

Maroš ŠEFČOVIČ

Vice-President of the European Commission responsible for
Interinstitutional Relations and Administration

"The global role of the European Union"

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Diplomatic Academy Vienna

Vienna, 10 November 2011

Director Winkler,

Ladies and Gentlemen,

It is a great pleasure to speak to you today here at this distinguished institution.

The "Diplomatische Akademie Wien" has an excellent reputation, as the world's oldest school of international relations, which looks back at more than 250 years existence. Numerous famous alumni have graduated from this academy, including former Foreign Ministers and senior officials of international organisations. As a former diplomat from a Central Eastern European country, I am also very delighted to see so many of my fellow nationals being educated here, as this academy has a very long tradition of producing talented young professionals and prepare them for their future international careers.

The world as we knew it only a few years ago has changed radically. While some changes have been unsettling, they have also created new opportunities for the European Union and its citizens. Whereas the world is struggling with conflict and poverty in many places, Europe has shown that a continent once ravaged by war and hardship can achieve sustainable peace and prosperity. Europe has remained so far a pole of attraction standing as it does for democracy, social progress, good governance, and economic openness.

The Treaty of Lisbon has given us the structures to act flexibly and coherently in response to the challenges we face. The creation of the post of the high Representative for Common Foreign Affairs and Security Policy and the setting-up of an European External Action service have laid the foundations for the EU to act stronger and with a single united voice in the world.

Today, when all headlines are full about the crisis in Europe, I would like to remind you about some figures, which seem to be more and more ignored. The EU is still the world's largest economy, accounting for almost a quarter of global GDP and fifth of world trade. Even in relation to the rising economies of China and other BRIC countries, EU's GDP stands for around 12 trillion Euros, beating both the GDP of the USA (10.7 trillion) and the combined BRIC GDP (8 trillion). Moreover, the EU-US trade relationship represents the largest market in the world and is incomparable to US's relationship with India and China for example, which together only corresponds to US's relationship with Belgium. Furthermore, the EU and its member states contribute over 55% of global development assistance and humanitarian aid.

The EU plays – despite its current internal challenges - a major role in addressing global problems and is a favoured partner of many countries, both in our neighbourhood and beyond. Massive changes are taking place around the world, most immediately in North Africa, where the EU has seized the moment, responding to the historic events that we have witnessed. We are also contributing to the promotion of security in the Middle East, the Caucasus and many parts of Africa and have responded quickly to natural catastrophes such as those in Haiti or Pakistan.

Europe has become throughout the years a global player and a major shaper of world governance. However it is in our neighbourhood that the EU wields greatest influence and where the success of a post-Lisbon EU will be to a large extent measured.

The political and economic development of the countries in our closest vicinity is a process that we seek to embrace. Enlargement has been so far one of the EU's most successful policies. It has enabled us to reunite a large part of the European continent and to project stability and prosperity at our borders. However also here there are critical choices to make. As a vibrant country with a young population and a common history, we cannot ignore the role that Turkey in particular could play as a full actor in the EU. Turkey's past and future belong in Europe. But Turkey's unique

location at the cross-roads between East and West may tempt it to look strategically towards the Middle East and Asia, as the source of new opportunities. If we let the chance slip away, both sides would be losers. I am sure that you as students of the formerly called "Oriental Academy" are particularly sensitive for these issues. Last but not least, fulfilling the European perspective of the countries in South Eastern Europe remains a key objective of the EU. This is essential to consolidate stability, achieve progress and ensure regional reconciliation.

Developments in North Africa and the Middle East and the changes occurring in Eastern Europe show that Europe's immediate neighbourhood faces truly historic political, social and economic challenges. These need to be addressed with a view to creating an enlarged region of peace, sustainable democracy and economic development. We need to build and develop a "Partnership for Democracy and Shared Prosperity". The credibility of the EU to count in global strategic issues also depends on our ability to get the new partnership with our neighbours right. We need therefore to develop stronger incentives-based approach founded on more differentiation and positive conditionality.

Let me say here a few words more on the Southern Mediterranean: Aspirations are high, and expectations too, that the 'Arab spring', the 'Arabellion' will have been worth the blood that has been spilt, worth the turmoil and fear, worth the economic havoc in a world already grappling with the worst economic problems for decades.

The uprisings across North Africa and the Arab world pose great challenges for Europe, but also opportunities we cannot afford to miss.

Two considerations should accompany our actions: The first is that we in Europe know how long and painful the journey towards liberty can be. Our own path to 20th century liberal democracy was a very slow one. The EU itself was born in the ashes of conflicts that remind us how terrible life can be when democracy breaks down.

Second, democracy is of course about votes and elections – but it is also about far more than that. What we in Europe have learned the hard way is that we need "deep democracy": respect for the rule of law, freedom of speech, respect for human rights, an independent judiciary and impartial administration. It requires enforceable property rights and free trade unions. It is not just about changing governments, but about building the right institutions and the right attitudes. In the long run, "surface democracy", democracy that floats on the top – people casting their votes freely on election day and choosing their governments – will not survive if "deep democracy" fails to take root. But there is no certainty in the outcome in any country, and no quick fix or short term solution that will create the world so many long to see.

With the rise of India, China and Brazil, and other powers, a tectonic power shift is taking place. 500 years ago, China and India combined accounted for half of the world economy. Today these powers are re-emerging. Together with Turkey, Indonesia and South Africa and others, they now represent the greatest share of the world's economic growth.

Following a request from the European Council, we are undertaking a review of the EU's relationships with its strategic partners. Our objective is to establish clear priorities, ensure greater policy coherence, and achieve concrete results. Our strategic partners expect the EU to play a role commensurate with its weight in world affairs. Whether on trade, energy security, access to food and raw materials, exchange rate policies, climate change or human rights, only the EU has the critical mass to be a credible interlocutor for other global players.

Adapting to changing global environment means that we have to face up to massive challenges, including increased competition for natural resources, in particular energy, and the threat of climate change. Even crises in distant areas can affect our own societies. The EU's internal and external security is inextricably linked because terrorism, cyber crime and organised crime know no borders. Weak states characterised by insecurity, corruption and the lack of control by the state of its own territory are a threat for the whole world. They also affect our security as they can be breeding grounds for criminal and terrorist groups. We need to work with partners to share information to increase our collective security. Equally, we must address the threat of failing states, which can provide a haven for terrorists and criminals, who directly or indirectly threaten our societies.

Closely linked to this is the crucial issue of migration. Migration is a truly global phenomenon. Globally, the number of international migrants is the same as half the population of the EU. The EU needs migrants to fill gaps in the workforce but we also need to tackle the dark side of migration where the lives of irregular migrants are at risk in the hands of criminal networks. Well managed migration presents economic and social opportunities for both European societies and the migrants themselves.

To confront these challenges, we need to prioritise and formulate joined-up European responses that serve our strategic interests. We also need to be ready to make tough choices.

Throughout the financial crisis the EU has resisted protectionist pressures and has intensified efforts to open markets wider by negotiating free trade agreements with key partners in Asia and Latin America, two of the world's fastest-growing regions. We will continue to push for concluding the Doha Development Round which would boost the world economy by €135 billion a year. An ambitious agreement is within reach; the negotiations cannot be allowed to fail. At the same time, we will continue bilateral and regional trade negotiations with India, Canada and Mercosur, to name just a few.

Although we are not the world's largest consumer, the European Union is the largest importer of primary energy in the world, with over EUR 300 billion of oil and gas imports accounting for 2,5% of the EU's GDP. The EU's dependence on energy imports has grown over the years. At the same time competition for energy is rapidly increasing with world energy consumption expected to grow by 45 % between 2006 and 2030 due to global population growth and economic development. This underlines the need for Europe to make better use of the leverage of its integrated energy market, develop the potential of its own resources, in particular renewables, and step up its strategy of diversification of energy sources, routes and suppliers. For that, we need to consolidate our partnerships with established energy providers, but also to develop new relationships with potential suppliers in the Caspian region and Central Asia.

In recent years, competition for raw materials, coupled with the industrialisation of emerging economies, has given rise to a new “great game” involving natural resources. Europe lacks abundant natural resources and raw materials. So too do many developing and developed countries, and we thus face the same supply bottlenecks. We need to turn this competition into cooperation for the benefit of all. Europe must ensure security of supply for key inputs for its industrial and agricultural production. Where multilateral rules do not exist, in particular within WTO, we can and should fill the gaps through bilateral rules in particular in dealing with export restrictions in Free Trade Agreements.

Combating climate change remains a top priority for the EU. Our security and prosperity depend on our ability to address this challenge, and we have learned in recent years that climate change is a threat multiplier linked to economic and security challenges, including key issues such as food security and access to energy. Europe is working hard to cut its greenhouse gas emissions substantially while encouraging other countries and regions to do the same. With just about 10% of world's greenhouse gas emissions, Europe will not be able to solve the problem by itself. We need other major emitters, both developed countries and newly industrializing powers, to take action to keep the global average temperature increase below 2 degrees Celsius.

Agriculture, food security, fisheries and maritime issues are important EU policies which have a very strong international angle whether in relation to trade, development, or simply ensuring the sustainable management of resources while guaranteeing food supplies. In particular, global food security will be a central challenge over the coming years.

Attaining the Millennium Development Goals by 2015 should remain at the centre of our development strategy. The EU, as the biggest provider of development assistance in the world, has done a lot in this respect but we still can do better to improve the impact of development policy, to ensure inclusive growth and to promote sustainable development. We also need to move beyond development assistance. No country has emerged from poverty through aid alone. Stability and good governance; education; food security and trade and investment are key for sustainable growth.

Let me say a few words on global governance:

The EU's aim in global governance should be to achieve an effectively functioning international system. We need to bring emerging powers into multilateral cooperation. Major steps have been taken in this respect, most visibly the way the G20 has taken the role of the premier global economic forum for international cooperation. The EU was at origin of the G20 and has been successfully influencing its agenda and outcome. As the G20 moves its focus from the more immediate response to the crisis to longer-term cooperation, most of its agenda and work plan mirrors what the EU is doing, from trade to development and from financial reform to promoting sustainable economic recovery and growth. We need to continue to shape the G20 agenda through partnerships which can deliver strong, balanced and sustainable growth worldwide.

Last week's G20 summit in Cannes re-affirmed the role and special responsibility of the European Commission in this governance structure and in tackling global challenges.

We are living in an increasingly inter-independent and complex world. But it is also clear that our "internal governance" has a decisive impact on Europe's resolve and leadership in the world.

It is not exaggerated to say that we are facing the biggest challenge in the history of our Union. This crisis is financial, economic and social. But it is also a crisis of

confidence. A crisis of confidence in our leaders, in Europe itself, and in our capacity to find solutions.

The roots of the crisis are well-known. Europe has not met the challenges of competitiveness. Some of our Member States have lived beyond their means. Some behaviours in the financial markets have been irresponsible and inadmissible. We have allowed imbalances between our Member States to grow, particularly in the euro area.

Tectonic shifts in the world order and the pressures of globalisation have made matters even worse. The result is clear: concern in our societies. Fear among our citizens for the future. A growing danger of a retreat into national, not to say nationalist, feeling. Populist responses are calling into question the major successes of the European Union: the euro, the single market, even the free movement of persons.

Let me be very clear: Our difficulties do not stem from our opening up to the world, from enlargement, from the euro, or from Schengen. On the contrary, it is precisely because we are an open-minded Europe that we have been able to become a strong single market with 500 million citizens, the leading trading power in the world, the top destination for foreign direct investment, the second reference currency in the world and the world's biggest donor of development aid. Our response to such ideas must be that the worst disaster of all for Europe would be seclusion, regression and protectionism.

I am convinced that in a world in the light of major change, if 27 countries reverted to forging their individual destinies, they would not be better placed to maintain their influence and their lifestyle. We must respond to this kind of discourse that our strength derives from the choices we have made to share our destinies and our sovereign powers.

It is wrong to say that Europe has done nothing in the face of the crisis. We have taken important decisions to tackle the question of sovereign debt and strengthen Euro zone governance, improve financial supervision and stabilise public finances, start the necessary structural reforms and enhance our competitiveness. But we have hesitated and waited too long. We allowed too many doubts to remain about the strength of our political will and the solidity of our cohesion. It is therefore high time to apply all the decisions that we have taken together and not to let the clock tick against Europe.

The results of the October 26 summit(s) have demonstrated: The euro is at the core of our European project of peace, stability and prosperity. Heads of State and Government have agreed on a comprehensive set of measures to restore confidence and address the current tensions in financial markets. These measures reflect the EU's unwavering determination to overcome together the current difficulties and to take all the necessary steps towards a deeper economic union.

The EU is widely perceived as a benevolent power, and we provide an example of successful supranational co-operation. But we cannot take that reputation for granted. The key to our future success lies in maintaining our position as an influential player and a source of inspiration, while ensuring that we make effective use of all the tools available to us to promote and protect our values and interests worldwide.

It will be critical to overcome policy silos and to achieve greater integration between our external policies, including trade, development, and the neighbourhood policy on the one hand and the internal policies such as the single market, energy policy and home affairs on the other. The Treaty of Lisbon has given us the structures to act flexibly and coherently in response to the challenges we face. But we must also look together at the broad picture, identify our objectives and ensure that we all, at the

EU and the Member State level, are working in concert to achieve them. This is the key to optimising our leverage in external policy.

The world is changing fast, but not always in our favour. The EU has the capacity to respond in a strategic way. But only, if we act together.

Vielen Dank für Ihre Aufmerksamkeit.