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SPEECH BY CARL BILDT

Swedish Minister for Foreign Affairs

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Dear ladies and gentlemen,

Due to time being short I will restrict myself to some fairly short remarks, resisting the temptation to go too much into the discussion that you just alluded to. I have to confess that I probably belong to those that are somewhat less impressed by G20 and its dynamics. I don't necessarily believe that that is the last word of God, when it comes to global governance. I do think however, that there are some issues that are truly driving the need to reform the structures of global governance. That being primarily, I would say, the climate change agenda. In whatever way you look at the climate change agenda it is such a new, novel, issue that reaches into economic structures, energy and political structures in a completely novel way, that it will require innovations in global governance that will, in its turn - I think – give us some global governance instruments that will be better at addressing some of the other issues that have been a source for discussions and concerns.

But, some very brief remarks on some, I think two, other mismatches that I'm somewhat pre-occupied with sometimes. The one being what I refer to the demand-supply one, the other one being the hardware-software one. Perhaps *the* thing that has been pressing me most during the three years I have been Foreign Minister, is the enormous demand for Europe that is out there in different parts of the world. Demand for Europe as an actor, as a partner for discussion, as a global actor - whatever. The demand is much, much bigger today than it was only some years ago. And that, irrespectively of which part of the world that we are trying to engage in a dialogue with. The problem is of course more on the supply side - are we able to supply the demand for Europe that is there?

And the answer clearly is, we are not really able to meet the demands - partly, but only partly, due to the institutional weaknesses that we still have, but which are bound to be repaired, or beginning to be repaired, shortly. We will have the Lisbon institutions coming into force, starting to come into force within the - whatever - if I say the next few days it's not correct, if I say the next few weeks it is likely to be correct. But it is going to be a process and some things will happen even within days. I hope that the European Council next week will take some of the framework decisions for the European External Action Service. And that of course over time will give us an instrument that we have been dreaming of for quite some time. But that doesn't really answer the second mismatch problem fully, and that is what I normally refer to as the hardware-software mismatch. We discussed the institutions, we love institutions. They are important so it's right to discuss them.

But institutions is a hardware but hardware without software is nothing. We need to - as we will get the new hardware - focus a lot more of our discussions on "what's the software?" "what is the modified update in software policies?" that will make these institutions come alive so that they can also meet the other, the supply-demand mismatch that I mentioned. And that will have to be addressed as well. How do we energize the policy discussions within the European Union, as we now get the new institutions in place? I can spend nearly endless time on the different policy challenges that I think we will be meeting in the years and the decades ahead.

We have had two nearly miraculous decades of success in Europe since 1989. Few could dream of the Soviet empire collapsing peacefully. And out of the ruins of the divided Europe comes a more or less united Europe, enlargement and the Euro, in spite of the tragic failure of

the decade of the brutal wars of the Balkans. A tremendous, miraculous period, that was driven to some extent by the European Union but also, of course, by the alliance across the Atlantic. Some believe that now it is time to rest on our laurels, to say “Fine, let’s do something else” and concentrate on other tasks. I don’t believe that we are yet in the position to say that we have truly secured the peace and the prosperity in our part of the world – and I do believe that our credibility on the wider global stage is to a very large extent a function of how we are seen as securing the peace and prosperity of our own part of the world and our near abroad, and our somewhat wider neighbourhood.

I think we need a new debate, when we’re out of the institutional debates, on these issues. I think we need a new debate on the economic issues. Because in spite of the fact that we have the Lisbon agenda and all of these marvelous statements – are we certain that we have achieved enough? No, we haven’t. I think, as a matter of fact we need to recognize we have been performing some spectacular failures. And let me just notice one of them which I find particularly irritating. Because there are some economic failures, or lack of success, that you can blame on circumstances. But there are some that you simply can’t. We committed ourselves some years ago to spending three percent of our GDP on research and development. And that was done because we did understand that if we are not at the cutting edge of innovation and knowledge, we would be on the downward slope when it comes to shaping the future. That will affect our economies and that will affect the attractiveness of Europe on the global stage. And this is something that is perfectly possible to address through policy decisions.

Have we achieved any progress on this perfectly measurable thing that we promised? Virtually nothing! We are still well below two percent, and were we to register a slight increase in the share of GDP that we are spending on research and development this year, it’s going to be due to the decrease in GDP, rather than the increase in research spending. With those sorts of failures, we do have a long term problem. We are talking about the European social model, one of the popular things coming out of different speeches. But that is coming under increasing strain and stress, both of internal dynamics and external factors - the external factors will be reinforced by the effects of the crisis that we are now going through. And in order to retain the attractiveness of Europe long-term, we need to look at these economic issues as well.

And then, the policy issues concerning how we manage our own part of the world. Enlargement, in my opinion, remains on the agenda. Although it will be more demanding as we move ahead. We have all of the issues associated with Southeastern Europe. And whether Turkey or the Western Balkans is the most demanding of those we can discuss endlessly. Demanding, they are both. But at the same time, we know that were we to slow down the momentum, block or stop in the Western Balkans, there is a significant risk of another momentum regaining strength in that part of the world with significant downside effects for us all in the years to come. Turkey is, rightly so, a somewhat controversial and a somewhat big issue. The decisive time hasn't yet come, but we know that either way, that will have profound strategic consequences if we were to go that direction or if we were to go that direction. And accordingly, a debate is clearly called for. I belong to those who are convinced that a Union with both the economic dynamism and the demographic potential of Turkey would be a stronger Union. Both internally and, even more decisively on the global stage.

Because much in the same way as we have demonstrated that we can bridge the historical differences between the Germans and the French, or the Swedes and the Danes - to take some particular difficult examples - or the Protestants and the Catholics, or the Orthodox and the Catholics- or the Jewish issue, out of our history, we should be able to bridge that particular divide as well. To demonstrate that we have a Europe that can overcome all the prejudices of the past. That we are truly a force for integration and cooperation in the future.

And then we must look, of course, wider. We launched the Union of the Mediterranean because we know what's going to happen south of the Mediterranean has got a profound influence on the future. We need to look East, and we are looking East, both with the Eastern Partnership where we are looking at new instruments and policies that I think will be extremely important in the future. We are now developing this wonderful "Bruxellese" concept of DCFTA - I guess you are all familiar with what the Deep and Comprehensive Free Trade Agreement really means? But it means essentially that we include these areas step by step, in the regulatory regimes and in the internal market operations of our Union.

And that will of course have a transformational and modernizing effect on the societies as it comes into place. And also, strengthen the rule of law and create a better basis for democracy. Look what's been happening to Turkey since Turkey was brought in, into the customs union. We are now discussing this with Ukraine and I hope over time, it can be extended to others.

Beyond that of course, to try to engage with Russia in different ways. That strategic partnership that has turned out to be somewhat elusive, but which we should continue to seek to establish. President Medvedev has recently described the state of Russia in somewhat stark terms. And if that is meant seriously, then of course we can hope that Russia will truly choose the reform course which would facilitate of course the establishment of that truly strategic partnership of both stability and modernization, that we seek in our own interest, and in the interest of everyone else.

Beyond this, of course the much wider relationships in the somewhat wider neighbourhood. Below South of the Sahara we will within a couple of decades have a billion people, in a very fragile region. A billion people out of which sixty percent or more than sixty percent are going to be below 25 years of age. Unstable societies, moveable people.

And in another direction of course, relationship with the – also more than one billion people – of the Muslim world that stretches from the coast of the Atlantic to the archipelagos of Indonesia, where we had a lot of the more classical issues that we are confronted with in terms of security. The way which we deal with our near abroad, influences profoundly the way in which we can influence what is going to happen in, let's phrase it, the wider neighbourhood of these two billion-big communities that are going to interact with our own security and stability in the years to come.

Then of course, all of the issues associated with the future of globalization. Sometimes a controversial concept in the European debate. But Europe is really globalization's biggest child – and the other way around. Europe did not emerge or rise out of the Middle Age by looking at itself. Europe did emerge, the West did emerge, on the global stage by its embracing of globalization. And every stage of acceleration of globalization have been stages of its success, of the most globalized part of the world, and that is Europe. Accordingly, we have a profound interest in creating as good conditions for an acceleration of as a sustainable a globalization as possible.

This entails both institutions of global governance that we have been addressing and, of course in terms of sustainability, taking care of arresting the rising global temperature that we are now faced with. It was published in London two days ago, a map that described some of the consequences of a world which is four degrees warmer. Well, in northern Sweden that

sounds rather attractive at times. But if you look at the wider implications of that, and the fact that in the oceans you would have roughly one degree, but in certain areas, fifteen degrees in increase in average temperature, you see the drama that risks unfolding in the decades and decades ahead, if we don't address it. And that will undermine the globalization that is the foundation of both peace and prosperity, in so many parts of the world.

That brings us also to, of course, the need to address security to a certain extent in new ways. It is not primarily a question of securing territories, as we still have to do but primarily dominated our thinking in the past. We need to secure the flows that we are increasingly dependent upon. And also protect us from the illicit flows that are part of the process of globalization. And here there are numerous questions that I think we need to address. We can send our – as we do – naval forces to the Gulf of Aden to protect the maritime flows, the energy supplies that we are so dependent upon. But do we have the policies and do we have instruments to protect the flows of information through cyber space, from attack, or distortion which is even worse. And those flows will be even more critical to our societies, to every single part of our societies, in the years ahead. We can protect other flows but we will also look at the need to - in the interaction between the classical security and these new security issues - look at the vulnerable regions that risk being undermined by the illicit flows of drugs and criminality.

Look at West Africa which is eroded by the smuggling and illicit trade, coming from different places - endangering states, endangering governments and creating security problems that over time will stretch to the shores of Europe. Or look at the erosions of states that we already see, coming out of the Afghan drug production, or what is happening in the area south of the Hindukush, in the Pashtun and Baluch areas, which is the core of 90 percent of the opium production in the world. Eroding societies, risking creeping into Central Asia, eroding Pakistan, and of course eroding our societies as well. We have been successful at protecting our air-transport systems from attacks – very vulnerable transport-system by the way – from attacks direct against them. But we have been less successful in protecting us against the illicit flows that risk undermining regions that, in its turn, will present new threats to European security.

I could go on for quite some time, but my thesis is just that we have these mismatches that I mentioned. The demand-supply mismatch, which I think should be obvious - and let's hope

that we are now beginning to get to grips with some of the institutional issues that makes it somewhat easier to address the demand-supply mismatch. But then we must rush to the hardware-software issues, and truly go back to developing policies that can first restore the magnetism of Europe – be that in economic development or be that in some other respect – then be more effective when it comes to creating conditions for peace and prosperity in our near abroad, then our wider neighbourhood, and us. Of course affecting the global developments in a way that is beneficial both to the security of Europe and to the wider global world that we seek to make our contribution to.

That was some initial remarks, and then we have at least some minutes for questions.

Thank you for your attention.