

FOREIGN SECRETARY: EUROPE 2030 (15/11/07)

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CHECK AGAINST DELIVERY

'EUROPE 2030: MODEL POWER NOT SUPERPOWER'

I feel a strong sense of personal history in delivering this lecture today.

My father was born in Brussels, my mother in Poland. My family history reflects the strife which divided the Continent and the values which later united it.

This college reflects that history too. You have a sister college in Poland. The vision of your founder, Henri Brugmans, a hero of the Dutch resistance, was fired by memories of dark days listening to BBC reports of resistance struggle against fascism. And the people we honour this year, Anna Politkovskaya and Hrant Dink, were exemplars of our basic commitment to freedom of expression, a founding value of the EU.

But my speech tonight is not about history. It is about the Europe that you, the students gathered here, will inherit in the future.

President Sarkozy has suggested we need a Groupe des Sages to focus on the Europe of 2030. Today I want to enter that debate, not to engage in a piece of futurology, but to suggest how the EU can help to shape the world of 2030.

My argument is this:

- The prospects and potential for human progress have never been greater. But our prosperity and security are under threat. Protectionism seeks to stave off globalisation rather than manage it. Religious extremists peddle hatred and division. Energy insecurity and climate change threaten to create a scramble for resources. And rogue states and failing states risk sparking conflicts, the damage of which will spill over into Europe.
- These threats provide a new *raison d'être* for the European Union. New because the unfinished business of internal reform to update our economic and social model is on its own not enough to engage with the big issues, nor the hopes and fears, of European citizens. For the EU because nation-states, for all their continuing strengths, are too small to deal on their own with these big problems, but global governance is too weak. So the EU can be a pioneer and a leader. Our single market and the standards we set for it, the attractions of membership, and the legitimacy, diversity and political clout of 27 member states are big advantages. The EU will never be a superpower, but could be a model power of regional cooperation.
- For success, the EU must be open to ideas, trade and people. It must build shared institutions and shared activities with its neighbours. It must be an Environmental Union as well as a European Union. And it must be able to deploy soft and hard power to promote democracy and tackle conflict beyond its borders. As Gordon Brown said on Monday there is no longer a distinction between 'over there' and 'over here'.

Twenty Years on from the Bruges Speech

Let me begin with some reflections on Britain's relationship with Europe.

'We British are as much heirs to the legacy of European culture as any other nation'.

The churches, literature and language of the UK 'all bear witness to the cultural riches we have drawn from Europe.'

'Without the European legacy of political ideas we could not have achieved as much as we did'.

'Our destiny is in Europe'.

Those are not my words. They were delivered by Margaret Thatcher to this College in 1988 in her famous Bruges lecture.

But despite these words, Mrs Thatcher's speech was haunted by demons. A European superstate bringing in socialism by the back door. A country called Europe that stripped individual nations of their national identity. Utopian ideals and language that obstructed practical progress. These were the demons that led her some years later to conclude that far from being vital to Britain's progress: 'In my lifetime Europe has been the source of our problems, not the source of our solutions'.

These demons still haunt some people. But I agree with my predecessor as Foreign Secretary Douglas Hurd who said in 2005: 'The myth that we are threatened with a European superstate is still nourished in the Conservative cul-de-sac. Certainly there are Continental idealists who bitterly regret that it has faded away, but faded it has, as has been clear since Maastricht'.

Open markets, subsidiarity, better regulation and enlargement are now far more part of the conventional vocabulary of European debate than a United States of Europe, centralised taxation or a common industrial policy. The truth is that the EU has enlarged, remodelled and opened up. It is not and is not going to become a superstate.

But neither is it destined to become a superpower.

An American academic has defined a superpower as 'a country that has the capacity to project dominating power and influence anywhere in the world... and so may plausibly attain the status of global hegemon'.

There is only one superpower in the world today - the United States. There may be others on the horizon, such as China and India, but the US has enormous economic, social, cultural and military strength. In terms of per capita income alone it will remain by far the dominant power for my lifetime. For Europeans, that should not be a source of dread: there is a great shared project for Europe and America, to embed our values and commitments in international rules and institutions.

The EU is not and never will be a superpower. An EU of 27 nation states or more is never going to have the fleetness of foot or the fiscal base to dominate. In fact economically and demographically Europe will be less important in the world of 2050 than it was in the world of 1950.

Our opportunity is different. The EU has the opportunity to be a model power.

It can chart a course for regional cooperation between medium-sized and small countries. Through its common action, it can add value to national effort, and develop shared values amidst differences of nationality and religion. As a club that countries want to join, it can persuade countries to play by the rules, and set global standards. In the way it dispenses its responsibilities around the world, it can be a role model that others follow.

This speech is intended to set out the basis of such progress.

Global Europe

The EU has been defined for the past 50 years by a focus on internal change: by a Franco-German bargain over industry and agriculture, by the creation of a single market and the drive for basic shared social standards; by EMU. And the need to attend to internal policy problems remains.

We should be immensely proud that in the post second world war period Europeans drove down levels of economic inequality and social injustice. That is the cause that brought me into politics. And the modernisation of our social and economic systems is essential to preserve those gains. That is why the

UK is fully engaged in the current debates about policy reform in Europe.

But that will no longer be enough. The defining challenges of the 21st century are global in scope, not national. We have spent a decade or more debating institutional reform; everyone who has participated is exhausted; and the rest of the European population are either bored or angry. The EU must now apply itself to managing the risks and maximising the benefits of the next wave of globalisation, both for its own citizens and around the world. This is where we need new thinking.

The insecurities and threats of 2030 are clear. A Europe at war not within its borders, but struggling to cope with forces beyond its borders. Global capital, people and goods with whom it has not made peace. Religious extremism and division on its doorstep. Energy insecurity and climate change which threatens our security as well as our prosperity. Conflict and instability in regions where we have economic as well as moral interests.

To avoid that future, we need to base our next generation Europe on four principles.

Europe Open to the World

My starting point is that a model power in the 21st century must be one that looks outwards. As Jose Manuel Barroso said, '...global Europe must be an open Europe'.

So my first guiding principle is that we must keep ourselves open – open to trade, open to ideas and open to investment.

This is not a foregone conclusion. Across Europe, it is tempting for producers to seek the shelter of tariffs, for environmentalists to yearn for a return to a (it has to be said) mythical world of self-sufficiency, for communities to fear unplanned migration.

I understand the concerns. Openness creates risks and insecurities as well as opportunities. Our national welfare states must help people adjust to rapid economic and social change.

This is tough. Migration is a big issue. And while Europe can be a magnet for the world's best talent, it cannot be a tent for the world's poorest people. Without some migration, an ageing and declining population will leave Europe facing economic stagnation and unsustainable social security bills. But integration of new communities is vital. We shall only tackle the root cause of migration – the poor economic prospects in neighbouring countries - if we continue to open up our markets. That is why, on economic and social grounds, the case against economic protectionism is overwhelming.

Openness – to new investment, new products and new services – provides the competitive spur needed to raise our game. An open regulatory environment provides the basis for the highest value. If we hold back on open trade, we will only hold back the process of modernising our economies and raising productivity. We will force European consumers to pay higher prices. We will strengthen the hand of protectionist lobbies beyond our borders. We will deny millions of African farmers a lifeline out of poverty.

If we have the courage to press for more free trade and investment, and act as a model power in going further and faster than other countries, we will enrich ourselves and the rest of the world. That is why we need to put European agriculture on a sustainable and modern footing: reduce tariffs, open up energy markets and complete the creation of a single market in services.

This is not a race to the bottom. Europe is a model for reconciling economic dynamism with social justice. We must use the power of the single market to export these values. We have already seen how the single-market can pull up standards in the rest of the world. Thanks to the Reach Directive the chemicals in Chinese-made products have to comply with European standards. The size of our market means that European low carbon standards can become the global standard-setter.

Shared institutions and shared activities

My second guiding principle is that we should use the power of shared institutions and shared activities to help overcome religious, regional, and cultural divides, especially with the Islamic world.

There is, after all, a bleak scenario for 2030: a world more divided by religion, both between and within countries. Greater threats – both at home and abroad – from terrorists and rogue states. Growing hostility towards the West. Rejection of the global economic changes that many people believe has made us rich at their expense.

The EU can help lead the search for an alternative. The EU itself represents a triumph of shared values. Now we need to find and express shared values across religious and not just national lines, so that Europe and its Muslim neighbours enjoy strong, unbreakable ties, and peace allows us to talk, debate, trade, build businesses, build communities and build friendships.

We can do this only by creating shared institutions and engaging in shared activities that provide a living alternative to the narrative which says the West and the Islamic world are destined to clash.

There are obvious immediate needs:

- in Iraq, where we are moving forward together to bolster the forces of economic development and political reconciliation
- in the Middle East where the EU Action Plan needs to be a vital part of the road from Annapolis to a viable Palestinian state alongside a safe and secure Israel
- and in Lebanon, where the EU has almost 8,000 thousand troops deployed to help preserve stability.

But our top priority must be to keep our promises on enlargement. As Vaclav Havel said in December 2002, 'the vision of becoming part of the EU was... the engine that drove the democratisation and transformation of' Central and Eastern Europe. Enlargement is by far our most powerful tool for extending stability and prosperity.

Countries that are already on the accession path – Turkey and the Western Balkans – must be given full membership as soon as they fully meet the criteria. And Turkey and all Cypriots need to play a constructive role in UN efforts to solve the Cyprus problem and unify the island on a bi-zonal and bi-communal basis.

If we fail to keep our promises to Turkey, it will signal a deep and dangerous divide between east and west.

Beyond that, we must keep the door open, retaining the incentive for change that the prospect of membership provides.

Being part of Europe should be about abiding by the shared rules – the *acquis* – that embody our shared values by respecting our separate identities and traditions.

Not all countries will be eligible for full membership, or show the will to join. So we should take the European Neighbourhood Policy a step further. We must state clearly that participation is not an alternative to membership, or a waiting room. And we must offer access to the full benefits of the single market.

The first step would be the accession of neighbouring countries – especially Russia and the Ukraine - to the WTO. Then we must build on this with comprehensive free-trade agreements. The goal must be a multilateral free-trade zone around our periphery – a version of the European Free Trade Association that could gradually bring the countries of the Maghreb, the Middle-East and Eastern Europe in line with the single-market, not as an alternative to membership, but potentially as a step towards it.

Finally, we need to create more shared activities to build shared values and bring us closer to our neighbours. ERASMUS student exchanges have been hugely successful over the last 20 years in fostering a common understanding and common identity between European students. Some 150,000 students participate every year, taking the opportunity to absorb another culture and learn another language. Let us set the goal that by 2030 a third of our ERASMUS exchanges will be to countries beyond our borders, including those of the Middle-East and North Africa.

Preventing Conflict

My third guiding principle is that a model power should champion international law and human rights not just internally, but externally too. We need to live by our values and principles beyond our borders, not just within them.

Peace and democracy has settled across our continent. To that extent, the EU has been an extraordinary success. But, as the wars in the Balkans showed, our record is not perfect. And our task will not be complete until the final piece in the Balkans jigsaw – Kosovo – is resolved.

But in the future the main threats to our security will come from farther afield. From failed or fragile states, where law and order dissolve, where the economy stops, where arbitrary violence rules, and terrorists can operate at will. We can see the terrible effects in Darfur and Chad today.

From rogue states, that defy and endanger the international community by breaking the common rules we have all agreed to abide by. And from non-state actors – like Al Qaeda – hell-bent on destroying our way of life.

Europe is well equipped to contribute a positive response to these threats. Like NATO, its members have shared values which can generate the political and military commitment for decisive action. But like the UN, its member states have the full spectrum of economic, development, legislative, political and military tools.

We must begin by establishing a wider consensus on the rules governing the international system. We must use the legitimacy and political clout of 27 members to enshrine the principle of Responsibility to Protect at the heart of the international system. We must be prepared to uphold commitments made under the Nuclear Non-Proliferation Treaty. We must mobilize member states behind the establishment of an Arms Trade Treaty.

We must also overcome the blockages to collaboration with NATO. We welcome the signs of increased willingness on the part of key partners to do so.

First, European member states must improve their capabilities. It's embarrassing that when European nations – with almost 2 million men and women under arms – are only able, at a stretch, to deploy around 100 thousand at any one time. EU countries have around 1,200 transport helicopters, yet only about 35 are deployed in Afghanistan. And EU member states haven't provided any helicopters in Darfur despite the desperate need there.

European nations need to identify the challenges we face; the capabilities we consequently need; then identify targets for national investment in equipment, research, development, and training necessary to make more of our armed forces; work together for efficiency; and back it up with political drive.

A second thing we must do is to strengthen our ability to respond to crises in a more comprehensive way. Increasing our capacity to put peacekeepers into the field – whether on UN, EU or NATO missions – is a crucial part of cooperation.

As the Prime Minister set out earlier this week, military forces should be deployed on peacekeeping duties with civilian crisis management experts as an integral part of the operation. There is limited value in securing a town if law and order breaks down as soon as the troops move on. There is limited gain in detaining terrorists and criminals if there is no courthouse to try them in or jailhouse to hold them in. Security without development will soon alienate local populations. Development without security is impossible. They are two sides of the same coin.

Third, we must use our power and influence, not just to resolve conflict, but prevent it. We must show we are prepared to take a lead and fulfil our responsibilities. Javier Solana and George Robertson, working together for the EU and NATO, brought Macedonia back from the brink of civil war in 2001. Our military deployment to north-eastern Congo in helped plug a critical gap in the UN's presence there in 2003. We have built on UN sanctions to increase pressure on countries like Iran and Sudan. And where the UN has been reluctant to act – as on Zimbabwe and Burma, where the regimes continue to oppress their people - we have introduced our own measures.

Environmental Union

My fourth guiding principle is that any model power in the 21st century must be a low carbon power, so the European Union must become an Environmental Union.

More than any other area, the decisions we take on energy now will affect the world we inhabit in 2030. The investment cycles for new power plants, new pipelines, and new transport technology stretch across decades.

In the decisions made at the Spring Council last year, the EU showed its ambitions to be model power on climate change. By setting unilateral targets, with the offer to go further if others do, we are using our political clout to increase the pressure on others to act. By backing those targets with regulations and a carbon price, we are beginning to use our economic clout to transform product markets too. But to become an Environmental Union but we must go further. We must set ambitious, long term regulations to phase out carbon emissions in key areas, transform product markets through the standards we set, and gain economic advantage in environmental innovation.

The priorities are clear:

- We must agree a timetable for reducing average vehicle emissions to 100g/km by 2020-2025 (compared with average EU emissions of 160 g/km), on the road towards a zero-emission vehicle standard across Europe.
- We must ensure that by 2015, we have 12 demonstration projects in Carbon Capture and Storage, and that by 2020, all new coal-fired power stations must be fitted with Carbon Capture and Storage.

We should ensure the long term future of the EU ETS, to include more sectors of our economy, and to become the hub of a global carbon market which generates the incentives and the funding for the shift to low carbon power and transport not just in Europe but in developing countries. The third phase of the EU ETS provides an opportunity to scale up and reform the CDM – to move it from a focus on individual projects, to groups of projects or whole sectors. We have already agreed to extend the EU ETS to include aviation, but we must also consider the case for surface transport. And we should consider moving from individual countries setting their own allocation to harmonised allocations on the road to cap-setting done centrally. As the European Central Bank regulates money supply for the eurozone, it is worth thinking whether the idea of a European Carbon Bank could in future set limits on the production of carbon across Europe.

Discussions on the future of the EU budget must take account of this context.

The current budget will be worth 860 billion euros over 7 years. The three tests for the future of the EU budget are clear: is it advancing national and European public interest? Is grant spending the right tool to achieve our objectives, or could regulation, or loan-finance, provide a better alternative? And is it demonstrating sound financial management?

Over time, I believe that points to aligning the budget more closely with the external global challenges we face, in particular, a focus on climate change. Environmental security not food security is the challenge of the future.

Conclusion

It is telling that those who are near us, want to join us. And that those who are far away, want to imitate us. The EU can claim major successes.

The single market has created peace and prosperity out of a continent ravaged by war. Enlargement has transformed Central and Eastern Europe. European forces across the world are active in preventing and resolving conflict.

These are real achievements. The common view is that they represent a triumph over institutional arrangements. But the constitutional debate shows that people don't want major institutional upheaval. Unanimity is slow but it respects national identities. The commission is not directly elected but that is exactly why it avoids the temptation of national and political affiliation and offers a wider European perspective.

The lesson, I think, is that in politics we tend to overestimate our ability to influence events in the short term, but we hugely underestimate our ability to shape our long term future. That is particularly true for the European Union.

Across Europe, people are feeling a divergence between the freedom and control they have in their personal lives, and the sense of powerlessness they face against the great global challenges we face: from preventing conflict and terrorism to addressing climate change, energy insecurity, and religious extremism. They are confident about personal progress, but pessimistic about societal progress.

Europe has the chance to help fill this void. There is a clear choice. Focus on internal not external challenges, institutions rather than ideals. Fail to combine hard and soft power, the disciplines and benefits of membership with the ability to make a difference beyond our borders. The result: the return of protectionism, energy insecurity, division with the Islamic world, and unmanaged migration from conflict. Or Europe can look global and become a model regional power. We can use the power of the EU – the size of our single market, our ability to set global standards, the negotiating clout of 27 members, the attractions of membership, the hard power of sanctions and troops, the power of Europe as an idea and a model – not to substitute for nation states but to do those things to provide security and prosperity for the next generation.

We are pragmatic. We have missed some opportunities. But pragmatism and idealism should be partners. And the UK is determined to make them so.

Britain and the EU