



**EUROPEAN COUNCIL  
THE PRESIDENT**



Monaco, 13 December 2013  
EUCO 270/13

PRESSE 580  
PR PCE 244

**Herman Van Rompuy  
President of the European Council  
Dinner debate at the 6th World Policy Conference**

I am delighted to be joining you here in Monaco this evening. I have to confess that this is my first visit to the *Principauté*. *Mieux vaut tard que jamais*. But this is a weak excuse! “Le Rocher” is arguably the world's most cosmopolitan country (at least per capita!) – so it is a good place to gather and take stock on world developments. And it has been an eventful few months, in foreign policy terms.

There have been moments to welcome and moments for quiet reflection. In the Middle East we've seen, after too many decades of mutual suspicion, the first thawing of the ice with Iran (a most positive development!), while in Syria the unrelenting tragedy of civil war continues.

The world united in sorrow to mourn Nelson Mandela – in a rare show of global unity –, as forces from the African Union and France deployed in the Central African Republic to bring peace back to the country.

Nearer to home, the countries of our Union welcomed their 28th member this summer with the long-awaited admission of Croatia; while in Ukraine, at our eastern borders, hundreds of thousands took to the streets to call for closer ties with the European Union. And events are still unfolding. Which leaves you with much to discuss and debate over these three days!

**P R E S S**

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But, beyond those breakthroughs, accomplishments and stalemates developing daily around the world, let me start by taking a step back. Consider the past twenty-five years... The shifts that have taken place over that period are just immense.

The end of the Cold War finally lifted the ever-present and haunting threat of yet another world war – this time a nuclear one. The transition to a new world order in the wake of the Cold War was of course not painless. Old certainties were questioned and discarded. Civil wars erupted, regimes toppled. Yet the overall result has certainly been beneficial for humanity at large.

Democracy has flowered or at least laid down roots in many of those countries once afflicted by civil wars or ruled by autocratic regimes, not least in Africa and Latin America. The simple idea that people should have a say in their own governance has achieved a near universal status, and more of the world's population lives in democratic countries than ever before in the history of the mankind. The "Arab Spring" unleashed this thirst for democracy. It will not disappear any more. Some prefer stability, but every democracy – also ours in Europe – was born in pain and turbulence.

Globalisation is also a much more powerful force in our lives than it ever has been. Like democracy, the idea of market economies has become universal. Even in China, where I was just three weeks ago for my first summit with the new leadership, the Chinese communist party recognised the free market's decisive role during its third plenum. And this yearning, this drive, for more open economies and societies has in turn led to increased global prosperity. Not just millions, but hundred of millions of people have been lifted out of poverty in the past decades.

When assessing current events, and Europe's position and role in the world, this wider backdrop matters deeply. For these trends have greatly benefited Europe too. With the fall of the Berlin wall, our Union was able to expand –changing in its very fabric, becoming even more meaningful. This also opened new paths of European integration, like the common currency; paths on which we are still journeying today. Let us not forget that the euro was born with a united Germany in a more united Europe, without German unification we wouldn't have had the euro. The common currency is a product of the end of the Cold War.

But as Europe changed, so the world changed. Geopolitically, and geo-economically. Today, our European economies have to perform worldwide – and the list of countries and regions to out-perform, out-smart and out-pace keeps growing. Competitiveness has become the watchword, a new reality our societies are still coming to terms with.

The flip-side is that we now live in a truly interdependent world. And we could not have seen it more clearly than in the financial crisis, whose thunderous eruption quickly spread around the globe. It brought us to the edge of the abyss!

The financial crisis spread to the eurozone, where it shone the spotlight on weaknesses in some of our member states and in the architecture of the Economic and Monetary Union that we should not have left ignored. In more ways than one, it has been a harsh but necessary wake-up call, a salutary shock. For the eurozone, a case of “*what doesn’t kill you makes you stronger*”. Although the most vulnerable people were most hit by this crisis.

It took some years, but we have left the existential threats to the euro behind us, and restored financial stability. Twenty-six of our twenty-eight countries are back into positive growth. And we are working hard to build on that, to reinforce our economies at their very foundations, and above all, to support economic activity and job creation. Those are our highest priorities.

With financial fire-fighting funds and economic efforts taking precedent over much else politically these last years, there has been talk, in the wake of the crisis, about EU disengagement from world affairs. You will expect me to say that this is far from fair – and I will, since it IS far from fair. Our foreign policy engagement is much more robust, and developments from these last weeks, from Bangui to Teheran, attest to that.

But there is another point that I would like to underline. Worldwide, our biggest contribution right now remains precisely to put our own house in order, financially, economically. It is true for us (and that is exactly what we are doing). But it is also true for *other* major countries and regions around the globe, including the emerging economies. All have to adapt their economic model. Some are even unsustainable in the longer run.

In a world of such interdependence, no one can afford to have economic Damocles swords dangling... anywhere. In this new world economics play a dominating role – greater still than what military force alone can achieve. The lessons we can draw from a decade of military presence in Iraq or Afghanistan, or looking at the low popular support for an armed intervention in Syria for instance, seem to reinforce this point.

For Europe, as the world’s biggest economy and largest market, this growing emphasis on economic clout in global power-play is something that opens up new opportunities. Especially in a world that I see become more and more a-polar, rather than bi-polar or multi-polar as we once thought it would become.

And I remain convinced that Europe can play a role. It may sometimes not seem like it, but as a united force, our Union is a growing entity on the world stage. Not only as the joint provider of more than half of the world’s development assistance, making an incalculable difference to millions of people each day. But also: without Europe, there would be no World Trade Organisation (no deal in Bali last week), and no International Criminal Court, no global fight against climate change, no G-20.

We remain convinced multilateralists. The recent WTO trade facilitation agreement confirmed us in that conviction. That is the reason why we are still engaged in the search for a legally binding international agreement on climate change in view of the COP21 Conference in Paris in 2015. Among the major world players, we are rather lonely!

The Union functions thanks to, and is even built upon, negotiation and compromise. So it has a natural vocation to help foster compromise, to encourage reconciliation. We know what it means to turn pages, to put the past behind. And I am pleased that Europe was able to play this mediating role recently in the Iran negotiations, and will keep doing so.

Of course, our greatest role to play remains in our own neighbourhood. Starting closest to home, with much unfinished business in the Balkans. Here too, the European Union can claim credit for bringing Kosovo and Serbia closer together. Both sides are now sitting around the same table for the first time, thanks to the relentless efforts of our High Representative Cathy Ashton. What's more, they are reaching agreements on important substantive issues.

Further away, but still very close, both East and South, there are aspirations that cannot be betrayed. On the opposite shore of the Mediterranean, and this side of the Ural. There too, from "Tahir" to "Taksim" to "EuroMaidan", what it should foremost be about is dialogue and consensus building. And if in any way Europe can help foster that, we stand ready.

We are of course following very closely developments in Ukraine, high-representative Catherine Ashton was in Kiev just Tuesday. In the end, this isn't about relations with either Brussels or Moscow. It's about the Ukrainians as a great and diverse people, charting a common course for themselves and their country. Geopolitics is one thing. Democracy, modernity and independence are another. In my view, the future of Ukraine lies in Europe. One can try to stop it, to slow the pace, but in the end not prevent it. Geography and history will always create a special relationship with Russia.

Europe's values-based engagement, our commitment to compromise, are often described – and sometimes derided – as “soft power”. But soft power may also have hard impacts. It depends of course of how it's put to use. We have soft powers, but we are not solely a soft power.

Worldwide, what Europe strives to do, is to employ its economic clout, its financial resources, its political influence in parallel – to combine short-term answers with longer-term solutions, to help address problems at their core. With partner countries, we strive to always keep this global comprehensive approach, working at the same time on security and justice, livelihood and infrastructure, education and health, fundamental rights and the rule of law.

Look at what we are doing in the Sahel. We are proud that the European Union and its member states are the biggest provider of humanitarian aid. We maintained our financial commitments on climate change. We have special trade conditions for the less developed countries for "anything but arms".

And our economic activism, in the WTO, in the G8 or G20, belongs under this “soft power” heading too. Trade is perhaps the ultimate “soft” shaping force – “*le doux commerce*”, as Montesquieu said. Or to quote Adam Smith: *better to compete with trade than with weapons*.

Trade is a fundamental driver in all of our relations. Which is why the free trade agreement we are currently negotiating with the United States should be such a game-changer – not just for the transatlantic relation, but way beyond. Because it will give Europe and America more momentum to keep shaping together the norms and standards today, and those of tomorrow. But freer trade worldwide must also mean more guarantees and safeguards: against tax evasion, against abuse of data flows too – and on these fronts also, the European Union is taking the lead, and ready to do more.

For all these reasons, I remain convinced that there is much in world affairs where European engagement makes a difference. But to continue to weigh, our countries must keep working hard. First and foremost, we need a solid and competitive economy – that is self-evident.

We have to adapt, defend our own position, focus more on global competition. Anticipate the shifts that will come with an aging population. We are not the only ones facing this problem, China, Japan and Russia, to mention but three, are also on the cusp of an unprecedented demographic shift. But in our own countries, and with our social models – in which we take great pride –, we know we will have to stay active and creative. Entrepreneurship will be of utmost importance.

At the same time, as we invest in economic weight, we cannot keep neglecting military might. Defence still matters, and that is not about to change. And here, to put it mildly, there is room for improvement for Europe and its member states. Collectively, we have a bigger army than the United States. Added up, we have the world's second defence budget. But not with the same results. In an uncertain world, where threats continue to evolve, and with tighter budgets than before, this is something we can no longer afford.

European countries need to do more – much more – with less, and we do need to be able to fulfil our responsibilities. Greater cooperation among Member States in developing, acquiring, maintaining and operating military assets will be an important part of the answer. This is why I have called for a thorough discussion on Defence during our upcoming European Council next week.

But above all, what we Europeans need is to nurture a unity of vision and action. We are making progress. Huge progress in fact. Even in just the last few years, divisions have narrowed.

France has become more transatlantic than it traditionally used to be, see again with Syria recently. Positions of the EU member states have become closer also on relations with the Union's key strategic partners. And more than ever before, neighbourhood issues have become issues for all. Relations with Eastern partners are no longer seen as primarily of interest for Poland alone, and nor is interest in developments in the Arab World seen as confined only to EU Mediterranean countries. The realisation that these are matters of common concern has really started to sink in.

Since four years now, we have permanent structures to deal with foreign policy as a Union: a fully-fledged European diplomatic service, a High Representative for foreign policy, and my own role as "permanent" President of the European Council, representing the Union externally in foreign and security policies. The change can be summarised in one word: continuity – a huge gain in coherence. And we are only at the beginning of this process.

The reason we keep persevering and we will keep persevering, is that we know the added-value of pulling our weight together is huge. It might take more time, but almost in all instances, we manage to find common positions, new ways to align our resources and divide labour to better effect.

We can of course do better. And our discussions among 28 take place for the most part in public, which may at times be confusing for external observers. But we really have made substantial progress. *Tout par ondulation. Rien par choc.*

Because at the end of the day, in a world of 6 billion men and women, you can no longer weigh with a population of 50 or 60 or 80 million. Even with an economy weighing three times as much as your demographics. So don't give up on European foreign policy. In many ways, it's only the beginning! Thank you.

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