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**EUROPE'S ROLE IN GLOBAL GOVERNANCE –
THE WAY AHEAD**

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Sehr geehrter Herr Professor Pernice, meine sehr geehrten Damen und Herren,

es ist mir eine besondere Freude, und angesichts der Reihe prominenter Vorredner in diesem Kreise auch eine Ehre, heute hier auf Einladung des Walter-Hallstein-Instituts der Humboldt-Universität zu Berlin zu Ihnen sprechen zu dürfen. Die Humboldt-Universität und insbesondere das Hallstein-Institut haben sich mit der Vortragsreihe "Forum Constitutionis Europae" über die letzten Jahre zu einer Ideenwerkstatt für die Zukunft Europas entwickelt. Sie sind damit zu einem wichtigen Impulsgeber für den Verfassungskonvent geworden, der vor wenigen Monaten seine Arbeit aufgenommen hat.

Und damit bin ich auch gleich beim Thema des heutigen Abends: wie stellt sich die Zukunft Europas dar aus Sicht eines EU-Kommissars, der im Bereich auswärtige Beziehungen tätig ist? Welche Verantwortung soll das erweiterte Europa in der Welt wahrnehmen? Mit welchen Instrumenten muss die Europäische Union ausgestattet sein, um Globalisierung nicht nur passiv zu erfahren, sondern aktiv mitzugestalten? Diese Fragen zählen meines Erachtens zu den wichtigsten, denen sich die Mitglieder des Konvents, die europäischen Institutionen und die Mitgliedstaaten in öffentlicher Debatte stellen müssen.

Wenn ich hierzu einige Betrachtungen anstelle, so geht es mir nicht um einen akademischen Diskurs, sondern um einen Blick in Praxis der europäischen Aussenbeziehungen, wie ich sie als EU-Handelskommissar und Mitglied der Prodi-Kommission erlebe.

Denn wir befinden uns an einem Scheideweg der europäischen Integration: Wenn wir wollen, dass Europa künftig in der Welt eine Rolle spielt, dann müssen wir in diesem und in den kommenden Jahren ganz konkret die Weichen hierfür stellen.

So I am very grateful to Ingolf Pernice for having invited me here - and I am even more grateful that he invited me to speak in English. A whole speech in German would be quite an exhausting experience - for speaker and audience alike! So now that I have thoroughly mangled the language of Goethe and Schiller, allow me to switch to English.

What role for the EU in a globalised world?

For the first forty years, the main political *raison d'être* of the European Union was peace: first of all internally, by reconciling France and Germany. But from the very beginning, there has also been an external dimension to this project: European integration has always also been about giving oneself the means to have influence in the world. One of the driving forces behind European integration was the desire of Member States to build a new future together, to ascertain their way of life in a world dominated and divided by two superpowers.

As regards peace in Europe, fortunately, we can say "objective achieved". Today it is inconceivable that the Germans or the French or the British or any of the other EU members could go to war against one another. This is a major achievement, which enlargement will extend into Central and Eastern Europe, and which the EU is also in the process of projecting to the Balkans where we are engaged in a major stabilisation effort.

But what about the rest of the world? Peace, stability and economic prosperity continue to be threatened by the dark side of globalisation: the proliferation of threats such as environmental degradation, growing inequalities between rich and poor, both between and within countries, the spread of disease and famine, illicit trade in drugs, money laundering, international terrorism, proliferation of arms - these are problems that bother a lot of European citizens. Many are tempted to seek refuge in a reassertion of national identity against fears of what is perceived as the homogenising forces of American-led globalisation.

This anti-globalisation sentiment finds its electoral expression in an increasing number of votes at the two extremes of the political spectrum. While recently it has been the far right that has mainly benefited from this (and the Le Pen phenomenon in France is unfortunately not an isolated experience), dissatisfaction with the current state of globalisation also benefits the extreme left. Taken together, left and right wing extremism and populism which feed on globalisation fears and resistance to change can thus develop into a destabilising influence on European democracies.

Democratic politicians across the political spectrum need to take these fears seriously and explain why withdrawal behind national borders and recourse to political and economic protectionism are not an option: The challenges of globalisation transcend state borders and the ability of individual states to manage them on their own. What is required is multilateral co-operation - and the European Union is the only way to assert that Europe's nations can influence where this multilateral co-operation will head.

In my view, the main role of the European Union in international affairs must be to give teeth and bite to this multilateralism. I am here in full agreement with Joschka Fischer who argued yesterday at the Green Party Conference in favour of what he called "gerechtere Globalisierung". You will not be surprised to here that I equally agree with his statement that the EU is key to achieving such a more equitable global order.

The EU's sheer size and weight after enlargement obliges us to behave as a global power. We have to assert an autonomous model of Europe that prioritises, against the backdrop of growing global economic and social imbalances as well as rising insecurity, a sustainable development path, the resolution of regional conflicts through dialogue and co-operation, and a well-regulated globalisation. This approach is in fact the only avenue open to us: it is the only one compatible with

our European values, and, on a more cynical note, the alternative (a security-centred approach based on strategic hegemony) is out of our reach any way.

The case for "more Europe" on the international scene seems warranted on two accounts:

- First, in the age of globalisation, preserving our European social model, our specific combination of market economy, welfare state and democracy, (in short, our specific brand of "soziale Marktwirtschaft"), requires action not only internally, but also at the global level, as the challenges of combining competition and co-operation, autonomy and solidarity are no longer confined to the national or even regional level, but present themselves on a global scale.
- Secondly, faced with global challenges, Europe seems to be better placed to act than individual Member States: to safeguard a democratic society and the rule of law at the level of the continent; to build a large, competitive market that fosters the emergence of companies that can stand up to global competition; a capacity to resist external shocks and to influence economic and political developments in the rest of the world; the security and defence of Europe and the promotion of sustainable development in our neighbourhood and in developing countries as an element of justice and peace.

In the medium-to-long term, this requires a truly common foreign and security policy, incl. on defence matters. But given the very different foreign policy traditions of EU Member States, this is not for tomorrow. We need to adopt a gradual approach, by privileging the ability of a united Europe to regulate globalisation and establish a basis for a new North-South relationship.

It is in this area that the collective preferences of EU Member States and EU citizens have been most closely aligned, through the experience of the internal market which, as I have argued before, has provided an effective laboratory for harnessing globalisation. Internally, we have opted for a combination of market opening with the necessary regulation in the economic, social and environmental field, accompanied by some (limited) redistribution of the gains of openness.

The EU and global governance

So Europe has made progress - unevenly, haltingly, but progress nevertheless. But, stepping back, a number of these issues also have resonance at the global level, and so let me turn to global governance. As we are here in an academic setting after all, let me first define my terms. In my view, the principal topical relevance of this issue comes in terms of harnessing globalisation. Global governance is a description of how global rules are put together, decided upon and implemented.

My premise is that today, we have a deficit of global rules: the globalisation of markets has progressed far more rapidly than the evolution at global level of the institutions and mechanisms that are needed to shape market forces so as to produce outcomes that are compatible with the values held by our societies. Today, our governance system is unbalanced in several respects:

- First of all, the system of economic governance (that is, the Bretton Woods Institutions and the WTO) is, for all its deficiencies, much better developed than social or environmental governance, where the required institutional framework is either absent or far too weak.
- Secondly, the existing institutions of global governance still largely function as "clubs", where a small number of rich industrialised countries pull the strings. Developing countries are only beginning to exert an influence. Take the example of the WTO: in the old GATT days, it was the Quad, i.e. the EU, US, Japan and Canada, that sorted things out between themselves. Today, two thirds of the WTO membership are developing countries, and they have made it abundantly clear that the WTO working methods have to acknowledge this.
- Third, the existing institutions largely function as single issue institutions - there is no forum that is able to consider the broader picture and address the interlinkages that exist, for instance between trade, environment, labour and development questions.

These imbalances and deficiencies have contributed to undermining both the effectiveness and the legitimacy of these international institutions. We have not, in my view, focused sufficiently in previous years on building political support for institutions or their rules. This has tended to leave the field entirely clear to anti-globalisation protestors to claim that the WTO, the World Bank and the IMF are all part of the problem, not the solution, and that the ILO or UNEP are toothless tigers. I think that we need to work much harder to strengthen and rebalance the various pillars of global governance and to promote coherence between them - in short, we need to work on some kind of "Weltordnungspolitik".

Global governance is of course more than just the major international institutions. There is a growing number of regional organisations, of which the EU is the most advanced model - but there are others such as Mercosur, ASEAN, NAFTA or the Western African Economic and Monetary Union. While approaches differ, the principle objectives and aspirations, but also the challenges are similar: each regional entity needs to find an appropriate balance between trade liberalisation and market integration on the one hand and policy integration and solidarity on the other hand, such as, for instance, a harmonisation of standards and regulations, financial transfer mechanisms, and a set of common policies. With this combination of open markets and common rules, regional associations can provide a vital building block towards global governance. They can often go further on regulatory co-operation: between countries of the same region which share a common heritage, it is often easier to align collective preferences and to integrate not only markets, but also

the flanking policies that are necessary to allow all participants to reap the benefits of integration. This in turn then can help upgrade multilateral co-operation, particularly where regional organisations function as caucuses at global level and thus facilitate decision-making in multilateral institutions.

But in order to be a building block rather than a stumbling block for improved global governance, regionalism has to build on sound multilateral foundations. This has been well demonstrated in the trade field: regional free trade agreements develop their full potential only where they build on commitments to basic international principles such as the most-favoured nation clause and national treatment which WTO membership entails. And regional integration does not dispense us from the need to constantly review and update these multilateral rules to ensure that they are up to speed with the way globalisation develops.

Doha, the WTO and governance

In the WTO, we have made considerable progress in this respect. I would argue that the new round of trade negotiations launched last November in Doha, the so-called Doha Development Agenda, will come to be seen as making an important contribution to global governance, and this in several respects:

First, and still important, the negotiations will tackle the classical work of the GATT / WTO: comprehensive further trade liberalisation which will boost international economic growth in the long term.

Second, Doha should contribute crucially to improved governance by expanding the areas of trade related matters subject to global rules. Here, I am referring to the decision to negotiate WTO agreements on investment, competition, trade facilitation and public procurement all of which will strengthen the rules based nature of the WTO.

Third, Doha will also contribute to increased coherence in international policy making as it provides for negotiations leading to clarification of the status of multilateral environmental agreements in relation to the WTO. This is another very important systemic issue and one which the EU had to fight hard for. It should be welcomed that WTO members have decided to address this through a negotiation instead of pushing this issue aside to evolve simply via decisions of the WTO dispute settlement bodies.

Fourth, the DDA contributes to improved global governance by addressing the concerns of developing countries over the implementation of the last round of international trade negotiations and by mainstreaming the development dimension into all individual negotiations. Development is a key horizontal issue throughout the Doha Declaration: including in areas of market access, the comprehensive commitments made on trade-related technical assistance and capacity building, and special and differential treatment.

Fifth, the conference and adjacent developments in the ILO will contribute to the international process on issues related to labour and social development. The ILO process on the social dimension of globalisation provides a useful basis for moving this issue forward in a way that ensures the possibility of the other international organisations, including the WTO, to contribute to this process. Despite our efforts on this all the way up to the final hours in Doha, the declaration is disappointing in the absence of acceptance of the linkages between ILO and other multilateral organisations such as the WTO. This relative failure points up the need to look for broad support in promoting governance: obviously, we cannot simply focus on the WTO.

The EU's mixed performance in global governance

But what is Europe's score in promoting and reforming overall global governance? So far, our balance has been a mixed one. Unsurprisingly, our performance has been the strongest where Europe has been united and has managed to speak with one voice. In trade policy, this has been the case since the early days of European integration:

Full Community competence for trade matters has fostered the alignment of collective preferences in this area, and we have thus been able to develop a higher profile in international trade questions.

Another positive example is environment: Not without difficulties, and at the price of having to compromise in places, the EU has built a position distinct from that of the US on the issue of greenhouse gas emissions, and helped to put in place the elements of a global deal that paves the way to the entry into force of the Kyoto Protocol.

On finance for development, in contrast, Europe has, until very recently, been virtually absent from the international scene and has thus been unable to influence the global debate - and this despite the fact that the EU is the largest international donor of development assistance. The recent UN Conference in Monterrey was therefore an important step forward. Under strong EU leadership (and Heidi Wiecek-Zeul had her role in this), it produced a decent result, not least because for the first time, Member States had accepted some sort of co-ordination role for the Commission which helped to present a single and unified stance to the outside world and put pressure on others to follow our commitments on increased ODA.

Unfortunately, there are no such encouraging signs in the area of financial governance. While we have, occasionally, been able to formulate ideas on the reform of the international financial architecture, these fell flat at international level because we were unable to push them in a unified manner.

In the international financial institutions, member states hold sway and rarely act as an entity, partly due to the system of mixed constituencies, a situation that can only worsen with enlargement. I am sometimes wondering whether it's not really the EU Finance Ministers that are the last bulwark of

an outdated concept of national sovereignty. Not even the arrival of the euro has so far led to greater EU coherence or to Member States demanding a single European voice in the international financial institutions - in my view an indispensable development if we want the euro to play its full role as an international currency.

In the area of common foreign and security policy, co-operation between MS remains hampered by the lack of a shared vision of strategic interests and by the lack of the means for effective action. The search for the lowest common denominator prevails: usually, a defense of human rights, an indispensable goal but all the more insufficient because it does not differentiate us from our partners. Moreover, because of the lack of consensus on influencing events from start to finish, the EU is often limited to helpless gesticulations (the Middle East is but one case in point). Too often, the EU gives the impression that it refuses to define its objectives, and is content to intervene at the margins, trying to bend the US position.

This is not really surprising, as foreign policy, more than economic policy, relates to the identity of each Member State: its vision of the world, the values that it holds and projects, its history and traditional ties with other parts of the world. What remains to be invented is a common vision of the world and the manner in which we can have a real influence on its evolution.

With regard to this objective, the impact of enlargement remains a major uncertainty. Will the new members have a strong desire that the EU punches its weight at the international level? Or will they give priority to gaining US protection through NATO? What will be the sensitivity of their citizens to the effects of globalisation? Will the absence of a colonial past shape their attitudes towards developing countries in a way distinct from old EU Member States? Will that result in a greater priority on relations with neighbourhood regions? (Balkans, Russia, Middle East)?

A roadmap for Europe in the World

These are all issues the Convention will have to address - it's not just a matter of Treaty changes. The ambition of the Convention should be to give Europe a clearer place in the world - a project that reflects the values we hold dear. While this will eventually have to encompass all fields of foreign and security policy, we should start with a common roadmap on the governance of globalisation, notably in North-South relations.

This is a long-standing concern of the EU, as various existing instruments show: EU/ACP agreements, the Generalised System of Preferences for developing countries, regional trade agreements, the Everything but Arms initiative which grants duty-free and quota-free access to the EU market to the 49 poorest countries. But we now need to devote all tools of external policy (trade, development, diplomacy) to harnessing globalisation, towards sustainable development and a global partnership with Developing Countries.

The sequence of Doha - Monterrey - Johannesburg offers us the chance to do so. We have laid more or less decent groundwork at Doha as regards trade and at Monterrey as regards official development assistance- now we need to pull together the various strands at the World Summit on Sustainable Development in Johannesburg in August this year. We need to deliver on our development commitments at Doha, reinforce official development assistance and make it more effective.

Proposed Action:

So what can be done in concrete terms to enable us to play a full role in global governance?

- First of all, the EU needs to speak at global level not just with a single voice, but through a single mouth: The Commission should have competence, as in trade, to negotiate on all matters pertaining to the management of globalisation (e.g. environment, transport, energy negotiations, commodity organisations, OECD, FATF, WHO, FAO, etc.), and this under the full control as well as scrutiny of both the European Parliament and Member States.
- The EU needs a unified representation for the eurozone in the IMF and the G7, to be extended to the World Bank and eventually to the UN Security Council.
- Qualified majority voting in the Council should apply to questions of global economic governance.
- We need to enshrine, in the Treaties, a method for a gradual integration of the three pillars of the EU and a gradual transfer of intergovernmentally managed subject matters to the Community method.

I am of course fully aware that these are ambitious ideas. If they are to succeed, they will need strong advocates in the Convention. Based on the experience of the last fifty years of European integration, a strong German-French partnership around these issues of stronger global economic governance (and if I read the political debates in both countries correctly, this is an issue of shared concern) would be a major building block towards a European consensus. This is no coincidence: Between them, Germany and France are a microcosm of Europe's political, economic and cultural diversity, with France representing the "Latin" tradition of Europe and Germany the "nordic" tendencies. If those two can agree on the way forward, their compromise should by construction be sufficiently broad and inclusive to serve at least as a point of departure for a wider European consensus. This is where I see the relevance and irreplaceability of the Franco-German alliance: not as end in itself, but as providing the necessary momentum for the wider European integration process.

Perhaps you may find my strong belief in the German-French motor rather misplaced at a time when the engine seems to have gone in reverse gear, with the two partners apparently focusing on

horse-trading of the type "If you help me to protect my tax breaks for road hauliers, I'll support you in the maintenance of your coal subsidies".

Rather than building a positive agenda for Europe, "Brussels-bashing" seems to have become the name of the game. But I remain optimistic that in the end, Paris and Berlin will be willing and able to move from a purely defensive attitude to a common vision of Europe's future.

Allow me to succumb to the *genius loci* and conclude by quoting Walter Hallstein: "Wer in europäischen Angelegenheiten nicht an Wunder glaubt, ist kein Realist." In diesem Sinne wünsche ich uns allen, die am Projekt Europa weiterbauen wollen, einen gesunden Realismus.

Herzlichen Dank für Ihre Aufmerksamkeit.

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