inviting the others for coffee after our discussions. We need all relevant players "present at the creation" of the new system, to use Acheson's famous phrase. And we need to be ready to engage them seriously.

What about the consequences?

The core answer is that the crisis is accelerating the power shift from the West to the East. This is true both in terms of material resources and ideological "pull".

The bad debts are in the West, the surpluses in the East - even if the pain is everywhere. It is striking that a number of capital injections into our troubled banks are coming from Asia and the Gulf.

The rise of key countries in Asia or Latin America used to be a subject for brainstormings and mid-term planning. This crisis has reduced the lead-time. The West needs the rising powers - and hence to get used to sharing power with them.

There is more. Too often we discuss these issues in terms of integrating the new powers into the global system we devised. But we better prepare for the new powers having their own ideas on how the system must be run and reformed.

Let me also say briefly what the crisis does not mean:

It does not mean that the "old" agenda has gone away.

Take climate change. It remains the biggest global challenge we face. But rather than seeing this as a potential victim of the crisis, I prefer to underline the upside. Investing in green technologies, becoming a leader on carbon capture makes sense. In terms of climate change, energy policy, anti-poverty, inflation - but also our foreign policy.

We need to change our mental map. And consider this more as an opportunity to put our economies on a low carbon footing and less as unfair costs. Other mega-issues which have not gone away and which demand creative and determined efforts are non-proliferation and international terrorism. Moreover, enduring poverty remains an affront to our shared humanity.

Let us not forget that 3 billion people, half the world's population, live on less than €2 per day. That means waking up every day and not knowing whether you will have enough food to feed your family. Roughly the same number of people lack access to clean water and basic sanitation.

As ever, the most vulnerable will be hit hardest by both climate change and the fallout of the financial crisis. It would therefore be wrong to delay or reduce our efforts to combat poverty just because the financial crisis has erupted. The other part of the "old agenda", the regional crises, is also still there. The Middle East, Iran, the Balkans and Georgia: all remain urgent.

At another level, not all the consequences of the crisis are bad. For example, oil is down from \$ 145 to below \$ 70. This is good because it helps curb inflation. But it also underlines that a strategy of using oil as a weapon has a fragile foundation. More generally, the crisis may promote more discipline and responsibility for individuals, companies and countries, forcing them to live within their means.

Let me break down this macro picture into more detailed snapshots:

Concerning the **United States**, we are on the eve of crucial elections. Europeans and Americans alike, seem keen to begin a new chapter

I have been and remain a firm believer in the power of the US and Europe to act as a force for good around the world.

What we need to do now is formulate an agenda for action. Of course the financial crisis means there are important constraints on any new administration. Managing expectations will be key. But the imperative for tackling urgent challenges is clear.

Beginning with Israel-Palestine. The parameters of an agreement are clear - and have been for some time. It is urgent to, finally, bring this conflict to an end, through persistent engagement.

Then there is Afghanistan, with elections looming and big dilemmas facing us on the effectiveness of our efforts and how we can maintain public support.

Together with the US, we need to work out what our strategy is. How can we best support the two governments, in Afghanistan and Pakistan, achieve the levels of effectiveness, legitimacy and cross-border co-operation they need? As a second step we should work out as Europeans what additional resources we might be able to provide.

Iran is not far behind, where the case for a determined and more creative effort, building on the two-track approach, is compelling.

A new push on non-proliferation and disarmament is also needed, with the NPT review conference coming up in 2010. I very much welcome the new thinking that has emerged in the US on these issues.

In all of this, the US and Europe need to pull in the same direction. At the same time we must realise that doing so is no longer enough.

From Sudan to Lebanon, from Afghanistan to Zimbabwe and beyond: we have long agreed with the US what must happen.

What we have learned is that we need to bring other players, with their own positions, with us and define solutions together. From China to Russia, from the African Union to Arab League, from the UN to the OSCE.

Still, politically, these elections present a unique opportunity to re-launch the Transatlantic relationship. Europeans tend to discuss this in terms of what we would like to see changed. That is understandable. But we must be willing to match "demands" with "supplies".

Thus, the emphasis should be on how Europe can help achieve common objectives. That we are ready to assume greater responsibilities. That we bring assets to the table. If Europe wants to be heard, it has to offer more than just advice.

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Let me now turn to **Russia**. It is clear we have had a difficult summer. The conflict in Georgia brought us images of violence, destruction and refugees we hoped we would no longer witness in Europe. I believe we can say with a straight face that the EU rose to the occasion. In particular I want to recall the work done by the French Presidency, specially President Sarkozy.

From the negotiations on a ceasefire, to the agreement on troop withdrawals, to the deployment of our monitoring mission in record time and the co-hosting of the Geneva talks. We have acted in unity, with determination and we have achieved clear results.

Of course, many things remain to be done. Of course, the wider regional implications still need to be addressed. But I am pleased with the leadership that the European Union has shown, on the diplomatic front and with people on the ground.

Concerning Russia itself, I don't want to offer a Grand Theory. My job today is to deal with the diplomacy of a complicated world. What I have learned is that being aware of context and history is useful.

We think, for good reasons, that the liberation and integration of Central and Eastern Europe was exactly that. Liberation and integration. These are the basis for a stable Europe. The Russian memories of that period are different. They feel we took advantage of their weakness in the 1990s. They now talk of re-asserting themselves; of the need of the world to show respect. Trying to understand the mindset is not the same as agreeing with it.

Russia has changed. But so has the world around it. As I said before, globalisation will remain dominant trend, throwing up multiple new problems. You all know the list. We will solve these problems better if Russia is inside the system and feels committed to it. There are few international problems that can be solved without Russia; and almost nothing against Russia. At the same time, Russia needs the rest of the world to modernise its economy. That is President Medvedev's agenda.

This need for international cooperation gives us an opening. In today's world where so much rests on trust and reputations, it is not a good sign if you have bad relations with many of your neighbours.

I believe our policy on Russia should be both principled and rational. Principled means we expect international agreements to be honoured. We count on Russia to uphold international standards and the commitments it has made voluntarily, also inside. Rational means we should control our rhetoric - also when they don't. We should bear in mind that indignation is not a policy.

Negotiating with Russia is not always easy. But experience demonstrates that hard-headed engagement delivers results. And getting results in turn helps maintaining unity.

With Russia we also share a continent. That is why we have no interest in a Russia which feels insecure. In Western Europe we learned, the hard way, that security is best based on trust rather than power. Trust is built up over time.

Of course, the Georgia conflict is a big set back. It has strengthened the fears of Russia's neighbours. But at some point we have to start again. One obvious place to re-start would be the arms control and disarmament agenda. I regret it has been neglected.

In Europe we want to see the CFE Treaty functioning properly. There is also a real need to step up joint work on securing nuclear materials. Another possibility, perhaps for a later stage, is Medvedev's plan for a European Security Treaty. The fact that this is still vague is an advantage: it means that there is something to shape.

A last word on energy. The central notion here is interdependence. Yes the European Union imports 42 percent of its gas from Russia, but all the infrastructure runs West. The concern is not that Russia will cut supplies. That would cut their revenues and destroy their reputation. It is rather that they are investing heavily in gaining leverage including downstream and not enough in future production. Gazprom production fell this year for the first time. As everyone knows, there is a lot we can do on energy savings, connecting our grids and pooling our efforts when we negotiate with suppliers. This does require more discipline on our side.

And Yes, diversification of supply and transit routes also makes sense. This is not easy but it is about time we got serious. To this end, we need to step up our engagement with Azerbaijan and Central Asia, underlining that what Europe has to offer is broader and deeper than just energy.

Let me turn to **China**. No matter how often it is repeated these days, China's transformation is historic. It will truly change our world. And it is all the more impressive as it's only 30 years since the end of the Cultural Revolution. Our mental map still has China as a developing and mainly rural economy. But today China has as many workers in the industrial sector as the entire OECD world put together.

China's export performance is legendary - and increasingly competitive in high-tech markets. It is attracting record investments but also investing abroad itself, moving up the value chain. It is true that China is better at assembling than innovating. But according to a recent study, it is fast approaching the US and Europe in terms of scientific publications in nano-technologies.

And we all know that China has reserves of more than \$1.8 trillion - not insignificant if others are mired in deficits and debts.

Clearly, China's transformation is far from complete. Around 500 million farmers still work on tiny plots in deep poverty. The economy needs to grow by more than 8% to avoid a rise in unemployment which could threaten social stability.

Nor is its transformation without its problems. Think of the environmental damage, the costs of social exclusion and the absence of political freedoms. It is difficult to have a first rate economy based on a weak system of the rule of law. But what China has achieved is extraordinary: 400 million people lifted out of poverty in just one decade.

From my side, two things are important.

First, that we approach China not only, or even mainly, as an economic issue. We should use a wider prism and engage China in a strategic manner. Progress on all the big issues of our time requires constructive Chinese engagement, also in the field of human rights.

Second, it is wise to remember that how countries behave when they are on top depends on the manner in which they have been approached on the way there.

Let me touch briefly on **India**. In terms of foreign policy, India is the biggest "swing" state in the system. It is phasing out its G77 mindset but has not yet replaced this with a clear alternative. It is a very robust democracy which we should engage. But questions remain over its stance on climate change. More than China, it seems content to describe this essentially as a problem created by others. Hence, it is perhaps too cautious about the notion of common but differentiated responsibility which other developing countries support.

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Dear friends,

Let me turn to the state of **Europe**.

First, let us count our blessings. Without the euro, the financial crisis would have created chaos on currency markets. Second, let us be clear: Europe has responded well to both the financial crisis and the political crisis of Georgia.

We can draw inspiration from these achievements. But clearly, there is a lot more to do.

I like to end with some thoughts on how we should play our cards in a more complex and less "Western" world:

If this world is moving to a system of continents, the answer from Europe should be obvious. We need a greater sense of urgency and realise that a credible European Union foreign policy is not an optional extra. I know very well the difficulties this entails. But if we continue pretty much as we are, what world will be living in? There is a risk that this will be a world shaped by and for others.

One area where Europe can and must take more initiatives is in developing new rules and institutions for a more complex and unstable world. If we don't stand up for multilateralism, who will? For us, multilateralism is "less than a religion" but more than "just a method". If so, then it's up to Europe to be creative in terms of ideas and generous in terms of making space at the reformed institutions we need.

If this is a world of turbulence and opposites then we need more targeted, bespoke solutions, not "off the shelf" strategies. In some respects, Europe's niche and added value is the very fact that it has a feel for complexity. One of the things that Europe can do is get beyond totalising theories like the war on terror and get into the differences between China and Russia, between Hamas and Hezbollah, between Iran and Syria.

Above all, we should try harder to shape the agenda, not only react. It is true that almost no international issue or problem is discussed these days without the EU present. But being present is not the same as shaping the agenda. We still spend too much time on who in Europe will say something instead of what we will do. Process is not the same as progress.

We need to think more in terms of where we want to be in 6 or 12 months time; what levers we have and what price are we prepared to pay. To achieve this kind of step-change in our foreign policy, it is obvious that we need the Lisbon Treaty. We need it for the greater coherence and leadership it will provide. There is simply no way around it.

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Mes chers amis,

"Shape and share". "Façonner et partager."

Ces deux simples mots pourraient utilement conduire la politique de l'Union européenne. L'Europe a en effet cette capacité unique à emmener autant qu'à partager. Elle peut contribuer à davantage de stabilité dans un monde complexe dont elle est à la fois l'origine et le résultat.

Elle a aussi et surtout cette ambition d'y protéger les plus vulnérables et d'agir contre les injustices. C'est là notre rôle d'Européens. Celui d'acteurs volontaires et responsables.

Je vous remercie.
