Speech
High Level Meeting, 10th Anniversary of the Community of Democracies, Krakow 03 July 2010
Carl Bildt, Minister for Foreign Affairs

Speech by Carl Bildt on the challenges of democracy

Is democracy losing ground in our world of today?
No. I will argue that it’s the other way around.

We all know that there is no one-fit-for-all blueprint for democratic governance.

We are keenly aware of the fact that there are no quick-fixes or instant solutions when it comes to building the institutions and practices of democratic governance in fragile nations, among torn societies or based on tribal traditions.

And we are certainly aware of the fact that there has been painful setbacks in the different efforts to safeguard freedom and build democracy around the world.

The campaign for the presidential election in Iran just over a year ago was a vibrant, vital and to a very large extent open contest between the contenders - it brought real hope to the people of Iran, and to those of us in the rest of the world looking forward to a new Iran to work together with.

We know what happened.
Repression deepened. Massive violations of human rights. For many, hope was lost, at least for the time being.

But we all know that this was not the end of the story - not in Iran, not anywhere else in the world where freedom is still in danger and democracy de facto suppressed or curtailed.

The remarkable fact is that there is - to my knowledge - not a single regime in the world today that is not claiming that it is democratic.

In very many cases they distinctly are not. In numerous cases the mismatch between their words and their deeds is monstrous.

But it’s still a fact that a regime in our world today that wants to be seen as legitimate has to claim that it is democratic.

In claiming to be democratic, even the most autocratic rulers of this world are confirming the moral imperative of governance in our modern world being based on the consent of the governed and on respecting the life and liberty of their citizens.

There is thus no real philosophical or ideological challenge to the idea of democracy in the modern world.
And that is truly a great victory.

Our task then is to twin-fold.

To highlight and expose the hypocrisy of those claiming the principle of democracy but practicing the policies of the suppression of freedom, the undermining of the rule of the law, the denial of the freedom of expression and the manipulation of the processes of democratic election.

We find them far away and we find them nearby.

Belarus is not far from here. Neither is Russia. And we should not shy away from acknowledging the political realities also of China.

But the other and certainly not less important task is to give help to those working with the building of free and democratic societies.

Let me mention just two aspects of this - from our Swedish experience.
The first is to build networks between individuals and organisations in our democratic societies and such in the not yet democratic ones.

I believe that the work done by the political foundations attached to our political parties in Sweden during the last two decades has been of outstanding importance in this respect.

In the Baltic states in the very first and fragile years after they regained their independence.

Still in large parts of the Balkans as it struggles to overcome the divisions of the past.

But also in Belarus and beyond - in all of the countries of the important Eastern Partnership of the European Union.

I should confess that these foundations were not invented in Sweden. We had admired the work of the German political foundations for years. And we have cooperated deeply with both the NDI and the IRI across the Atlantic.

Our experience shows the great contribution work along these lines - young politically active individuals networking - can do. I can only encourage others to look at what they can do.

The second issue I’d like to highlight is the freedom of the Internet - and the respect of freedom of the Internet.

I believe this will be one of the most important political issues in the years to come.

It is certainly no coincidence that the last few years have seen an increasing number of regimes trying to increase their control over the content of the net.

Thus, they acknowledge what we all know - the net can be a powerful instrument of freedom, of change and of democracy.

In Stockholm recently we hosted a meeting together with the rapporteur on freedom of expression of the UNHCHR to discuss how we as governments can better highlight these issues in different international fora - but also how NGO’s and technologically competent individuals can be encouraged to break through the firewalls of repression and censorship that different regimes are trying to set up.
Speech by Carl Bildt at the NPT Review Conference in New York

Speech
New York 03 May 2010
Carl Bildt, Minister for Foreign Affairs

Check against delivery

Mr President,

The importance of the conference we are opening here today is obvious to us all. It should reinforce our commitment to the non-proliferation of nuclear weapons, and show us the path to a world without them.

This vision will not be realized tomorrow. But we must all be ready today to take concrete steps that give it credibility and strength.

As a member of the European Union, Sweden associates itself fully with the statement of High Representative Ashton. We are also working for the success of this conference within the New Agenda Coalition.

The last year has seen important contributions towards the goal that unites us. I’m thinking of the Security Council Summit, the New START agreement between the United States and Russia on further substantial reductions of their strategic nuclear arsenals, and the successful Nuclear Security Summit in Washington last month.

The NewSTART agreement is of great importance, both substantive and symbolic. Substantive in demonstrating that nuclear weapons are increasingly weapons of the past.

But there is still scope for further substantial reductions. In particular we urge the United States and Russia to engage in talks on reductions of their sub-strategic nuclear arsenals, leading to their eventual elimination.

Mr. President,

We must also strengthen our efforts to prevent new nations from acquiring these horrible weapons. The Treaty must be respected - fully, and by all.

We are deeply concerned that the Democratic People’s Republic of Korea has continued its policy of withdrawal from the Treaty, and even tested two nuclear devices in violation of the resolutions of the Security Council. We must all urge the DPRK to end its confrontation with the international community.

No one denies Iran the same rights as every other member of the Treaty, including to nuclear power and the nuclear fuel cycle.

But it is beyond dispute that Iran has been conducting activities in violation of its NPT commitments. A dark cloud of suspicion will hang over Iran until it has clarified all open issues associated with its nuclear activities. This can only be done through full cooperation with the IAEA in every respect. Adherence to the Additional Protocol would go a long way towards establishing trust in the activities of Iran.

I cannot stress enough how important it is that Iran heeds the call of the international community in all these respects.

Confrontation is in the interest of no one. Cooperation is the way forward. Iran’s nuclear activities are a question for the entire region. We support a Middle East zone free of nuclear weapons as well as other weapons of mass destruction.

This might not be achievable today, but we must be united in our determination to avoid any step that could endanger this objective, and be ready to discuss steps leading towards it.

I would also like to stress the importance of making the peaceful use of nuclear energy available to every nation that desires it.

Sweden relies heavily on nuclear power. In spite of this dependence we have never seen the need to invest in the complete nuclear fuel cycle, even though it would be well within our technological reach.

Although the world market for nuclear fuel generally functions well, we strongly support the work done in the IAEA on multilateral approaches to the fuel cycle.

This conference should give further support to these important efforts.

Mr President,

The vision of a world without nuclear weapons is stronger today than at any time since these weapons of horror were invented. We must unite on further steps taking us in this direction. The vision of a world where every nation that so wishes has access to peaceful nuclear energy is well within our reach. On this issue, too, we have a duty to move forward.
Common Challenges Ahead
Remarks at Seminar on Comprehensive Approach to Crisis Management within the debate about NATO's New Strategic Concept.

CHECK AGAINST DELIVERY
The future development of NATO is very clearly something that is of great interest to us all, and I warmly welcome this opportunity to have an open discussion also among those nations today not members of the Alliance. It is not for us to try to dictate the policies to be decided by the members of the Alliance.

But as living on the continent that NATO tries to bring security to, and as partners to and participants in some of the most important NATO-operations of our time, I hope we are forgiven for having some views.

The importance of Article V
First - let me just stress how important the Article V commitment that is at the core of the Alliance is for all of Europe. There is no doubt that it was of outmost importance during the most critical period of that dark phase of Europe's history that come to its end in 1989.

Let us be clear: this was of fundamental importance also to Sweden during those decades when our aim was to make it possible for us to remain neutral in a new European- or world-wide conflict. And let us also be clear about how important this remains to all of Europe also today. The security it gives to the members of the Alliance contributes to stability of a much wider area - including the entire Nordic and Baltic area. Thus, when I hear that there will be a renewed emphasis also on the Article V commitments in the strategic review underway I can only welcome this.

The importance of stability- and state building
Second - we are all aware of the importance of stability- and state-building operations that have now made Sweden into a close partner of NATO. These operations are far more complex than just winning a war. They are about building a peace. And they accordingly require instruments well beyond what just winning a war would.

Afghanistan is indeed a perfect example that has proven that this is not a war that can be won just militarily. Our military efforts represent one of the necessary instruments in an overall stability- and state building operation that is as political as it is long-term.

We can't just outgun the Taliban - we have to out-govern them. That is the key to the long-term stability we seek. For complex stability- and state-building operations like this to have any chance of success, numerous international organisations must be able to work seamlessly together towards a common goal.

Exactly how this is done will be different in different cases. Kosovo was different from Bosnia. Afghanistan is different from Kosovo. And our next task will be different from Afghanistan.

We must thus develop far more of a "plug-and-play"-concept in these different international organisations, so that we can configure the right mix for the right mission. I am somewhat worried by tendencies to make NATO more responsible also for the civilian parts of stability- and state-building operations. Experience shows that this will not work.

Instead, NATO should develop its capability to plug seamlessly into the capabilities of other actors - the different parts of the UN family, the emerging instruments of the European Union, the international financial institutions, regional and national organisations. And these organisations should facilitate such needed cooperation through the establishment of strategic partnerships, which would allow for concrete cooperation in theatre.

We should develop more of interfaces - to continue with my computer language - in all of these international organisations, so as to make a "plug-and-play" concept truly feasible. This is a task for all - not only for NATO.

Third - there are numerous new challenges emerging, and I would assume that discussion on these also belong in a discussion about the future strategy of NATO.

Globalization
Globalization is the megatrend of our age and it has demonstrated its resilience, strength and importance during the last few decades. Globalization is about making our societies more and more interconnected.

And the core of this is a rapid increase in the flows of persons, goods, services, information, capital, energy etc. between all corners of the world.

Without necessarily making territorial security less important, I would argue that "flow security" is the true challenge for the decades to come.

We are investing massively in protecting our air transport system.

We see how we are now sending forces to the Gulf of Aden to protect our shipping lanes.
We discuss the security of our energy supplies. Pipelines are the new staple ware of geopolitics. Time does not allow me to go into all the challenges of the Flow Security of the future.

**Acute challenges**

Let me just mention the most acute of challenges. There will be no security for our societies if we can't secure both our cyberspace and our orbital space and they are interconnected.

There will be no conflict in the future in which the cyber-dimension will not be of critical importance. But this is more than dealing with the cyber dimensions of possible future conflicts. This is about the security of the most important part of global infrastructure today.

Let us be clear here as well: there is no peace in cyberspace there are terrorists, spies, subversive attempts, ongoing attacks as well as preparations for much more disruptive and destructive operations. And we must do far more to counter all this - to secure the most critical of the flows of the process of globalization.

This task is well beyond both the mandate and possibilities of any single multilateral body. It includes numerous highly complex issues. But it is high time to put the issue high on the international agenda. This might well be the Hindu Kush of the future.

To sum up:

- First - the continued importance of the Article V issues.
- Second - the necessity of a "plug-and-play" concept for demanding stability- and state-building operations.
- Third - a focus on the flow security issues of tomorrow, and the increasingly acute cyber-security issues of today.
Carl Bildt at the Holocaust conference: Ten years of the Stockholm Declaration

Ladies and Gentlemen,

Welcome to Stockholm. A special welcome to my friend and colleague from Norway Jonas Gahr Støre. Norway is now holding the presidency of the Task Force for International Cooperation on Holocaust Education, Remembrance, and Research (ITF). And to Professor Yehuda Bauer who from the very beginning has been the academic advisor and a great inspirer for this initiative. Also a special welcome, in the absence of Göran Persson, to Per Nuder for the initiative that lead to the Stockholm Declaration, seeing the lack of knowledge among young people about the Holocaust and the general need to refresh our collective memory of one of the darkest moments in history of mankind.

This duty: Never to forget, always to remember, is a legacy every living generation has to preserve and pass over to their children and grandchildren. And this is one of the reasons why we are here today.

For us who were born after the war this becomes an even stronger imperative since those who can tell because they were present - the eyewitnesses - are leaving us one by one. Two weeks ago Miep Gies died 100 years old. It was she who, with such bravery and compassion, provided for Anne Frank and her family and saved her diary to the world.

In the light of the unique importance of Anne Franks' Diary, for rising the awareness of the destiny of so many of our fellow citizens, our friends and relatives, I believe this meeting has particular reasons to honour her memory.

The Holocaust can never be undone; however it must never be repeated. We have heard such statements many times, but still the "wrong" ethnicity, the "wrong religion" in many parts of the world is seen as an excuse for oppression and persecution.

Having personal experience of the devastating effects of ethnic conflicts and the various mechanisms leading up to war and ethnic cleansing, it is obvious that there are those who have not yet learned the lessons from the past. We know all too well how ordinary people, who live the most decent and peaceful lives, suddenly can change and commit horrendous atrocities. Harald Welzer is right when he quotes Primo Levi stating that "monsters are too few to be dangerous, ordinary people are much more dangerous".

But we also know that someone has to create the necessary conditions, making these acts of persecution and discrimination to a more or less normal and even routinely behaviour. When for example the pawn broker proudly notes, that future historians, "who only know about Jews by tales" will read the documents in the archives of Dortmund. And that they then will take note of the important contribution by the pawnshops to the solution of the so called "Jewish question", it shows how the Nazi propaganda had been able to make persecution of Jews to an act of good citizenship in the German society of the 30s and 40s.

Such conditions are ultimately set by the political leaders - and also to a certain extent by media. It is our rhetoric, our arguments and proposals; the way in which we present our cases and the motives for our suggestions which shape the moral content of a society. And in the final end much of the ethics guiding the ordinary man and woman who run the institutions.

I am personally convinced that the atrocities during the war on the Balkans in the nineties would never have been committed hadn't it been for the aggressive nationalistic rhetoric by certain political leaders.

In today's world xenophobia and religious fundamentalism are - together with drug related crime - the main driving forces behind organised violence. Traditional nationalism seem however to be a slightly less important factor than it used to be.

If this development should be interpreted as if the political leaders of the nation states show more restraint in the early 21st century is hard to say. But it certainly reflects a post modern trend that ethnic and religious identity becomes more and more important. A consequence of this trend is probably a dilution of authority making political leaders less important on the public arena, while other authorities gain influence on people's ideas and values.

In many respects a more pluralistic intellectual climate should only be welcomed. The free flow of people and ideas all over the globe, through the modern networks of communication, is one of the great success stories of globalisation. However the other side of the coin is that it might become more difficult to prevent the rise of destructive and hateful ideas and beliefs. To a certain extent such ideas might not even be accessible for ordinary political reasoning, whereas you need to communicate on totally different wave lengths when fighting ethnocentrism or religious fanatics.

Our mission, to educate coming generations about the Holocaust, should then be seen as a preventive war against future atrocities and persecution of minorities. We then use the history as a springboard in our efforts to create a better and more humane society.

I make this point because history is not always a constructive force. In the Balkans stories of the past have often been more of a trap, feeding feelings of revenge than a source of inspiration for a better future. There are still minorities in South East Europe that can't feel safe from being harassed. There is still a long way to go before people in the whole of Europe are likely to see the positive side of ethnic pluralism and cultural diversity.
The more important there is to give attention to the positive examples. Here in Stockholm we are happy to host one of these institutions in the same time being a symbol of reconciliation and a force for tolerance and open-mindedness in the future. It is the Jewish educational centre Paideia, which promotes the revival of Jewish culture in Europe.

Besides the human disaster the Holocaust was a European cultural tragedy of epic dimensions. It deprived future generations of Europeans of one of the richest and most viable cultures in human history. It made our Europe so much poorer and so much less vibrant. It was a loss that can never be compensated neither by forgiveness nor by any sort of damage reparations.

Paideia is a Pan European project offering a way of retaking a lost Jewish identity as a part of the European mind. It is a great idea with small means of how to shape the future based on our common European history before the Second World War.

The last paragraph of the Stockholm declaration from 2000 states the commitment to “plant the seeds of a better future amidst the soil of a bitter past”. If we allow these seeds to grow the bitter past will gradually be a better past and the soil of history steadily more fertile.

Maybe this is what has happened during the last decades when we have seen the wall in Berlin torn down, the iron curtain dismantled and the dream of Europe’s reunification come true. The seeds planted in the 1950s by the first post war generation have now grown to plants some of them even ready to harvest.

If that is the case, and I believe it is, out of this great tragedy has come a better Europe. And after all this is the most proper way to honour the millions of victims who perished in the ghettos and in the camps of the 20th century Europe: to use the memories in order to endow the future with something meaningful out of the meaningless.
Carl Bildt hands over the EU presidency to Spain

Majestades
Altezas
President Zapatero
President Busek
President Van Rompuy
President Barroso
Senores Ministros
Senoras y Senores

Today, ceremonially, Sweden is handing over the batons of Presidency of the European Union to President Van Rompuy, to High Representative Ashton and - certainly - to Spain.

The batons of Presidency are not only passing from my country in the north to your country here in the south of our Europe.

They are passing from one era of European integration to another.

The Lisbon Treaty is now in full force.

It follows the Maastricht, Amsterdam and Nice Treaties in the remarkable institutional and political development of our Union since the fall of the wall in Berlin two decades ago.

Our Union then was far more limited in both scope and ambition - my country was not even a member.

But it seized the historical moment, and its contribution to the peace and prosperity of all of our Europe since then has been nothing less than historic.

Today, with close to 500 million people from 27 nations we represent not only the largest integrated economy in the world, but also the leading region by far in terms of democratic integration and the sharing of sovereignty.

We know that faced with the challenges of tomorrow all of our nations - no matter how great they have been in the past - are small - too small.

We know that it is only by coming together that we can continue to build a better Europe and make our contribution to a better world.

Spain was one of the early, active, determined supporters of the process that has now produced the Lisbon Treaty.

Now it will be your task to assist in having it live up to all of our expectations.

The tasks ahead are momentous.

We have not made the progress we promised each other a decade ago in terms of our economic development. Many are lagging too far behind in terms of commitments made.

We have huge tasks ahead in finally overcoming the deep economic crisis. We must not pass the burdens to the future. EU 2020 is our new horizon.

We know that we face the enormous challenge of building a low - carbon future and of giving the world true leadership in tackling (the challenge of) climate change. We must be ready to show the world the path to sustainable globalisation.

We remain committed to peace and prosperity in all of our own part of the world. The divisions of the past must be overcome. There are walls yet to be torn down.

Our door must remain open to new members - negotiations with Croatia and Turkey will proceed, and others must be helped to prepare themselves.

We are a Union that stands by its commitments and that truly knows its strategic interests.

Only two decades ago, our Europe was perhaps the world’s greatest security problem. Half of our continent was still in chains. Wars were just waiting to break out.

Since then we have developed into perhaps the world’s most significant potential partner in dealing with the challenges of the future.

I deliberately use the world "potential".

The Lisbon Treaty has created the expectation that we will now truly live up to the global role we can and must play in the years and decades ahead.


We - Sweden - did our best in our six short months.
We know that you - Spain - will do your best. And we are deeply confident that your best will bring success for us all.

We hand over to President Van Rompuy, High Representative Ashton and to you.

It is not that the rotating presidency - yours and those that will follow - will do less than was the case in the past.

No es que la Presidencia rotativa - la suya y las que vengan después - vaya a conseguir menos que en el pasado.

Rather there is so enormously much more to do for each and everyone.

Es que hay muchísimo más que hacer para todas y cada una de ellas.

A new era for Europe starts.

Una nueva era empieza para Europa.

Our best time is still ahead of us. You will help in making it come true.

Lo major está aún por hacer. Ustedes nos ayudarán a hacerlo realidad.
Thank you, 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 regain 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 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
That was some initial remarks, and then we have at least some minutes for questions.

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. creating conditions for peace and prosperity in our near abroad, then our wider neighbourhood, and us. Of course affecting the global developments 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

turn, will present new threats to European security.

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

percent of the opium production in the world. Eroding societies, risking creeping into Central Asia, eroding Pakistan, and of course eroding our

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

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
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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

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

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This entails both institutions of global governance that we have been addressing and, of course in terms of sustainability, taking care of arresting the

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Speech at Atlantic Council Dinner

(Check against delivery.)

It’s a true honour to be invited to come here and deliver some remarks on the European perspective of the Atlantic relationship and the challenges we face.

These very months are months when we in Europe are looking in our mirrors at the same time as we are taking important decisions on our future.

On September 1st leaders meet at Westerplatte by Gdansk in Poland to remember the first shots 70 years ago of what became the Second World War.

That war took Europe into a long nightmare of wars, destruction, genocide, oppression and division that did not truly end until the momentous months two decades ago when that Soviet empire that extended right into the hearth of Europe come crushing down.

And month after month we are now remembering what happened during that year of the modern European revolution - culminating in that night on November 9th when the Berlin wall ceased to divide and it only become a matter of time until the entire edifice of socialist regimes would disappear.

Before these events, Europe was the centre of the challenges we faced together.

A generation of politician had lived through the one Berlin crisis after the other. Tank stood against tank at Checkpoint Charlie. And the security policy of the West often boiled down to nuclear exchange scenarios and force ratios around the famous Fulda Gap.

And then everything - suddenly - for many against expectations - disappeared - changed - and a fundamentally new reality started to appear.

It was a new Zero Hour for Europe.

And in much the same way as after the Napoleonic Wars in the early 19th century or after the First World War in the early 20th century we had to build a new European order of peace and prosperity.

It was the wisdom of the statesmen of those years that made it possible to do so on the foundations of the institutions that had held the line and built a new prosperity in the decades before - the European Community and the Atlantic Alliance.

In essence, we went from preventing war through a policy of military deterrence to preserving peace through a policy of economic and political integration.

The extension of NATO was of fundamental importance in giving reassurance to the Central European and Baltic Nations - but it was the magnetism and the model of European integration that made it possible for the 100 million people of those nations to miraculously transform their societies in such a short period of time.

The two decades since the European revolution of 1989 were indeed decades of nearly miraculous success - even taking into account the horrendous decade of war in the Balkans.

Out of a less ambitious and smaller European Community evolved the far more ambitious and far larger European Union - with its today 27 members and 0,5 billion citizen representing the largest integrated economy of the world and its by far largest trading entity.

And this European Union is still very much work in progress.

The referendum in Ireland next Friday will decide the fate of the Lisbon Treaty.

Following the Maastricht, Amsterdam and Nice treaties, this represents the latest stage in the remarkable constitutional evolution of our integration.

From the Treaty of Rome in 1958 to the end of the 1980's very little happened - but since then development in these respects have been rather fast.

The imperative of action in a fundamentally new European and global reality has driven this remarkable acceleration of our integration efforts.

In much the same way as it took years for the full force of the previous treaty changes to be felt, it will take years until we will see the full force of the transformations coming out of the Lisbon Treaty.

Critical are the steps to increase the coherence of our existing foreign and security policy instruments, as well as the steps to create radically new ones.

Part of the app 40 000 diplomats that the EU countries deploy around the world will now come together in our common External Action Service - over time giving us a far stronger common presence and potential for diplomatic action around the globe.

But far more important than our new institutions - and the new personalities - are the policies that we are developing.

Institutions without policies are like hardware without software - just empty stuff.

And it is the continuous evolution and updating of our software of policies that is critical to whether we will truly be seen as the emerging power we are.

Obviously, there are very substantial differences in institutions and instruments between Europe and the United States.

But if the hardware differences - notably in the military field - are very substantial, we should note the remarkable coming together in the areas of the software of policies that we have seen lately.

Coming from the intense days we have spent together at the United Nations in New York - having just today attended different meetings with Secretary Clinton on first nuclear disarmament, then support for Pakistan, followed by the relationship with Iran and finally - before rushing to LAGuardia - the prospect for peace in the Middle East - I can testify to a similarity in policy outlook across the Atlantic that might be unique in modern history.
The developments of the past two decades has thus seen the transformation of Europe from the critical problem in terms of global security of the 20th century to the crucial partner in meeting all the diverse challenges of the 21st century.

And it is on this we are determined to build in the years ahead.

We all know that the credibility of the European Union on the wider global stage has been dramatically enhanced by our successes during the past two decades - enlargement and the Euro the two most obvious.

And it should be equally obvious that our future weight and credibility on the global stage - notably in this town - to a large extent will be a function of how we handle to coming challenges related to the peace and prosperity of our own part of the world.

While much has been achieved since the European revolution of 1989, the tasks that history presented is with then have not been completed.

We remain committed to the concept of an open Europe - and we should not underestimate the transformational force that is inherent in this concept in wide areas of our part of the world.

The most immediate tasks ahead are those associated with the app 100 million people of South-eastern Europe that are now knocking on our door.

We have come a very long way since the decade of wars in the Balkans.

Serbia has the most European- and reform-oriented leadership in its history. Kosovo is an independent country. The politicians of Bosnia are quarrelling - but war will never be an option. On Friday of next week we will restart the Croatian accession negotiations. Croatia is Both Albania and Montenegro have submitted their applications for membership. And FYROM is already a candidate country.

Still there are outstanding interests that will require some determined efforts. Deputy Secretary Steinberg and myself established a personal partnership for peace in Dubrovnik this summer, and you will see more of that in action in the weeks and months ahead.

We truly appreciate the support the United States is ready to give our efforts.

It is my hope that we within the coming year will be able to make a transition for all of the region to a new, more demanding and more important phase of European integration.

The road to membership for all of them will undoubtedly be a long one. The processes of state building in the region after the violent break-up of Yugoslavia are not everywhere finished.

But for the first time since the brutal wars I genuinely feel that the forces of integration in the region are becoming stronger than the forces of disintegration.

To maintain this momentum is a key task in the years ahead.

And what applies here also applies elsewhere.

Perhaps the single most important political process in Europe in the months ahead will be the talks on bringing unity to the divided island of Cyprus.

Two decades after the end of the division of Berlin it remains shameful that we still have a European capital divided by walls and barbed wire.

Success - or failure - of these efforts will have major ramifications for the strategic situation in South-eastern Europe and the Eastern Mediterranean for decades to come - as well as for issues like making it possible for the Union and Nato to work more effectively together in Afghanistan or our future challenging areas.

There are divided views in different parts of Europe on whether our door should be open to Turkey as well - although the vast majority of member countries and the vast majority of the European Parliament support the ongoing reform and accession process.

I belong to those firmly convinced of the immense strategic benefits inherent in this process.

A Union that includes also the demographic dynamism and economic potential of Turkey will undoubtedly be a stronger Union - and a Union that can truly demonstrate that it is committed to overcoming all the obstacles of the past and the prejudices of the present will be a significantly more credible voice in the rest of the world.

During the recent year we have launched a far more ambitious approach to the countries of our immediate neighbourhood than we had In the past - with first the Union of the Mediterranean last year and then the Eastern Partnership earlier this year.

In their different ways these are policies of high strategic significance for our European future.

The countries of North Africa and the Middle East will see a rise in population that will equal two Egypt's - app 160 million people - during the next two decades or so.

With their young populations, they will experience either a huge demographic dividend as they open up their societies and economies, creating huge opportunities for all of Europe - or they will risk despair and destruction if these new millions don't see any hope for their future.

We have a tremendous stake in their future - and we must engage more deeply with each of them in trying to shape it.

To the East of our Union there is the vast region with its 12 very different countries between us and the borders of China - the 80 million people of the six Eastern Partnership countries, the 140 million people of Russia and the nearly 60 million people of the five countries of Central Asia.

Their importance can also be illustrated by the fact that their Southern neighbours are Iran and Afghanistan.

A recent report by the European Council of Foreign Relations described the situation in this area in rather bleak terms:

"Politics is a toxic mixture of authoritarianism and stalled democracy, ongoing secessionist tensions continue to stoke fears of violent conflict, and the economic crisis is wreaking havoc throughout the region."

Again, it is obvious that we have a stake in their future - and that we must engage more deeply with each of them, based on their own priorities and their own wishes.

That our relations with Russia have deteriorated over the conflict with Georgia - and most notably over Russian unwillingness to stand by the agreements made at the very end of that conflict is obvious.

Equally obvious is that there is some confusion over the course that Russia itself wishes to take - notably during the last few weeks on the issue of the road to membership in the WTO.

But we must persist in getting Russia truly involved and embedded in a rules-based European and global order - along with all others.

And we must not let up our efforts to convince them that nothing will bring more security to Russia than relationships with all their neighbours - including the smallest ones - based on true friendship and trust.

But our ambitions are not only the ambitions to our South or to or East. We should not neglect our High North.
This July I received the application for membership of the European Union of Iceland, and based on the fact that the country is already integrated in our single market and our passport-free area we immediately forwarded the application to the European Commission.

A membership of Iceland - if that is where we end up - would not only bring in a country with a longer tradition of democracy - its parliament is more than a thousand years old - than any other European country but would also bring our Union more directly into the strategically increasingly important Arctic issues - environmental challenges, energy possibilities and possible future revolutionary new transportation routes between the Atlantic and Pacific worlds.

We thus have - as Europeans - major issue in front of us when it comes to our own part of the world.

And it is to a large extent the way in which we handle them that gives us the necessary credibility in handling the wider global issues.

Beyond this, we are faced with a most challenging agenda in the entire region from Palestine to the Punjab.

And its different issues are intertwined with the huge issue of our relationship with the entire Muslim world - our immediate neighbour not only on the map but increasingly also across the street back home.

From a European perspective few long-term issues are of such importance.

That is why our engagement for reform and reconciliation, peace and prosperity, across the Middle East has always been steadfast. A two-state solution between the river Jordan and the Mediterranean has been European policy for decades.

That is why we are now stepping up our engagement with Iraq - as international forces leave, international efforts become more important than ever. In the future, Mesopotamia might be on the borders of our Union.

That is why we have been seeking a dialogue with Iran over all the issues on the agenda for years, and why we welcome that the United States has now joined these efforts. We have no illusions that this will be easy, but we have no illusions concerning the consequences of not even trying.

And that is why we are so heavily engaged also in Afghanistan - European countries have more soldiers by the Hindu Kush than we had in the Balkans at the height of our involvement there, and our civilian and development efforts have been running at over a billion Euros for years.

In many ways the world today is more demanding, more difficult and in key areas also more dangerous than just a few years ago.

But against this stands the fact that we have a new understanding across the Atlantic and the prospect of a better partnership between the United States and Europe.

Whichever of the great challenges of our time you look at, the conclusion is the same.

The United States and Europe must stand together. That is the necessary precondition for any progress on any of them.
Speech by Mr Carl Bildt, Minister for Foreign Affairs, at the conference "ESDP@10 - What lessons for the future"

Brussels, 28 July 2009

Thank you for organizing this seminar where we should reflect on ten years of experiences with the ESDP and then sort of think ahead in the future. Starting immediately where Javier Solana ended, agreeing very much where he ended, not having very many disagreements on how we got there by the way. I think one striking thing at the moment is that we have a severe supply-demand mismatch at the moment. The demand that Mr Solana pointed out, the demand for Europe across the world, is increasing. The demand for our operations, for our policies, for our voice, for our presence. I think that is striking. Javier was in the ASEAN nations in Phuket, I was in Kabul. Mr Solana was there previously, and I was in the South Caucasus. Wherever we go, they say "we want more of Europe". Whatever that means - it means somewhat different things.

But the demand is greater than the supply that we are able to achieve. So, severe demand-supply mismatch at the moment. And I think that is something that we must deal with.

Going back 10 years, we were still - very much - in the Balkans. The CFSP was born in the Balkans, once upon a time. The ESDP was born in the Balkans. I think you can probably say that the CFSP was born in Bosnia and the ESDP was born in Kosovo. When the decisions or discussions were there, it was the immediate aftermath of the Kosovo war, seventy eight days bombing campaign, more than a million refugees, serious political problems of where we were heading. We had not a clue where we were heading at the time, to be absolutely precise. And then the decisions were taken by the Europeans who felt there had been too much of an American show. And they decided to go for the Headline Goals in Helsinki. Now, the Headline Goals at the time were coming out of the right instincts but the wrong policies, I would say. Because, one thought at the time that our major problem in the Balkans had been our lack of military capabilities, while I would argue that our major problems in the Balkans had been lack of software policies. If we have got the software of policies right, then the instruments normally follow. Then, you need less instruments than if you don’t have the soft-ware of policies, and have to compensate with a lot of instruments. And of course, the decision was taken in Helsinki to go for the Headline Goals and it was really the capability to be able to conduct an army corps level operation, somewhere in the world, at a fairly short notice.

Now, an army corps is nice to have, but what we have learnt is that that is really too small for a serious war, and too big for a stability operation. And, hardly surprising, what we have seen during the last ten years is that there has never even been a talk of using the corps-level operation of the sort that was envisaged in the Headline Goals. So we started with something that was coming from the right instincts, but not necessarily the right instruments in that particular respect.

We have since developed different capabilities. Mr Solana alluded to the, I think twenty-two operations, that have been undertaken since then. They have all been of somewhat different nature, but they have all been of a smaller, quicker scale than what was envisaged in 1999.

If we look at the situation now, in the world, looking ahead, I think we can say that the world is now more difficult, more demanding, and, to a certain extent, more dangerous than it was just a couple of years ago. The security and defence policy, we can divide perhaps into two different components: the external security and the homeland defence. And I will leave the homeland defence out of it, but it should not be forgotten. When we discuss the policies that we are discussing here, we are discussing what we would like to do in the outer part of the world, in order to prevent threats from developing against the homeland - that is the half a billion Europeans for which we have an immediate responsibility. The classical homeland defence was a territorial defence. And then we go to the Article V-operations of NATO, that is how most of the member states of the European Union take care of the classical defence function - the territorial defence. Whether that is the thing that is most relevant, in the future, that is an irrelevant discussion. Because we want to have that security guarantee at the bottom of things.

But we have other things that are developing that are somewhat outside of what we are discussing within the classical ESDP. We have the cyber-defence needs that are beginning to be even more important. Increasing parts of our society are dependent upon the smooth functioning of cyber systems. And they are developing cyber attack capabilities, not only by states that are operating them but also by independent networks. And they can have devastating effects to our societies. That is a homeland defence function that we need to address in the years to come, not only at the national level, but also perhaps on the European level. We have the question of - which is very much in the media these days - infectious diseases, that could originate somewhere else, but affects us. Now, that requires global response mechanisms. But we have them to a certain extent: WHO and the Centre for Disease Control in Atlanta, and we are developing European instruments to a certain extent. But, I am saying that we should not neglect, both the classical and the new homeland defence - and terrorism should we mention as well - they are both the classical territorial defence and the new homeland defence functions that must be there. They also belong in the discussion of the future of the ESDP.

But then, of course, our focus is primarily on the external security policies, where we try to further strengthen the security of Europe by promoting the stability of the rest of the world, and primarily the world that is adjacent to us. And we do that by trying to promote the development of well-governed states. In the periphery, and increasingly, a widely defined periphery of the European Union. We started in the Balkans, and we are still busy in the Balkans. We have during the last year developed and launched the concept of the Union of the Mediterranean, which, at the bottom, is about our security. And the Eastern Partnership, which at the end of the day is about our security as well. By promoting the well-governed states, in the periphery of the European Union in order to increase our security, prevents threats or challenges to our security from developing in these particular areas.

But if we go beyond those particular policies and those particular areas, we can look at areas from Guinea-Bissau where we have a small operation, and if we look at West Africa, it is an area where we can see increasing challenges, where weak states are being eroded by smuggling networks of different sorts, and migration; Chad, where we had an operation, and Central African Republic, which is not necessarily the most stable of places that I can think of. And then we jump from there to southern Sudan and Somalia, which we very much discussed in the Council yesterday. We can jump from there over to Yemen, and then you end up in the entire area from Palestine to Punjab, with the increasing geopolitical tensions that we have seen building up in that area. We need to be active - not necessarily alone - but clearly active in order to safeguard our interests. And also influence the activities of other actors, so that it works in a way that is not to the detriment of our security interests - which is also a possibility that could be there. I often made the case that I think the software of policies is more important than the hardware of instruments. If we have got the software of policies, we can normally find the hardware of instruments. Not always, but we should not forget that we have a good resource base to draw from, that is fairly massive. We are half a billion people, we are 27 nations, we are the biggest integrated economic area of the world. We have
military, we have around 40,000 diplomats deployed around the world, from the European Union. That is a fairly impressive resource base. We have lots of militaries, that might not be particularly relevant to the threats of today, but it is a resource base to draw upon - if we develop the software of policies that are right.

When we discuss what to do, looking ahead, I would take that into three or four different categories.

Starting really then with developing the software of policies. I have obviously not read the book about ‘What Ambitions for the European Defence in 2020?’, but I notice on the introductory page, a quote from the famous history of the Peloponnesian War, which goes very much in line with what I am thinking. It is written: Those who make wise decisions are more formidable to their enemies than those who rush madly into strong action. We can take that as one of the guiding principles for what we should do. So, the first thing we should do is to - when we get the Lisbon Treaty (which we all hope we’ll get) - start building up the External Action Service in Brussels and around the world. We must build up the analytical, the information, the policy-planning and policy-developing capabilities that are key to the software of our policies. We have a beginning of that, no question about it. We adopted the European Security Strategy of 2003, we did a review of that in 2008. It is a good document, it is not necessarily a strategy - a strategy is rather an ambitious name - but it is a good document. It is part of a process of developing, and that is the most important part of it, a process of developing a common strategic outlook among the 27. Which is part of an effort to develop over time a common strategic culture of the 27. That is going to take its time, because that comes not only from intellectual efforts of developing policies, but also from the very down to earth experiences of conducting operations together - doing the failures that always comes with operations, but also experience the successes that will come. But that is of course important. To develop the analytical information, policy-planning instruments - Brussels-based to a large extent - is a key factor.

Secondly, as Mr Solana and I came from another seminar this morning where we discussed more the mediation, conflict-resolution, instruments and capabilities and willingness and personalities that we need to develop. I would stress that very much. We need to develop the wider network of networks, that makes it possible for us to upgrade not only the white, but also perhaps in the grey and also black areas. When it comes to looking at different situations, interacting with the different actors, and do the policy things that are necessary. Think tanks, academic institutions, NGOs etc, this institution (EUISS) is part of it. I have also advocated for a long time setting up what I call a European Institute of Peace, to a certain extent along the American model, to be able to do also informal diplomacy, and to link in with a lot of things that we need to do, to do the lessons learnt. We are very good at talking about all of the successes we have done. I think we have to be better at talking about our mistakes. Because at the end you learn more for the future by your mistakes than by your successes. Acknowledging that it is a somewhat more difficult discussion.

Then, of course the instruments that needs to be developed. We often talk about ‘military instruments’, ‘military operations’ or ‘civilian operations’. I mean, there are no ‘military operations’ or ‘civilian operations’: there are political operations that we undertake. Why you deploy a mix of military-, civilian- and economic instruments - the mix is somewhat different depending on the nature of operation, but the mix must always be there and it must always be clear that it is not a military, not a civilian, not an economic, but a policy operation. It has a policy objective and should have a policy lead. And then you deploy the different instruments according to that. That being said, we obviously need to develop the instruments, in spite of what I’ve said.

We have the important decisions that were taken by the Council, during the French presidency, where we broke down the old Headline Goals into somewhat more operationally relevant targets for the next 5-10 years. I think we must show seriously that we are ready now to develop, according to what we agreed then. Because then we will get, on the military side, instruments that are more operationally relevant than some of those we are having at the moment. We need to look at the Battlegroup concept as well. Which is good. I mean, that’s a size of units that I think is more relevant than we discussed in 1999. But we need to look at fairly basic things like ‘are they flexible enough?’ or, an even more basic question, ‘do they exist?’. Mr Solana alluded at our previous meeting to an instance where we had reason to look at whether we should deploy at a certain place - we did not do that, which I think was good because it would have been bad if we had done it, but anyhow - I remember then looking at whether the Battlegroups that were deployed there, would be different. And I found out that yes, they did exist on paper, but beyond the paper it was somewhat difficult. They were clearly deployable only on paper, and that we can’t have. We must make certain that the Battlegroups do exist, we must make them more flexible, and another idea which I think could be good in this particular respect, we could test their availability by actually asking them to exercise. Not only should they be in readiness to do something, but we should have a Battlegroup exercising every six months - somewhere. And we could use those exercises also to send political messages. One example: we could send a Battlegroup to exercise in Bosnia, for example, now and then. When we no longer have military operations in that part of the world, it is still useful to demonstrate that we have got the capability to deploy in those particular areas. And, exercises are a good way of demonstrating the potential capability to do something in an area like this. So that we must do.

Developing the different civilian capabilities we have talked quite a lot about, not least from the Swedish side. The speciality that we have from the European side now, is of course rule-of-law missions. They are not police missions, we have given up that. They are integrated rule-of-law missions. We operate such in Bosnia, in Kosovo, in Palestine, in Iraq, in Afghanistan. They are very complex. We all know the problems of recruiting. We all know that these operations are fairly small in relationship to the task that is there (in the relevant area). But we also know that in terms of state-building, in governance, and all of those issues that we are dealing with in security: rule-of-law is absolutely critical to long-term success. The international financial institutions are now strengthened and that is good. We should deploy those, but we should also see them within the political context. And then we should also look at whether we need new European instruments. We have now strengthened the capabilities inside the European Union. The Commission have now 50 billion Euros for macroeconomic support for non-Euro-EU members. But if you look at what we have for macroeconomic stabilization measures beyond the European Union, it is 0.5 billion Euros. I am not saying that we do not need the money inside the European Union, solidarity among members comes first, but clearly there is somewhat of a mismatch. We need to have instruments for macroeconomic stabilization available, operating in connection with the rule-of-law, operating in connection with the military, operating in connection with the analytical instruments. I think the economic and financial instruments are becoming more important.

Final point. We can’t do anything of this alone. If we look at the different operations that we have been undertaking: we did that in Chad, where we handed over to the UN, Atlanta - obviously we are cooperating with a lot of different actors - EUMM in Georgia, to take the three most recent and the most complex operations - although we are supposed to do it with others, we are quite alone. But if you take the more complex ones, be that in Afghanistan, be that in Palestine, we operate together with others. So the interaction with the United Nations, interactions with NATO, interaction with the United States, is something that we must develop more. I think we have learnt a lot and I think we are far better and I think we are more open to it than we were a couple of years ago. But clearly, there is room for substantial improvement, because particularly if we go into complex state-building operations, they are so demanding in terms of resources, demanding in terms of strategic patience needed that I don’t think that any single actor can do it alone. My prime example is always Haiti, when I discuss with the Americans. When the United States, with all their resources, dare not do state-building and stability operations of its own even in Haiti, but has to call in the United Nations, that really demonstrates that these operations are so complex that you need to mobilize a much bigger resource base in the world, and work together. That certainly applies to the
European Union as well.
Those were some remarks on where we are coming from and where I think we need to head in the years ahead.
Thank you very much for your attention.
Speech by Carl Bildt at Bundestag, Berlin
As prepared for delivery

To start with the obvious: the state of the world is more demanding, more difficult and in key areas also more dangerous than just a few years ago.

We are in the midst of a global economic crisis of a nature and magnitude we have not experienced in living memory.

The latest World Bank estimate predicts a decline in the global economy by nearly 3 percent and a contraction of trade volumes by approximately 10 percent this year.

And as it unfolds over the months ahead we will see its different political effects increasingly hitting the weak economies and fragile states across the globe.

It is unfortunately a safe prediction that we are likely to see further countries in need of financial emergency treatment.

This will affect us directly as well as indirectly. We must mobilize financial resources and political attention in order to help and assist when necessary. And we might be faced with the consequences of economic and political disorder if we fail in these efforts.

At the same time, we are facing a challenge to our global climate and future living environment of a once-in-a-millennium order.

And we know that action cannot be delayed forever - the clock is ticking and we have a responsibility to act.

To this should be added that we see tensions rising in the entire area from Palestine to the Punjab - and that we can not fail to note the different signs of increasing geopolitical manoeuvring in the vast areas to the East of our Union.

Two decades after the breaking down of the Iron Curtain - that momentous change in modern history - the European Union has developed into a bulwark of stability, democracy and prosperity encompassing nearly half a billion people and constituting the largest integrated economy in the world today.

That's no insignificant achievement - as a matter of fact, it stands without parallel in our modern world. As a consequence, our Europe is today far more secure, and our voice far more respected in the councils of the world.

But it goes without saying that the turbulence of the world today is presenting us with new challenges - in safeguarding our own stability and prosperity here in Europe, but also in the ongoing task of building a Union that can make increasingly significant contributions to meeting the wider challenges of our region, our world and our age.

It is at this juncture in time that my country - Sweden - stands ready to assume the Presidency of our Union for some months.

Those months will pass quickly - but during them some key challenges will have to be handled.

And let me make some remarks on some of them - on the economic and climate challenges, on our widening regional responsibilities, and on the tasks we face in the wider world.

This is a time of transition for the European Union.

After the elections to the European Parliament we are now initiating the process of appointing a new European Commission.

Based on the mandate from the European Council, consultations with the European Parliament on the President of the European Commission have now started, and we hope that the Parliament will be ready to vote on the issue on July 15th.

It will take towards the end of the year to get the new Commission fully in place, but it is also in view of this that we believe it should be in the interest of everyone to get clarity on the question of the President of the Commission.

These are - as we all know - times when we risk having to pay a price for uncertainty.

Key thereafter is of course to get the remaining countries to ratify the Lisbon Treaty - with the referendum in Ireland, expected in early October, as the most important event in the process.

If this occurs - and I sincerely hope it will - we will immediately begin to set up the new institutions and initiate the new procedures that will - above everything else - make for a more effective common foreign and security policy for our Union.

Strong and effective institutions are important. That's one of the key lessons of the decades of European integration.

But clear and consistent policies are certainly not less important. That's another lesson that should be obvious.
Institutions without policies are like hardware without software - little more than scrap metal.

And while an update of our hardware is certainly called for, it is ultimately the software of policies that is decisive.

And it is the policy issues that will be absolutely key as we struggle with the immediate economic crisis and gradually start to focus on the place of Europe in the post-crisis world.

A decade has soon passed since our Union - having mastered at least some of the major political challenges of the 1990’s - decided to put the economic issues at the centre of its efforts.

Seeing the dynamism of the American economy at the time, we launched the Lisbon Agenda that aimed at making us ‘the most competitive and dynamic knowledge-based economy in the world’ by 2010 - next year.

Today it is abundantly clear that we will not reach that objective.

While there were obvious achievements - the rise of female participation in our economies among the most significant - there were also notable shortcomings that should have been avoided.

Some years ago we pledged to spend 3 percent of our GDP on research and development.

In this age of breathtaking scientific and technological change, staying at the forefront of the ongoing - sometimes even accelerating - knowledge revolution is key to our long-term future.

We need only to think about the need to move forward with new energy technologies.

But today it is only two countries - Finland and Sweden - that meet this key objective, while the Union as a whole only registers a rather dismal 1.9 percent.

The priority of the day is obviously to deal with the dramatic deterioration of our economies.

We are conducting a combination of hyper-Keynesian policies and very loose monetary policy in order to get the financial system back in order and to revive the growth prospects.

If we add the automatic stabilizers - which one should - we are talking about a Union-wide stimulus package amounting to approximately 5 percent of GDP.

These are very big numbers by any standards. And it would be remarkable indeed if we they did not succeed in starting to turn the situation around.

But as this happens I believe it is imperative that we go back and look at the need for more long-term structural reforms of our economies.

I am among those that personally believe that we must look at the ways in which we can extend the stability offered by the Euro also to the countries of Central Europe and the Baltic area. We might note that the Euro is already the official currency of both Kosovo and Montenegro.

And we must certainly not overlook the fact that one of the key lessons of this crisis - hardly a new one - concern the necessity of maintaining macroeconomic stability.

We see those countries that in the past years failed in that respect now being far harder hit by the crisis than those that did.

A particular challenge in the years ahead will be to return to a fiscal order that is more sustainable and more responsible.

And this will be particularly both demanding and important as a number of countries are entering the decades in which our societies will start to age.

When our economies improve, we must thus also focus very clearly on starting to take down the massive deficits now developing.

It’s a question not only of taking responsibility for the years ahead of us - but also for those weaker states and economies that otherwise might be squeezed out of the international credit markets.

We must recognize that to be competitive abroad we need to be competitive at home.

Thus preserving our single market and all of its rules and standards - a core achievement of our Union - will be even more important in the future than it has been in the past.

Our task in reforming our economies, preserving the open global economy and starting a decisive transition to a carbon-light world is no less than to help in the creation of an era of truly sustainable globalisation - to the benefit of the entire world.

From the G8 meeting in Italy in the next few days, over the G20 meeting in Pittsburgh, and heading to the COP15 climate conference in Copenhagen, this will be at the forefront of policy for us all.

The European Union has taken upon itself the ambitious task of being the global leader in this green transition.

We are committed to reducing our carbon emissions by 20 percent by 2020 - and we are ready to go to 30 percent if there is a global agreement with a fair sharing of the burden.

To achieve this will be a momentous task.

It will have to include reformed institutions of global governance, new mechanism of global finance, new efforts at revolutionary technologies and determined political leadership everywhere.

In the months ahead the European Union will have summit meetings with the top leaderships of South Africa, Brazil, China, India, Russia and the United States - and these must be summits dominated by the green diplomacy that should carry us to an agreement in Copenhagen.

There is little doubt that the credibility of our Union on the wider global stage has been dramatically enhanced by our successes during the past two decades - enlargement and the Euro the two most obvious.

And it is equally obvious that our future weight and credibility on the global stage - perhaps in particular across the Atlantic - will be a function of how we handle coming challenges related to the economy and to enlargement
- to the peace and prosperity of our own part of the world.

In much the same way as there will be a post-crisis debate on our economic strategy - with a new Lisbon strategy coming up next year - I believe there will be a new debate on strategy of enlargement and engagement in our own part of the world.

Already the Treaty of Rome committed us the concept of an open Europe - that enlargement so far has been a huge success is hardly disputed. And we should certainly not underestimate the transformational force that is inherent in this concept in very wide areas of our part of the world.

The most immediate tasks ahead are those associated with the approximately 100 million peoples of South-Eastern Europe that are now knocking on our door.

We have come a very long way since the brutal Balkan wars of the previous decade.

Serbia has the most European- and reform-oriented leadership in its history. Kosovo is an independent country. The politicians of Bosnia are quarrelling - but war will never be an option. Croatia is making substantial process in its negotiations for accession to the European Union. Albania had what seems to have been a successful election yesterday.

It is my hope that we, within the coming year, will be able to make a transition for all of this region to a new, more demanding and more important phase of European integration.

The road to membership for all of them will undoubtedly be a long one. The processes of state building in the region after the violent break-up of Yugoslavia are not finished everywhere - there are placed where it will take some time yet.

But for the first time since the brutal wars I genuinely feel that the forces of integration in the region are becoming stronger than the forces of disintegration.

That this momentum will last is by no means guaranteed. Our European policies will be crucial.

And what applies in this part of South-Eastern Europe also applies elsewhere.

Perhaps the single most important political process in Europe in the months ahead will be the talks on bringing unity to the divided island of Cyprus.

Two decades after the end of the division of Berlin, it remains shameful that we still have a European capital divided by walls and barbed wire.

Success - or failure - of these efforts will have major ramifications for the strategic situation in South-Eastern Europe and the Eastern Mediterranean for decades to come.

But it will also be of critical importance for issues like making it possible for the Union and Nato to work more effectively together in Afghanistan or other challenging areas in the future.

There are divided views in different parts of Europe on whether our door should be open to Turkey as well - although the vast majority of member countries and the vast majority of the European Parliament support the ongoing reform and accession process.

I belong to those firmly convinced of the immense strategic benefits inherent in this process.

A Union that includes also the demographic dynamism and economic potential of Turkey will undoubtedly be a stronger Union - and a Union that can truly demonstrate that it is committed to overcoming all the obstacles of the past and the prejudices of the present will be a significantly more credible voice in the rest of the world.

But we all know that the road ahead will not be without its challenges.

During the last year we have launched a far more ambitious approach to the countries in our immediate neighbourhood than we had in the past - with the Union of the Mediterranean last year and then the Eastern Partnership this year.

In their different ways these are policies of high strategic significance for our European future.

The countries of North Africa and the Middle East will see a rise in population that will equal two Egypts - approximately 160 million people - during the next two decades or so.

With their young populations, they will experience either a huge demographic dividend as they open up their societies and economies, creating huge opportunities for all of Europe - or they will risk despair and destruction if these new millions don't see any hope for their future.

We have a stake in their future - and we must engage more deeply with each of them in trying to shape it.

To the East of our Union there is a vast region with 12 very different countries between us and the borders of China - the 80 million people of the six Eastern Partnership countries, the 140 million people of Russia and the 60 million people of Central Asia.

A recent report by the European Council of Foreign Relations described the situation in this area in rather bleak terms:

"Politics is a toxic mixture of authoritarianism and stalled democracy, ongoing secessionist tensions continue to stoke fears of violent conflict, and the economic crisis is wreaking havoc throughout the region."

Again, it is obvious that we have a stake in their future - and that we must engage more deeply with each of them, based on their own priorities and their own wishes.

That our relations with Russia have deteriorated over the conflict with Georgia - and most notably over Russian unwillingness to stand by the agreements made at the very end of that conflict - is obvious. Equally obvious is that there is some confusion over the course that Russia itself wishes to take - notably during the last few weeks on the issue of the road to membership in the WTO.

But we must persist in getting Russia truly involved and embedded in a rule-based European and global order - along with all others.
And we must not give up our efforts to convince them that nothing will bring more security to Russia than relationships with all their neighbours - including the smallest ones - based on true friendship and thrust.

But our ambitions are not only the ambitions to our South or to our East. We should not neglect our High North.

I believe it is increasingly likely that we will see an application for membership from Iceland in the near future - and this will by necessity shift our attention to the challenges of this area as well.

An Icelandic application must obviously be discussed on its own merits, although with its membership of the single market as well as the Schengen area the country is obviously already far into our structures and policies of integration.

A membership of Iceland - if that is where we end up - would not only bring in a country with a longer tradition of democracy - its parliament is more than a thousand years old - than any other European country, but would also bring our Union more directly into the strategically increasingly important Arctic issues - environmental challenges, energy possibilities and possible future revolutionary new transportation routes between the Atlantic and Pacific worlds.

We thus have - as Europeans - major issues in front of us when it comes to our own part of the world.

And it is to a large extent the way in which we handle them that gives us the necessary credibility when we try to address the wider global issues.

The agenda that we face from Palestine to the Punjab is most challenging.

And its different issues are of course intertwined with the huge issue of our relationship with the entire Muslim world - our immediate neighbour not only on the map but increasingly also across the street back home in our different European cities.

It was a most important speech President Obama gave in Cairo. Its effects should not be underestimated - I believe we can already see an Obama effect in the young women confronting the fundamentalist thugs on the streets of Teheran.

The Great Satan is no longer there - no longer can the rulers from the past rely on the myth of a profoundly hostile West.

And this means that our free and democratic societies - Europe and the United States - might be beginning to regain the strength of those soft powers of transformation that at the end are more powerful than any other can be.

In important meetings in Trieste during the last few days we have been discussing ways ahead in trying to move towards peace in the Middle East, stability in Afghanistan, strengthened democracy in Pakistan and reconciliation with the nation of Iran.

That the nation of Iran needs, seeks and wants reform should by now be obvious to each and everyone.

The repression of the regime might succeed for the day, but it can never stop the necessity of reforms for tomorrow.

Our message to the nation of Iran remains what it was:

We want an open and constructive and friendly relationship with your nation. We respect the values of your society in the same way as you must respect the rules of the international order that ultimately works to the benefit of all of us.

Even confronted with the brutal scenes on the streets of Teheran - and elsewhere in Iran - we must not abandon hope.

There is change coming - if not today, or even tomorrow, then certainly a day thereafter.

And as firm and strong as we must be in clearly condemning what we see now, as firm must we be in our commitment to a truly new relationship with a coming Iran that would be ready to open up to a better future.

The challenges we face in the wider area of the Middle East are enormous.

But there are some signs that could point towards new possibilities in the years ahead.

That the fundamentalist forces in Teheran have now lost a lot of their legitimacy at home as well as abroad will have its political effects in the months and years ahead.

The Al Jazeera coverage of the brutality in Iran has been as open as was its coverage of the brutality of the Gaza war.

And as regimes are opening up, we can not fail to note that fundamentalist forces fail to attract the massive following once feared - that is the message of elections from Morocco in the West to Indonesia in the East.

The Arab Peace Initiative still stands, and I believe that Israel will gradually see the truly historic possibility for peace and reconciliation with not only the Palestinians of the land they share, but indeed the entire Arab and Muslim world, that it represents.

On all of these issues - and many more - I do believe that the voice of Europe could be more important than we ourselves sometimes see.

Few things have impressed me more during my now soon three years as Foreign Minister of my country than the demand for Europe that is there in the wider world.

One sees what we have achieved in our once so conflict-torn part of the world - and seeks inspiration and advice in one's own effort to build peace and promote democracy in one's own part of the world.

But in that lies a message of profound significance - it is by continuing our efforts for the peace and prosperity of all of our Europe and its immediate neighbours that we acquire the means to be an even more powerful voice in the world at large.
Speech
26 June 2009
Carl Bildt, Minister for Foreign Affairs

Speech by Carl Bildt at The Council for Italy and the United States
Check against delivery

To start with the obvious: the state of the world is more demanding, more difficult and in key areas also more dangerous than just a few years ago.

We are in the midst of a global economic crisis of a nature and magnitude we have not experienced in living memory.

And as it unfolds over the months ahead we will see its different political effects increasingly hitting the weak economies and fragile states across the globe - affecting us directly and indirectly.

At the same time, we are facing a challenge to our global climate and future living environment of a once-in-a-millennium order. And we know that action cannot be delayed forever - the clock is ticking and we have a responsibility to act.

And we see tensions rising in the entire area from Palestine to the Punjab - as well as signs of increasing geopolitical manoeuvring in the vast areas to the East of our Union.

Two decades after the breaking down of the Iron Curtain - that momentous change in modern history - the European Union has developed into a bulwark of stability, democracy and prosperity encompassing nearly half a billion people and constituting the largest integrated economy in the world today.

Among other things, this has fundamentally transformed the trans-Atlantic relationship.

Europe has gone from being a problem - the powder keg that could ignite a new global conflict - to becoming a partner when it comes to addressing all the regional and global challenges of our age.

That's no insignificant achievement - as a matter of fact, it stands without parallel in our modern world.

But it goes without saying that the turbulence of the world today is presenting us with new challenges - in safeguarding our own stability and prosperity here in Europe, but also in the ongoing task of building a Union that can make increasingly significant contributions to meeting the wider challenges of our region, our world and our age.

It is at this juncture in time that my country - Sweden - stands ready to assume the Presidency of our Union for some months. Those months will pass quickly - but during them some key challenges will have to be handled.

And let me make some remarks on some of them - on the economic and climate challenges, on our widening regional responsibilities, and on the tasks we jointly - as Atlantic partners - face in the wider world.

This is a time of transition for the European Union.

After the elections to the European Parliament we are now initiating the process of appointing a new European Commission. It will take its time - it will not be in place until the end of this year.

But we are also hoping that the remaining countries will now be able to ratify the Lisbon Treaty - with the referendum in Ireland expected in early October as the most important event in this process.

If this occurs - and I sincerely hope it will - we will immediately begin to set up the new institutions and initiate the new procedures that will - above everything else - make for a more effective common foreign and security policy for our Union.

Our ability to be an effective partner to the United States - as well as actor on its own on the wider global stage - will be reinforced in important ways.

Institutions are important. That's one of the key lessons of the decades of European integration.

But policies are certainly not less important. That's another lesson that should be obvious.

Institutions without policies are like hardware without software - little more than scrap metal.

And while an update of our hardware is certainly called for it is ultimately the software of policies that is decisive.

And it will be the policy issues that will be absolutely key as we struggle with the immediate economic crisis and gradually start to focus on the place of Europe in the post-crisis world.

A decade has soon passed since our Union - having mastered at least some of the major political challenges of the 1990’s - decided to put the economic issues at the centre of its efforts.

Seeing the dynamism of the American economy at the time, we launching that Lisbon Agenda that aimed at making us “the most competitive and dynamic knowledge-based economy in the world” by 2010 - next year.

Today it is abundantly clear that we will not reach that objective.

While there were obvious achievements - the rise of female participation in our economies among the most significant -there were also notable shortcomings that should have been avoided.
Some years ago we pledged to spend 3% of our GDP on research and development.
In this age of breathtaking scientific and technological change, staying at the forefront of the ongoing -
sometimes even accelerating - knowledge revolution is key to our long-term future.
But today it is only two countries - Finland and Sweden - that meets this key objective, while the Union as a
whole only registers a rather dismal 1.9%.
The priority of the day is obviously to deal with the dramatic deterioration of our economies. We are
conducting a combination of hyper-Keynesian policies and very loose monetary policy in order to get the
financial system back in order and to revive the growth prospects.
If we add the automatic stabilizers - which one should - we are talking about a Union-wide stimulus package
amounting to app. 5% of GDP. These are very big numbers by any standards. And it would be remarkable
indeed if we they did not succeed in starting to turn the situation around.
But as this happens I believe it is imperative that we go back and lock at the need for more long-term structural
reforms of our economies.
I believe that we must look at the ways in which we can extend the stability offered by the Euro also to the
countries of Central Europe and the Baltic area.
And we must certainly note that one of the key lessons of this crisis - hardly a new one - concern the necessity
of maintaining macroeconomic stability.
We see those countries that in the past years failed in that respect now being far harder hit by the crisis than
those that did.
A particular challenge in the years ahead will be to return to a fiscal order that is more sustainable and more
responsible. And this will be particularly both demanding and important as a number of countries are entering
the decades with our societies will start to age.
When our economies improve, we must then also focus on starting to take down the massive deficits now
developing.
It's a question not only of taking responsibility for the years ahead of us - but also for those weaker states and
economies that otherwise might be squeezed out of the international credit markets.
We must recognize that to be competitive abroad we need to be competitive at home.
Thus preserving our single market and all of its rules and standards - a core achievement of our Union - will be
even more important in the future than it has been in the past.
Our task in reforming our economies, preserving the open global economy and starting a decisive transition to
a carbon-light world is no less than help in the creation of an era of truly sustainable globalisation - to the
benefit of the entire world.
From the G8 meeting here in Italy, over the G20 meeting in Pittsburgh, and heading to the COP15 climate
conference in Copenhagen, this will be at the forefront of policy for us all.
The European Union has taken upon itself the ambitious task of being the global leader in this green transition.
We are committed to reducing our carbon emissions by 20% by 2020 - and we are ready to go to 30% if there
is a global agreement with a fair sharing of the burden.
To achieve this will be a momentous task.
It will have to include new institutions of global governance, new mechanism of global finance, new efforts at
revolutionary technologies and determined political leadership everywhere.
For the United States and Europe to agree on the basic outlines of such a deal will be necessary - but not
enough.
Separately as well as together with must engage with the other major actors of this new global drama - with
China, India, Brazil and others.
Indeed, I am convinced that it will be our intensified green diplomacy that will dominate the summits between
the European Union and China, India, Brazil, Russia and the United States that Sweden will have responsibility
for in the next few months.
Copenhagen must be a success!
There is little doubt that the credibility of our Union on the wider global stage has been dramatically enhanced by
our successes during the past two decades - enlargement and the Euro the two most obvious.
And it is equally obvious that our future weight and credibility on the global stage - perhaps in particular across the
Atlantic - will be a function of how we handle to coming challenges related to the economy and to
enlargement - to the peace and prosperity of our own part of the world.
In much the same way as there will be a post-crisis debate on our economic strategy - with a new Lisbon
strategy coming up next year - I believe there will be a new debate on strategy of enlargement and engagement
in our own part of the world.
We are committed to the concept of an open Europe - and we should certainly not underestimate the
transformational force that is inherent in this concept in wide areas of our part of the world.
The most immediate tasks ahead are those associated with the regions to which this city always looked - with
the app. 100 million people of South-eastern Europe that is now knocking on our door.
It was only a decade ago that Strobe Talbott and myself - as well as others - struggled with open wars in the
Balkans.
Indeed, I can even remember sitting here in peaceful Venice hearing the loud noises of the machines of war
passing by above us.
Serbia has the most European - and reform-oriented leadership in its history. Kosovo is an independent country. The politicians of Bosnia are quarrelling - but war will never be an option. Croatia is making substantial progress in its negotiations for accession to the European Union. Albania is heading for an important election on Sunday.

It is my hope that we within the coming year will be able to make a transition for the entire region to a new, more demanding and more important phase of European integration.

The road to membership for all of them will undoubtedly be a long one. The processes of state-building in the region after the violent break-up of Yugoslavia are not everywhere finished.

But for the first time since the brutal wars I genuinely feel that the forces of integration in the region are becoming stronger than the forces of disintegration.

To maintain this momentum is a key task in the years ahead.

And what applies here also applies elsewhere.

Perhaps the single most important political process in Europe in the months ahead will be the talks on bringing unity to the divided island of Cyprus.

Two decades after the end of the division of Berlin it remains shameful that we still have a European capital divided by walls and barbed wire.

Success - or failure - of these efforts will have major ramifications for the strategic situation in South-eastern Europe and the Eastern Mediterranean for decades to come - as well as for issues like making it possible for the Union and Nato to work more effectively together in Afghanistan or our future challenging areas.

There are divided views in different parts of Europe on whether our door should be open to Turkey as well - although the vast majority of member countries and the vast majority of the European Parliament support the ongoing reform and accession process.

I belong to those firmly convinced of the immense strategic benefits inherent in this process.

A Union that includes also the demographic dynamism and economic potential of Turkey will undoubtedly be a stronger Union - and a Union that can truly demonstrate that it is committed to overcoming all the obstacles of the past and the prejudices of the present will be a significantly more credible voice in the rest of the world.

During the recent year we have launched a far more ambitious approach to the countries of our immediate neighbourhood than we had in the past - with first the Union of the Mediterranean last year and then the Eastern Partnership this year. In their different ways these are policies of high strategic significance for our European future.

The countries of North Africa and the Middle East will see a rise in population that will equal two Egypt's - app 160 million people - during the next two decades or so.

With their young populations, they will experience either a huge demographic dividend as they open up their societies and economies, creating huge opportunities for all of Europe - or they will risk despair and destruction if these new millions don't see any hope for their future.

We have a stake in their future - and we must engage more deeply with each of them in trying to shape it.

To the East of our Union there is the vast region with its 12 very different countries between us and the borders of China - the 80 million people of the six Eastern Partnership countries, the 140 million people of Russia and the 60 million people of Central Asia.

A recent report by the European Council of Foreign Relations described the situation in this area in rather bleak terms:

"Politics is a toxic mixture of authoritarianism and stalled democracy, ongoing secessionist tensions continue to stoke fears of violent conflict, and the economic crisis is wreaking havoc throughout the region."

Again, it is obvious that we have a stake in their future - and that we must engage more deeply with each of them, based on their own priorities and their own wishes.

That our relations with Russia have deteriorated over the conflict with Georgia - and most recently over Russian unwillingness to stand by the agreements made at the very end of that conflict is obvious. Equally obvious is that there is some confusion over the course that Russia itself wishes to take - notably during the last few weeks on the issue of the road to membership in the WTO.

But we must persist in trying to get Russia truly involved and embedded in a rule-based European and global order - along with all others.

And we must not let up our efforts to convince them that nothing will bring more security to Russia than relationships with all their neighbours - including the smallest ones - based on true friendship and trust.

But our ambitions are not only the ambitions to our South or to or East. We should not neglect our High North.

I believe it is increasingly likely that we will see an application for membership from Iceland in the near future - and this will by necessity shift our attention to the challenges of this area as well.

An Icelandic application must obviously be discussed on its own merits, although with its membership of the single market as well as the Schengen area the country is obviously already far into our structures and policies of integration.

A membership of Iceland - if that is where we end up - would not only bring in a country with a longer tradition of democracy - its parliament was founded more than a thousand years ago - than any other European country but would also bring our Union more directly into the strategically increasingly important Arctic issues - environmental challenges, energy possibilities and possible future revolutionary new transportation routes between the Atlantic and Pacific worlds.
We thus have - as Europeans - major issue in front of us when it comes to our own part of the world.

And it is to a large extent the way in which we handle them that gives us the necessary credibility in handling the wider global issues.

The trans-Atlantic relationship today is probably better than at any time in living memory.

That does not mean that there are not different perspectives and views on different issues - as we indeed have also in the European Union.

But it does mean that there is a shared perception of the agenda ahead, a firm commitment to working together and an intensity of dialogue that we have not seen for a very long time.

The agenda that we face from Palestine to the Punjab is most challenging.

And its different issues are of course intertwined with the huge issue of our relationship with the entire Muslim world - our immediate neighbour not only on the map but increasingly also across the street back home.

It was a most important speech President Obama gave in Cairo. Its effects should not be underestimated - I believe we can already see an Obama effect in the young women confronting the fundamentalist thugs on the streets of Teheran.

The Great Satan is no longer there - no longer can the rulers from the past rely on the myth of a hostile West.

And this means that our free and democratic societies - Europe and the United States - might be beginning to regain the strength of those soft powers of transformation that at the end are more powerful than any other can ever be.

In Trieste today and tomorrow - at the G8 Foreign Ministers meeting and all the meetings associated with it - we will be discussing ways ahead in trying to move towards peace in the Middle East, stability in Afghanistan, strengthened democracy in Pakistan and reconciliation with the nation of Iran.

That the nation of Iran needs, seeks and wants reform should by now be obvious to each and everyone. The repression of the regime might succeed for the day, but it can never stop the necessity of reforms for tomorrow.

Our message to the nation of Iran remains what it was:

We want an open and constructive and friendly relationship with your nation. We respect the values of your society in the same way as you must respect the rules of that international order and the universal rights that ultimately works to the benefit of all of us.

Even confronted with the brutal scenes on the streets of Teheran - and elsewhere in Iran - we must not abandon hope.

There is change coming - if not today, or tomorrow, then certainly a day thereafter.

And as firm and strong as we must be in clearly condemning what we see now, as firm must we be in our commitment to a truly new relationship with an Iran ready to open up to a better future.

In this - as on so many other issues - the United States and Europe must stand together.

I began by saying that the world today is more demanding, more difficult and in key areas also more dangerous than just a few years ago.

But against this stands the fact that we have a new understanding across the Atlantic and the prospect of a better partnership between the United States and Europe.

Whichever of the great challenges of our time you look at, the conclusion is the same.

The United States and Europe must stand together. That is the necessary precondition for any progress on any of them.
Europe in times of crisis

Check against delivery

Ladies and gentlemen,

It is a great honour for me to stand before you in this magnificent University of great thinkers.

Throughout the centuries, Bologna University has not only contributed to the expansion of invaluable knowledge in a wide variety of fields, it has also played a central role in forming Europe as we know it today.

It is no coincidence that the process of creating a single European academic area was named after this city, and the Erasmus programme after one of your most distinguished scholars.

Scientific progress has always been strongly connected with development. In the age of globalisation this is more true than ever. Therefore, the Bologna process and the Erasmus programme constitute essential building blocks in the creation of a Union able to compete globally in a future where knowledge and ‘know-how’ will become even more essential conditions for economic and political success.

The list of prominent figures who have studied here in Bologna, such as Erasmus, Dante, Petrarch and Copernicus, have all added, in their own ways, to a tradition of classic thought which centuries later culminated in the scientific revolution and the Enlightenment, the very core of European political and cultural identity.

Among these famous and immortal names, there was also an unknown canon named Nicolaus from the Swedish town of Skara, who according to the annals, in 1285 registered as a student at this University.

Nicolaus has no place in the history books, his name is long since forgotten.

But I think he deserves better. It was people like him that brought new ideas from the continent back to my country, thereby connecting splendid cities such as Bologna, Florence and Paris with the then relatively backward periphery of northern Europe.

It is partially thanks to Nicolaus and the men and women that came after him that I can stand here today as a representative of a country which has chosen to be a core member of the European Union.

Ladies and gentlemen,

On 29 October 1929 the New York Stock Exchange crashed and the Great Depression took a firm grip on the global economy.

Between 1927 and 1933 international lending dropped by over 90%.

In the United States, industrial production fell by 30% between 1929 and 1931, and car production was halved. Developments in other industrial countries were similar.

As a consequence, unemployment rose to an unprecedented level and during the years 1932 to 1933 amounted to 23% in the United Kingdom, 24% in Sweden, 27% in the United States and almost 45% in Germany.

Loaded with bad debts, banks refused new housing loans. Nearly half of all US home mortgages were in default and a thousand properties a day were being foreclosed.

These were the years of soup kitchens and social distress. These also became years of political turmoil eventually leading to the worst catastrophe in human history the Second World War.

The Great Depression demonstrated the close links between economics and politics, how economic distress can lead to dangerous politics, but also how flawed political decisions often lead to poor and sometimes catastrophic economic consequences.

During these years, mass unemployment created fertile soil for extremist ideas both to the right and to the left. Hitler may have been the child of the Versailles Peace Treaty, but his ideas of hatred and destruction were nourished by the profound social and political effects of the Depression.

Unfortunately, political decisions profoundly contributed to the economic and political abyss. What we saw was broadly speaking a policy of nationalism and protectionism - a disastrous course of de-globalisation.

States erected high barriers to protect their national markets and currencies. The world system of multilateral trade was dismantled and world trade fell by 60% in the four years between 1929 and 1932.

The years of catastrophe between 1914 and 1945 are a legacy that has shaped Europe. Fortunately we also have another inheritance, that of integration and peace, which has been the dominant trait from 1945 until today.

In October 2008 we once again experienced a crash in the financial sector, and the real economy is again taking a merciless beating from the global financial crisis, causing great difficulties to a growing number of people worldwide.

Differences between the 1930s and today’s crisis are many and obvious. But unfortunately we can also discern similar tendencies.

Protectionism, so far in a more creeping form, is once again constituting a threat to the world trade system.

The link between economic development and security policy challenges is growing stronger.

It is an alarming situation indeed, and the economic crisis just adds to other major challenges that dominate the world of today such as global warming, international terrorism, political conflicts and the danger of proliferation.

The years to come will therefore certainly be years of significant risks - risks that are greater in scale and scope than for a very long time.

This being so, let us not repeat the mistakes of the past, but instead make sure that the recovery of Europe is firmly anchored in the legacy of
integration and peace.
First, what we need, in order to turn the turmoil of today into a hopeful future, is more cooperation, not less. Since the collapse of the Soviet empire, many borders have been opened. Let us not now raise new borders and walls. As stated in the World Bank development report from 2009, the best way to promote economic development and a stable political environment is by promoting institutions that unify, infrastructure that connects, and interventions that target.

Second, we must strengthen our efforts to open up the international economy.
Putting obstacles in the way of globalisation - which over the past few decades has contributed at an unparalleled pace to greater prosperity and freedom worldwide - would be a dangerous and destructive course of action. Instead we should lay the foundation for a globalisation that is economically, socially, politically and environmentally sustainable.

Third, equally important is to ensure effective institutions backed by a firm political will to promote peace, stability and democracy worldwide.
Democracy and open societies are not only the best guarantee for peace within and between nations, but also the only political system able to provide for sustainable economic dynamism, as well as to accommodate social tensions grounded in economic realities.

By pursuing this path Europe will continue to serve the wider cause of global recovery and further development.
This is a duty which we must pursue without hesitation; here lies one of our most urgent tasks.

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Let me underline: our ability to overcome the current crisis is now far better than in the past; the global institutional setting is much more robust, our understanding of economics more solid, democracy has shown its supremacy, and is not seriously threatened by either communism or fascism.

And in Europe we have managed to create a Union which has contributed to consolidating peace among states that throughout history saw war and destructive competition as the normal state of affairs.

It is a Union that has brought prosperity to a growing number of people. A continent previously marred by structural deficiencies and inefficient economies has been turned into the world’s largest integrated economy, accounting for some 30 per cent of global production and constituting the largest trading partner of more than 130 countries.

It is also a Union which has become an increasingly important actor in global affairs and which has helped to create peace and stability, not only in its own neighbourhood, but also in more remote places around the world.
The European Union is our best opportunity to overcome the crisis of today - to strengthen cooperation, openness and peace when needed most.

But progress and recovery will not come automatically. The EU provides us with a unique and wide set of instruments to meet the challenges before us. But it is up to us to use them, and use them wisely.

As Schuman once said: Nothing can be achieved without individuals, nothing can last without institutions.
Now it is time for political leadership and to strengthen those institutions which have so far served us well, but which must be further developed to meet the requirements of tomorrow.

Let me just mention a few areas where wise decisions are urgently needed.

1. We must continue to insist on the importance of free trade, greater openness and more economic cooperation. It remains vitally important to work for a conclusion of the Doha negotiations as well as to achieve increased efficiency in the internal market with its four freedoms. Our goal should be to make the European Union the most open economy in the world.

Protectionism must be fought down!

2. Enlargement is still the European Union’s primary instrument for creating security, democracy and prosperity in Europe. We must therefore seek to push for progress in the ongoing accession negotiations with Croatia and Turkey and promote genuine progress in the closer relationship of the Western Balkans with the EU.

In this context let me especially underline the strategic importance of Turkey becoming a member of the EU. Closing the door to Europe for Turkey would be a mistake of historic proportions. We all have reason to intensify our efforts to explain the significance of this step.

3. It is of the utmost importance that the EU’s neighbours to the east and south develop into stable and open democracies with functioning markets and legal systems.

The European Union’s strategic interests, however, must go further than this, for those neighbours that have European aspirations. These countries should be invited to be part of the internal market and its four freedoms.
They must be given the opportunity to adapt to EU legislation in all the important sectors of society so as to become part of a larger and ever more integrated European Union.

Last year, the process previously known as the Barcelona process was further developed into the Union for the Mediterranean, which we hope will create better conditions for cooperation between the European Union and the other members of the Mediterranean Union.

This year decisions will be taken on the Eastern Partnership, which aims to promote sustainable European integration for Ukraine, Moldova, Belarus, Georgia, Armenia and Azerbaijan.

Considering the depth of the economic crisis in many of our neighbouring countries, not least in the east, the actions of the European Union in this field will be vital to prevent further downturns which eventually could lead to significant political instability and geostrategic turmoil.

4. The climate issue must not be sidelined by the economic crisis. Intensive preparations are required ahead of the UN Climate Conference in Copenhagen. We must work for the conference in December to result in a comprehensive global agreement with forceful measures to curb climate change and contribute to stronger and broader international cooperation.

The success of the European Union in agreeing on an ambitious climate package with commitments to reduce greenhouse gas emissions by up to 30 per cent by 2020, assuming an international agreement, lays a good foundation for continued international climate efforts. We must convince other industrialised countries to make comparable commitments, and the rapidly growing economies to take action, to enable the global trend to be reversed.

A successful conclusion of the Copenhagen conference would constitute a cornerstone in the creation of sustainable globalisation, and would be an important step towards a green recovery from the current crisis.

5. In times of great challenges we must ensure an effective global policy of peace.
We see growing tensions across the entire area from Palestine to Punjab.

Last year's Annapolis process did not lead to a peace agreement. Instead the ceasefire in Gaza was broken and a war began that has further complicated the already difficult situation in the region.

The isolation of Gaza is neither defensible from a humanitarian perspective nor acceptable in political terms. A stable ceasefire and the reconstruction of Gaza require open borders, effective measures against arms smuggling and an end to the rocket attacks against Israel. In collaboration with the United States in particular, the European Union must step up its initiatives for a comprehensive peace in the region. Israel's occupation and settlement policy must cease, a contiguous and viable Palestinian state must be created, terrorism must stop and Israelis right to exist within secure and recognised borders must be respected.

The parties must live up to the commitments they have made. Only in this way can sustainable peace and security be established in the region.

The Arab Peace Initiative is a stable basis for negotiations to lead not only to a Palestinian state but also to peace between Israel and the entire Arab world. This would lay a new foundation for development in the region as a whole, as well as for combating terrorism and reducing cultural and political tensions in other parts of the world. All forms of terrorism, regardless of their origin, must be met through international cooperation, based on respect for international law and human rights. The European Union has an important role to play in this cooperation.

The disagreement between Iran and the rest of the world regarding the country's nuclear programme must find a peaceful resolution. I strongly welcome the signals from the new US administration that they are willing to negotiate, and that Iran should respond with tangible steps designed to foster trust in the country's intentions. A solution to the nuclear issue would - despite any other differences of opinion - open the door to improved cooperation between Iran and Europe.

The risk of further proliferation of weapons of mass destruction remains one of the most serious security threats facing the world. International efforts must therefore be stepped up, with the aim of maintaining and strengthening the non-proliferation regime.

To reduce the risk of the peaceful use of nuclear power leading to the proliferation of sensitive technologies, the initiative to establish internationally monitored facilities for critical parts of the nuclear fuel cycle should be pursued. At the same time, Sweden emphasises the responsibility incumbent on the nuclear powers of today to reduce their existing arsenals. A new nuclear disarmament treaty between the United States and Russia and US ratification of the CTBT treaty would create considerably better conditions to prevent the proliferation of nuclear weapons in the future.

Developments in neighbouring Afghanistan are deeply worrying. Despite progress following the fall of the Taliban regime, the security situation in parts of the country is very serious. There are major shortcomings in governance and the reconstruction of this ravaged country is progressing slowly. Unfortunately, the consequences of this situation are both serious from a humanitarian point of view and dangerous from a security perspective. Terrorism and drug production with roots in Afghanistan threaten people far beyond the country's own borders. This is why it is important to pave the way for the European Union to take greater responsibility for the wider process of state-building in the country.

The list of threats to peace and security could unfortunately be made much longer by adding countries such as the Democratic Republic of the Congo, Somalia, Sri Lanka and Sudan, just to mention a few.

When Sweden assumes the Presidency of the European Union in the second half of this year, we will bear a great responsibility to meet these challenges in front of us.

It is a responsibility we will shoulder in the firm conviction that the European Union also provides the best platform for Sweden's foreign policy action, and that more cooperation, open markets, and a strong policy of peace must constitute guiding principles of the Union also and not least through these times of crisis.

When Swedish Nicolaus went to Bologna, more than 700 years ago, he took part in a European community held together by ideas and institutions of faith and Church. Those were golden years in the history of Europe. The seeds of the scientific revolution were sown at that time, as was the idea of the nation state. These were also the years of the first great voyages of discovery.

At that time, there was a parallel process of internal European consolidation and outreach towards the rest of the world, two pillars upon which the success of Europe still rest.

Thank you once again for letting me speak in this University, which has played such a prominent role in the history of Europe.
Your Majesties,
Honourable Prime Ministers,
Honoured guests,

Our Landmark Year has been one of remembrance of things past - and more of that is to come.
Of 600 years as one nation, but also of 200 years of our societies having a profound impact on each other.
And not least, of the last decade's ever closer ties between our economies, political ambitions and European tasks.
But today's theme is the future.
These days, talking about the future is without doubt somewhat of a challenge.
We are in the midst of the worst economic downturn in 80 years and every day we read reports on declining rates of industrial production, foreign trade and GDP of 10, 20, 30 or 40 per cent.
The other day a figure was circulating saying that the financial crisis had erased the value of financial assets by the equivalent of almost half of total global financial assets.
An adjustment that perhaps must happen in a world where financial assets over the past three decades have grown three times faster than the world's GDP, but that is nonetheless painful when it actually occurs.
After a few decades of spectacular economic development, which has had a positive impact on - and changed virtually every aspect of - the global economy, we are now facing globalisation's first global crisis.
For the first time in several decades, we can see that world trade is actually falling. And global investment flows have virtually come to a halt. The very engines behind the past few decades' intense globalisation appear suddenly to have come to a stand-still.
And we are all left standing here, fumbling in a reality we do not recognise. And where uncertainty about how it should be managed is in many respects genuine.
But in a situation such as this - when short-term concerns easily risk taking over and dominating all else - it is important to maintain a long-term perspective, to focus our sights on the future. And in the midst of the crisis to try to prepare for what is to come later.
Two hundred years ago - in that dreadful year of 1809 - no one could have even imagined that, at some stage in the distant future, Sweden and Finland would be among the world's twenty wealthiest and technologically most advanced countries.
In the world of that time, wealth was about fertile soils that could feed large populations, a prominent aristocracy, a pleasant climate, ocean-going fleets, large armies and precious metals in the king's treasury.
And the truth was that neither of our countries had any of those things two hundred years ago.
Sweden was a country in decline. It had lost its Baltic empire, could only dream about the "days of glory" and was still not anywhere near acquiring a new role for itself. And Finland was a small, poor and occupied province of mighty tsarist Russia.
And we certainly didn't have much to offer the rest of the world.
Iron and forest products were the extent of our exports. Steel manufacturing was still a skilled art and it was mainly carried out in England, whose nine million inhabitants had taken the step into the first phase of the industrial age a few decades earlier.
It would take more than half a century for industrialisation to spread to Sweden and several more decades before Finland, by then as an independent state, set out in earnest on the same path towards a modern and postmodern industrial society.
But once we had begun our ascent, our progress was spectacular.
From around 1870 to around 1970 Sweden went from being one of Europe's poorest countries to one of the world's richest. An open economy combined with an entrepreneurial spirit that refused to accept former barriers lay the foundation for a unique development of welfare, and on top of that we drew a few winning tickets in the great lottery of history.
When we now celebrate the Landmark Year of 1809, we are doing so at a time when Finland - which in the lottery of history had less luck - and Sweden are not only politically closer than they have ever been over the last two decades, but also economically equal in a way that just a few decades ago would have been considered unlikely.
Half a century ago - after the devastating wars - Sweden's GDP per capita was fifty per cent higher than that of Finland.
Sweden's development since then has not been bad, but we have every reason to be pleased that Finland's has in fact been even better and thereby effectively contributed to laying the foundation for a relationship that can now develop on an equal basis with all the advantages that this entails.
Over the last two decades - after the huge political upheavals in Europe, after our difficult crisis years in the early 1990s, after we together, hand in hand and unservedly entered into European cooperation - we have also played important roles in the Baltic Sea region, which has been the most dynamic region in our part of the world, the only part of our continent that over the last decade has succeeded in keeping pace with the United States in terms of economic growth.
The recipe for success has been the same for both our countries: a fruitful combination of rapid industrialisation, a knowledge-based economy and
steadily growing foreign trade, both in absolute terms and also as a share of GDP.

We are two countries accustomed to change and living under external competitive pressure. In an era that is perhaps best characterised by the expansion of world trade and improved communications, this openness to the rest of the world has enabled us both to reap the benefits of globalisation more than most others.

And this is no mean feat considering the momentous changes that have swept the world over the last fifty years.

During this time, thirteen countries have had an annual growth of seven per cent or more over a period of 25 years or longer. This means a doubling of GDP every ten years. Of these thirteen countries, two are in South America, one in Africa, one in the Arab world, eight in Asia and only one in Europe.

Most spectacular, of course, are the developments in Asia. We remember clearly the four tigers that made a name for themselves in the 1970s and 1980s. Their total exports increased from less than five billion dollars in 1962 to 715 billion dollars in 2004 -150 times as large.

Three main factors have driven economic development over the last fifty years: communications, trade and economic integration.

Trade has expanded thanks to greatly reduced transport costs resulting from improved logistics and technology. Communications have improved thanks to a series of amazing technological breakthroughs and innovations.

Economic integration, which is deeper and more far-reaching than ever before, has come about through a number of decisive political processes such as the transatlantic community, the edifice of European unity, and the collapse of communism as an ideology and economic system.

The reduction in transport costs has been dramatic. We are talking about a fifty per cent drop over 40 years.

When containers were introduced in 1956, loading and unloading costs could be cut by more than ninety per cent. Between 1955 and 2004 air transport costs dropped just as much. In the mid-1960s the introduction of a new jet engine alone cut costs by forty per cent in the space of a few years. Road transport costs have fallen by forty per cent over the last fifty years and rail transport costs have been halved.

Against this background, it is not difficult to understand that world trade has increased by fifteen times since 1950 and its share of global GDP has tripled.

Cost reductions in the area of communication and information services are even more dramatic.

In the early 1930s a phone call from London to New York cost 300 dollars. By 2001 the cost had dropped to one dollar; in other words, it had dropped by a factor of 300 or an impressive 99.3 per cent. Since then the cost has dropped to just a few cents.

And over the last two decades everything and everyone has been affected by the breathtakingly rapid development of information technologies. For a long time it was all about Moore's famous law: that over 18 months the cost of a microchip would drop by half and its performance would double.

This is now happening every twelve months.

We are currently celebrating the 20th anniversary of the conception of the World Wide Web by researchers at CERN in Geneva.

To young people today - and to others too - it seems strange that we and the world and our societies in general could function at all during the age between the Stone Age and the Internet. The digital communications revolution is a genuine revolution.

Finally, economic integration.

This year's World Bank report, Reshaping Economic Geography, shows emphatically the importance of economic integration for the development of welfare.

The world's most integrated markets are also the world's richest countries. One sixth of the world's population, living in Western Europe, North America and North East Asia, accounts for three-quarters of the world's GDP.

This can be compared with what the world looked like before the breakthrough of industrialism, when China and India - with half of the world's population - were responsible for two-thirds of total world production.

The World Bank report makes another observation that is of particular interest to us. It is true that falling transport costs are leading to a dramatic increase in long-distance trade - this is no surprise - but trade with neighbouring countries is actually increasing even more.

It is hardly surprising that lower tariffs give this effect, but it is interesting to note that the same applies to falling transport costs.

Sweden and Finland share the fact that we have chosen to take a role in all three dimensions.

We are at the absolute forefront as regards developing and exploiting modern communications technology. Together, in a short space of time and in the face of innovation-driven competitiveness, we have become absolute world leaders in mobile communications and rank at the very top as IT users.

We all know that this has been good for us.

But we must not forget what this has allowed us to give to others. I would be so bold as to say that we have done a great deal more for poor countries' ability to really begin to develop via the breakthroughs that GSM technology has enabled than our total aid contributions have been able to do.

Of course the one must not displace the other, but the perspective is important.

We have both also invested heavily in foreign trade.

Basically, foreign trade as a share of GDP has doubled in both countries since the beginning of the 1970s, and it has increased particularly rapidly since the early 1990s.

That was also when we pulled ourselves out of the economic crisis by means of structural reforms. And that was when, together, we took the step into the EU - a political and economic choice that makes us participants in a European community that is stronger and more deep-going than ever before.

Looking back in this way is valuable, I believe, when in the midst of the current crisis we must try to focus our sights on the future.

I am not among those who believe that all that was right before is suddenly wrong, and all that was wrong is now suddenly right. I do not believe that history has come to an end or that the arrow of development has suddenly and radically changed direction.

I believe that the experiences we gained from our decades of success are crucial to our prospects for new decades of impressive development.

Beyond crisis management - predominant as it is right now - I believe we have every reason to direct our attention to increased integration with the help of increased trade and an even more effective communication and information flow.

And in the midst of our crisis management, we have every reason to see the threats inherent in policies that - often driven by populism - degenerate
Those who want to build a better future cannot be content with merely learning from mistakes. They must also learn from successes.

But the leadership that is required also means paving the way for the new era of transformation.

Clearly, new growth increases the potential for adaptation to the new technologies that are a prerequisite for meeting the climate challenge and achieving truly sustainable globalisation.

And adaptation must occur at the same time as we expand and reform our institutions, globally and regionally, to prepare for the cooperation and integration that are becoming increasingly important.

At global level, it is a matter of global financial and climate cooperation, but also of joint efforts to meet security threats and solve conflicts that could otherwise escalate into wars that will affect us all.

And in our part of the world it is a matter of continuing to build on the great European peace project which, through openness and integration, we know also creates new opportunities for growth and welfare.

Right now, European cooperation is being tested once again. I do not believe it is an exaggeration to say that it is now being tested with the same intensity as two decades ago during the great transformation of Europe.

How our cooperation stands up to this crisis will be crucial for the faith that citizens, nations and the world in general will have in it in the years to come.

It is important that we are all aware of the huge change that our active participation in the world's most ambitious peace and cooperation project of our time actually implies.

As national politicians in small countries we can always refer to the troublesome world around us, and to the fact that we might be responsible for the ship but not for the waves.

By and large, this is of course the case.

But as we are jointly responsible for the European Union, this explanation doesn't wash.

Our task, together, is to shoulder the global responsibility that is rightly expected of the world's largest market with the world's largest GDP and the most important trade partner for more than half of the countries of the world.

Today, the EU, with its 27 member states and world currency, is an economic power with as much responsibility for doing what is required to alleviate the crisis as the United States, Japan and China. And, equally important, to refrain from acts that will hamper and delay recovery.

For countries like Finland and Sweden, European cooperation provides an opportunity to contribute to global efforts to alleviate this acute crisis.

It is natural for us to stand up for the free trade and open cooperation that have been so successful in the past and are so promising for the future.

Long-term leadership also involves addressing the many adjustment problems that will increase in number and become much more difficult to manage in a sharp economic downturn. We must be able to meet the demands for adjustment with means that secure long-term growth and welfare development.

And we must be able to show that change also brings new opportunities.

The lessons learned from the structural crisis that hit Swedish shipyards in the 1970s and the garrison towns in the 1980s are both valuable and hope-inspiring.

Visitors to the shipyard area in Göteborg or the regiment areas in towns like Linköping and Jönköping find a flourishing entrepreneurial spirit that few could have imagined when the major closures were announced.

The strength of the open market economy is that it always recovers. And the most important political task is therefore not to slow down the adjustment but to ease the recovery so that the downturn will be as short-lived as possible.

That is why we will use the coming years for investments to promote long-term growth and development. These investments will focus in particular on new technology and infrastructure to improve communication and information flows as well as on the individual's knowledge and skills.

Our task is to pave the way for the society of tomorrow, not to safeguard that of the past.

In this work our open and democratic societies are a definitive asset. I would venture to say that we have a major advantage over the more or less authoritarian command economies that still remain.

We have deep-seated confidence in our institutions that stands firm even in difficult times. And there is scope for debating and questioning development that corrects mistakes and breeds new ideas.

But history tells us nothing about the dosage or timing; it doesn't give us any guidance on whether it is correct in today's global economy.

We actually do not know if we are doing too little, and therefore are delaying the recovery, or too much, and laying the groundwork for serious problems a few years down the line. Neither do we know whether we are too early, and risk being overpowered by development, or too late, and risk being overtaken by reality.

The answers to these questions will come eventually, when we look at the effects of the measures taken and have let the debate run for a while so that we can better analyse what has happened and what is happening now.

This process in particular - analysing, learning, and hopefully understanding how the world economy functions in the era of globalisation - is one of the most important challenges for the future. The events of the last few months have raised many intricate questions that demand effective answers if we want to prevent development from running amok in the future.

We have to be humble enough to ask these questions, but also secure enough in our conviction that the answers do not lie in new boundaries and higher walls, in introversion and less cooperation. Fewer boundaries, torn-down walls, openness and cooperation have given us many decades of increased global welfare. Let's not forget that.

Those who want to build a better future cannot be content with merely learning from mistakes. They must also learn from successes.
Let me just make a few remarks before trying to answer the various questions you may have.

Politicians sometimes have a tendency to deliver speeches that are too long - and to be somewhat reluctant to answer questions.

I have to confess to having been in politics for a fairly long time.

I have been a member of the parliament of my country for nearly a quarter of a century. I served as the leader of my political party for 13 years - sometimes in opposition, sometimes in government - including as Prime Minister.

And I have had the honour of serving in different international functions for both the United Nations and the European Union - dealing essentially with issues of conflict resolution and state building after devastating conflicts.

But I have learnt that there is always more you can learn - in particular by listening to the views of others, trying to understand those that might think somewhat differently and seeking answers to the different questions you are confronted with.

I will try to be true to that today as well - but let me start with a few remarks.

My official visit to Beijing today is my first visit as Foreign Minister of Sweden - but certainly not my first visit to your country.

I have been here repeatedly in the last few decades and have been able to see the enormous transformation of your society. I have seen the triumphs and been aware of the tragedies.

It is obvious to everyone that the China of today is a more open and better society for everyone than the China of a decade or two - not to speak of three or four! - ago.

The daring new policy approach that Deng Xiaoping decided upon three decades ago has transformed your country by opening it up to the world in a way that I think few at the time thought possible.

The decades prior to that had in many ways been tragic for China and its place in the world. The price in human suffering of those decades had been appalling.

But step by step the new policy transformed your society, opened you up to the world and started to give your country - with its magnificent history and culture - the place in the world it deserves.

If you look back on the part of the world I come from - Sweden, Europe - the changes during these decades have been nearly as momentous as they have been here.

This year it will be 20 years since we saw the fall of that wall in Berlin that divided a city, a country and a continent - and since then the history of Europe has been set on a new trajectory.

A decision was taken to transform the less ambitious and more restricted European Communities into a new European Union, aiming both at a common currency and a common foreign and security policy, and to open up this new Union to all the new democracies that we saw emerging with the fall of the Soviet empire.

And my country decided to abandon its policy of staying outside any alliances and enter the European Union as a fully fledged member, which we duly did in 1995.

We are still not a member of a military alliance, but we are fully aware that the European Union is a political alliance with far-reaching ambitions also in the important areas of peace and security.

The years since then have transformed the European Union almost beyond recognition.

Today, we are 27 Member States with nearly half a billion citizens. Our internal market is the largest integrated economy in the world. We are by far the largest trading entity on our globe, and we are the largest market for more than 130 nations around the world. We provide more than 60 % of all official development aid (ODA).

But we are also becoming an increasingly strong force in the different issues on the global agenda - indeed, it is the need for a deeper dialogue between China and the European Union on a number of these issues that has brought me to Beijing today.

Relations between China and Sweden have traditionally been good. Next year we will celebrate 60 years since the establishment of diplomatic relations.

We had an excellent state visit by President Hu Jintao to Sweden two years ago, last year my Prime Minister was here in China twice and this year will see further high-level contacts. Half of our government has paid a visit for talks with their respective Chinese counterparts.

This year Sweden will assume the Presidency of the European Union during the second half of the year - following the current Czech Presidency.

And it is very much with this perspective in mind that I am here today.

There is little doubt that we need a deeper strategic dialogue between China and the European Union. Our
dialogue has undoubtedly improved considerably during the last few years, but it is my firm view that we should try to develop it further.

There are urgent issues on the table where we should have a clear common interest - and discuss common ways forward.

Let me just mention three of them.

The first one obviously concerns the efforts to stabilise the global economic situation and secure more sustainable globalisation in the years ahead.

The global economic outlook at the moment is grim - there is no other way to describe it.

The last quarter of last year saw a virtual free fall in global trade and production. We see recession in one country after the other - notably in Europe and America. And we see - which we have not experienced in living memory - trade volumes shrinking.

We will see weak economies and fragile states coming under severe strain - and I fear that we might even see some of them coming close to breaking under that strain.

The worst that could happen in this most challenging situation is for politicians in different countries to give in to populist pressure and resort to protectionist policies.

If there is one certain recipe for disaster - this is it!

The message that was delivered by the informal meeting of the heads of state and government of the European Union yesterday was clear - the protectionist temptation must and will be resisted.

And here China and the European Union have obvious parallel interests. We are both open trading economies, and we both know that new barriers can only take us back to old problems.

We should - in all international forums in the weeks and months to come - form a front against the protectionist temptations that we are now starting to see influencing policy.

But we must also be ready to strengthen our common system of global financial and economic governance.

I don't think it's a question of inventing a new economic system - it's a question of improving the mechanisms that will safeguard and further develop a system that after all has delivered spectacularly well during the past century or so.

As one of the priorities - it will be on the agenda of the G20 Summit in London - we must replenish the resources of the International Monetary Fund. It remains one of our key instruments for helping countries cope with what sometimes amount to economic and political emergencies.

And we Europeans should recognise that a strengthening of the international financial institutions in different ways must go hand in hand with making this part of the system of global governance more representative of the world as it is - not of the world as it was.

This is the first issue - our common commitment to an open global economy and our common effort to create more sustainable globalisation in the years ahead. That the issue is acute today hardly needs to be stressed.

The second issue is intimately linked to the first - I am thinking of the urgency of addressing the challenge of climate change.

The European Union has committed itself to reducing its emissions of greenhouse gases by 20 % by 2020 compared to 1990 - and said that we are prepared to reduce by up to 30 % if a credible global agreement is reached in Copenhagen later this year.

These are demanding targets. They will not be met by themselves. And for all the difficulties there will be in our countries, we are acutely aware of the fact that the challenge for others - China among them - is even greater.

Still we expect the developing countries to make reductions of 15 to 30 % by 2020 - respecting the principle of common but differentiated responsibilities and respective capabilities.

We are at the beginning of a year in which intense efforts to stabilise the global economy must go hand in hand with intense diplomacy to pave the way for a new climate agreement in Copenhagen in December - and I do believe that on both of these issues the dialogue between China and the European Union will be of critical importance.

The third urgent issue that we have on the global agenda is the issue of proliferation of nuclear weapons.

There are already too many nuclear weapons and too many nuclear weapon states in the world today. Although I am hopeful that we will see a reduction in overall arsenals in the years to come - after all, 95 % of them are held by Russia and the United States - I am far more concerned with the risk that we will see further states acquiring these weapons.

New nuclear weapon states in East Asia or the Middle East would be profoundly destabilising and would significantly increase the risk that we will actually see nuclear weapons used and a nuclear war breaking out some time in the future.

Of immediate concern at the moment is the situation in North Korea. There are clear indications that they have embarked on a phase of new confrontation with the international community.

The announcement that they intend to launch a major missile - be it a space launch or a ballistic missile test - hints at a coming confrontation, since such a launch might be seen as a violation of the provisions of UN Security Council resolution 1718.

We all have a profound interest in both non-proliferation and in the stability of the Korean peninsula, and clear messages from the leading international actors are of importance in a situation like this. It should be clear that we are ready to consult and coordinate in order to handle any contingencies so as to preserve the wider regional stability.
Iran is only marginally less of an acute challenge than North Korea. There remain important question marks concerning its various nuclear activities in the past, and it is certainly difficult to fully reconcile its existing programme of enrichment with its declared intention not to acquire nuclear weapons.

These and other issues can only be settled in direct talks with Iran. We have reason to note with satisfaction that at some point such talks are likely to be held between the United States and Iran, but it is also important that there are clear messages from key actors like China - a permanent member of the UNSC - and the European Union. We are open to much broader cooperation with an Iran that is ready to fully respect the decisions of the UN Security Council.

Progress in strategic arms limitation talks between the United States and Russia, ratification of the Comprehensive Nuclear Test Ban Treaty and progress on the North Korean and Iranian issues would pave the way for the Review Conference of the Non-Proliferation Treaty next year.

It has to succeed - failure in these efforts could have catastrophic consequences for global stability in the world of the future.

These are three of the acute issues that are on the agenda of the important strategic relationship between China and the European Union.

But our relationship is broader than just the acute issues of the day.

We have a dialogue on issues of human rights that we attach considerable importance to. It is an open secret that our respective perspectives on these issues often diverge.

Just to take one very concrete issue in this field - we are firmly opposed to the use of the death sentence, and although we acknowledge the improvements in procedures that have been decided in China we are still deeply concerned about the widespread use of the death sentence in your country.

These and other issues of human rights are issues that we address in our dialogues with a large number of states around the world. Sometimes it is easy - sometimes somewhat less so.

And we should also be ready to acknowledge the shortcomings that might exist in our own society.

Indeed, the European Court of Human Rights has found Sweden wanting in a number of cases, forcing us to change our laws and practices in order to be fully in compliance with the European and international obligations that we have signed up to.

As our societies and economies evolve, so will our relationship. Today the student exchange programmes already cover 200 000 students - an enormous stimulus for future cooperation.

And we know that the future will be different from today.

My hope is that the enlargement of the European Union will continue in parallel with the further deepening of our integration. There are approximately 100 million citizens in the countries of south-eastern Europe - notably Turkey - eager to join our Union.

Beyond that we are developing the Union of the Mediterranean and are preparing to launch our Eastern Partnership - extending the reach of our ambitious process of integration, of the rule of law and of open and democratic governance to larger and larger areas.

And current events have certainly demonstrated the need to go further when it comes to the financial and economic governance of our Union.

As for China - no one believes that your spectacular development has come to its final resting point. Visiting the Art 798 district here in Beijing yesterday I was further impressed by the creativity and dynamism that is found in your society.

The future course of the building of your harmonious society is for you to decide, but I am convinced that it will entail a continuation of your evolution over the last few decades into a society increasingly open to the world - and increasingly open also to itself.

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Thank you.
Acts of warfare against, from and in Gaza must cease immediately. This must take place without delay. Israel can only achieve its goal of security from rockets and other attacks through political agreements firmly established in the region and in the international community as a whole. The ongoing diplomatic efforts to achieve a lasting, sustainable solution will be intensified. This must be based on ending Gaza's economic isolation together with specific measures to prevent illegal smuggling of weapons and explosives to Gaza. It is not possible to achieve one without the other.

At the same time, the political authorities in Gaza have a responsibility to the Palestinian people and the international community to refrain from violence and terrorism that targets Israel. Acts of this kind jeopardise the ultimate goal of an independent Palestinian state.

The isolation of Gaza leads to extensive smuggling that itself creates better opportunities to bring in weapons. But ending the isolation will never be accepted by Israel if it is not combined with very firm measures to prevent smuggling weapons to Gaza.

One starting point is contained in the Agreement on Movement and Access of November 2005. The European Union, in cooperation with the US, Turkey, Norway and others, should offer help to Egypt in particular to control the border and effectively counteract smuggling.

The existing EU Border Assistance Mission can be expanded into a broader-based and more comprehensive mission to provide various kinds of assistance. But this must involve opening all border crossings for normal humanitarian and economic traffic. This is the only way that the living conditions for Gaza's approx. 1.5 million inhabitants can gradually be normalised.

A continued policy of isolation is neither morally acceptable nor politically sensible. Initially, an arrangement of this kind must be accepted by the political authorities in Gaza.

At the same time, efforts to achieve a political reconciliation and union between Gaza and the West Bank must be intensified. This can lead to elections and a Palestinian National Authority that can fully participate in the border control arrangements around Gaza.

Immediately following the end of the fighting, a quick assessment must be made of the humanitarian and the reconstruction needs in Gaza. Sweden is prepared to take part in these efforts at short notice. On this basis, an assistance and reconstruction plan should be drafted and an international donor's conference quickly convened to ensure both financing and expertise.

The conflict in Gaza has created new and dangerous tensions throughout the region. These have seriously impaired the conditions for a continuation of the peace process that was begun in Annapolis in November 2007.

The continued peace process - based on relevant UN Security Council resolutions - must immediately be reactivated in accordance with UN Security Council Resolution 1850. The Arabic peace initiative can play a central role in this.

This must be a joint priority for the EU and the US immediately after 20 January. An initiative on a resumed peace process should be taken prior to the election in Israel on 10 February. Delays risk creating tensions that make resumption even more difficult.

Because despite the difficulties we now face and the suffering arising from the conflict, we must not lose sight of the goal: an independent Palestinian state living side by side with Israel in peace and security, and a comprehensive solution to the conflict in the Middle East.
Mr/Madam Speaker,

On 10 December 1948 at the Palais de Chaillot in Paris, the General Assembly of the United Nations took a vote. Sweden’s delegate was one of the forty-eight that voted in favour. None voted against, but eight countries abstained. These included the Soviet Union and its satellite states in Eastern Europe. The subject of the vote was the United Nations Universal Declaration of Human Rights, which was consequently adopted by a comfortable majority.

Few were those who then accorded the document any great significance. The states were not legally bound by the text and violations of the principles that were established were so commonplace that it was difficult to believe that a few words on a piece of paper could bring about a change. For most people, the ceremony in Paris passed largely unnoticed.

Today, when we celebrate the Declaration’s 60th anniversary, the United Nations Universal Declaration of Human Rights is the world’s most translated text and its principles are expected to be respected by every state.

Mr/Madam Speaker,

The Declaration of Human Rights is about the rights and freedoms of the individual and the state’s obligation to respect and protect these rights and freedoms. It is about freedom from oppression and the right to a private sphere, protection of physical and mental integrity and the right to participate in the government of one’s country. The Declaration affirms the freedom of thought and expression, the right to receive and disseminate information. And it sets limits to the power of the state over the individual.

For many, all of this may appear self-evident. But it has not been self-evident before in the history of humankind and neither is it today. The fight for individual freedom has been long and hard. Some of history’s most eminent philosophers and political thinkers have developed the ideas that freedom, democracy and the rule of law are grounded in. The UN Universal Declaration of Human Rights is one part of a long process to create a better and freer society.

And this process is far from over. People are still being imprisoned for their beliefs. People are still being tortured, still being put to death. People are still being denied freedom of expression, thought and belief. People are still being discriminated against.

Yet the world and the individual are far freer today than sixty years ago. The majority of UN Member States are democracies. The rule of law is the norm for state building around the world.

Freedom and integrity of the individual, democracy and the rule of law are no longer just big words and unattainable ideals. They have become a tangible reality for hundreds of millions of people over the past six decades. A great deal still remains to be done before liberation can be said to have reached every country in the world. In recent days we have been reminded of the appalling conditions the people of Zimbabwe are living in. Much work therefore remains. But much has also been achieved.

The UN Declaration came into being after decades when freedom and democracy had to fight for survival. Until 1945 it was by no means certain that the world could escape being enslaved by totalitarian regimes. Democracy and freedom were exceptions - dictatorship and oppression the rule.

But the ideals stood the test and the world took a new direction. The ideas of the open society, which the UN Declaration is ultimately grounded in, gained an increasingly stronger foothold in more and more countries. And despite conflicts of identity and interests, it is more freedom and less oppression and unfreedom that is being demanded in the world today. More democracy, fewer authoritarian solutions and dictatorships.

We live in a world that is far from perfect, and in many places freedom is being threatened by leaders who are fighting for their positions of power. In other places, freedom is being threatened by populist currents and group pressure that stifle and oppress people whose only “fault” is that they are few and different.

But the main current is going in a different direction. Ordinary people, whether they live in Cairo, Beijing or Moscow, are all striving for a life of freedom; they want to live under the rule of law, they want to be able to govern their own lives and the future of their children. Just like each and every one of us in this Chamber and in our country.

Mr/Madam Speaker,

Today we are celebrating a great moment in the history of international cooperation. An event that implies a definitive recognition that politics must be founded on more than power and interests. That the liberation of the individual and the creation of a better world means safeguarding the values expressed in the declaration of rights we are paying tribute to today.
Dear Colleagues,

I wish to join previous speakers in thanking Foreign Minister Stubb for his tireless efforts and contributions as Chairman-in-Office.

Whilst my country obviously associates itself with the statement by the European Union, I would also like to add some remarks from a Swedish national perspective.

These are trying times.

If, some years ago, there was more confidence in a new age of stability and security in our part of the world, based to a large extent on common values, the situation today is more uncertain.

The conflict between Russia and Georgia this summer was short but serious. It showed a lack of respect for core principles of the Helsinki Final Act - the very foundation of what we are doing.

And it has thus generated a new sense of insecurity that has cast a shadow over large parts of our continent.

Whether this can be overcome or not is dependent on a number of factors - not least the full implementation of the August 12 agreement. There have been steps forward - but also steps backward; notably the recognition of the two parts of Georgia as independent states - and there are still commitments that must be honoured.

Foreign Minister Kouchner mentioned in particular the Alkhogori area, and I can only agree with him on the need for the Russian Federation to meet its commitments when it comes to full withdrawal to the positions held prior to the onset of major hostilities on 7 August.

Another important part of this relates to the OSCE Mission. We all know that it has not been able to return to South Ossetia since August - in spite of numerous commitments that this should happen.

We must ensure that it can do so - and we must also make certain that the mandate of a mission in the area can be extended - the monitoring of the situation is an important basis for continued efforts to reach a resolution of the conflicts in the region.

Throughout these ordeals, the firm, energetic and competent work of you, Mr Chairman, and your team have been a constant feature and an important factor in managing the crisis and identifying solutions to the problems.

What happened between Russia and Georgia in the summer clearly demonstrated that there is no such thing as "frozen conflicts" - there are conflicts, and until they are resolved, they remain a threat to the stability of our entire continent.

It is thus imperative that we renew our efforts to resolve the outstanding conflicts in our parts of the world - and do our utmost to make certain that new ones do not occur.

The role of the OSCE - in all its different parts - remains of critical importance in this respect - and let me just mention the important role of the OSCE High Commissioner on National Minorities. However, we have to remind ourselves - in our own interest - to make use of the expertise offered by the Office for Democratic Institutions and Human Rights and the Office of the Representative of the Media.

The 1990’s were dominated by the different conflicts in the Balkans.

We should not be blind to the mistakes we made in this region, but neither should we overlook the fact that there has been success in resolving nearly all of the deep-seated conflicts of this once so volatile area.

I do hope that we will be able to move the entire region towards full integration in the European Union during the years to come.

It is integration - political, economic, human - that is the true path to security in our modern age.

As we discuss the different ways of reinforcing the security of our continent in the years to come, this is a fundamental fact that must always be taken into account.

The Ten Principles of the Helsinki Final Act of 1975 as well as the Charter of Paris of 1990 remain the foundations for our work. I see no reason whatsoever to revise what was agreed then and has been accepted since - but I do see a reason to look at the extent to which we are all living up to these principles and commitments, and what could be done to improve the record in these respects.

In Paris our nations jointly stated, that "we are convinced that in order to strengthen peace and security among our States, the advancement of democracy, and respect for and effective exercise of human rights, are indispensable."

This is what makes our efforts to build true security unique in the world today. They are based not on old
models of balances of power, on military deterrence or bilateral deals - but on the true integration of our societies and on the fundamental link between internal human security and external state security.

This is based on the bitter European lesson of the last century - that if the first starts to be violated, sooner or later the second will be under threat as well.

I welcome a new discussion on the ways in which we should improve and deepen our security in the future.

It should, of course, be based on full respect for the Helsinki Final Act and the Paris Charter, but it could well - and constructively! - focus on how we could reinfore our commitments to, and our mechanism for, the implementation of the security and rights of our citizens, thus strengthening the very basis for the security also of states.

This is the European way - based on the European experience.

There are numerous ways of doing this, and they involve mechanisms and instruments both within the OSCE and within the other multinational organisations that we adhere to. But I do think that the broad nature of our organisation makes it a natural forum for such a discussion in the years to come.

A discussion on ways of doing this should go hand in hand with strengthening other aspects of our common work.

Let me just mention the importance that we must all attach to the issues of arms control.

We should all have a fundamental interest in a common regime of restrictions, limitations and transparency in the field of conventional armaments. Conventional arms control needs to be adapted to the new security environment, while keeping the substance of the CFE Treaty intact. I welcome the initiative of Foreign Minister Steinmeier to convene a conference on this issue.

We are also looking forward to new talks between the United States and Russia on further reductions of strategic nuclear weapons - a successor to the START I treaty - as well as on other strategic issues. This is also important in view of our wider efforts to curb the proliferation of weapons of mass destruction.

Mr Chairman,

It is, of course, a particular pleasure to meet here in Helsinki. It is the cradle of our organisation.

And I can assure you, Mr Chairman, that Sweden will heed your call and do its part to renew the spirit of Helsinki. Doing this - renewing the spirit of Helsinki - is, as I see it, largely synonymous with recommitting to, and upholding the values upon which our cooperation in the OSCE rests.

These values and the commitments to them by participating States makes this organisation unique.

Without respect for these values and their implementation, the prospect for lasting peace from Vancouver to Vladivostok will remain precarious. This is where our common challenge lies, for the years to come.

Thank you, Mr. Chairman.
Dear colleagues and friends, ladies and gentlemen,

When we took over the Chairmanship in early May, when the chestnuts outside were blossoming, we gave clear priorities for what we wished to do.

First I stressed that Sweden would not pursue specific Swedish interests and policies, but the common interest of the Council of Europe.

The task has been given us by the Council of Europe. We would be the faithful servants of the Council of Europe, the values it stands for, and of you all, the member states.

The main objective has been to promote the realization of the Council's core objectives, to promote and protect human rights, democracy and the rule of law, in line with the conclusions of the Warsaw summit.

They are all linked together. Human rights can only be respected in democracies. Democracy is unthinkable without human rights. And rule of law is a prerequisite for both.

I am not going to repeat all the things we mentioned in our priority paper, nor read out our achievement paper which is available. But I think that, in addition to the daily work, we have carried out the specific projects we had planned. We have held four conferences with a heavy emphasis on human rights: on ways of improving the functioning of the Convention, on systematic work for human rights implementation, on the rights of the child, and the rights of the disabled.

Obviously, there are limits to what a chairmanship can do in just 6 months and 20 days.

However, I believe that we have been heading in the right direction, even if a lot remains to be done in the Council of Europe, and in some member states.

One of the things that remain to be done, is the urgent need to reform the court. It is essential to bring about reforms which make it possible for the court to do its job. It has an impossible and increasing work-load, not the least after the new surge of appeals following the conflict in Georgia, and it takes between 5 and 7 years for the court to reach a verdict.

All this threatens the credibility of the court in its role as the bulwark of human rights. And in the long run, it threatens the very existence of the Court and the European Convention on Human Rights.

Indispensable reforms are blocked, since one member state, Russia, has not yet ratified protocol 14. Therefore we have decided to explore other ways to solve the problem.

Among other worries we have in common are the remaining, or maybe mounting, signs of xenofobia and discrimination in our member states, the very difficult situation of the Roma in many member states, including problems in my own country. Just to mention a few issues.

The state of democracy is still fragile in some member countries. Even if there have been steps in the right direction in the recent elections in countries like Macedonia, and Azerbaijan it is obvious that there are still significant shortcomings in many countries, and that a lot has to be done. In some member states administrative pressure on voters still exists, harassment of the opposition, difficulties for the opposition to reach out to the media, and even outright regularities in elections and political prisoners.

We also had hopes that developments in Belarus, and the recent elections, would create the conditions for opening up relations between the Council of Europe and Belarus. But these hopes are yet to be fulfilled.

Also concerning rule of law, much remains to be done in several member states, to ensure that the judiciary is independent, fair and predictable, that the fight against corruption gets going. This is one of the reasons why we organized a conference last week in Tbilisi on the strengthening of the Judiciary in South Caucasus.

We also have to come to an agreement on how to tackle the challenges in Kosovo.

The Council of Europe has an important role to play in all these core issues. And our priorities should be reflected in the budget.

We should recall, once more, the passionate speech held by Chancellor Merkel at the session of the Parliamentary Assembly in April. I will repeat a few of her points.

The Council of Europe has been the "European conscience" concerning our common values for the last 60 years. There is no such thing as internal matters, when it comes to human rights. Trade interests must not outweigh human rights. Europe has to revisit these challenges daily. We have a duty of "mutual interference" when human rights are concerned. And, violence is never the solution, in meeting minorities' quest for autonomy.

These are important words - but we would fail in our duty if they remain just words when we are confronted with the realities of the situation in parts of our Europe.

Rights must be real. Principles must be upheld. Values must be defended. International law must be respected.

We planned our chairmanship carefully. But, even though I warned about the risks of a conflict in the Caucasus
in my address to the Parliamentary Assembly in June - the signs of escalation, from April 16 and onwards, were
there for everyone to see - we could of course not plan for it.
This conflict has absorbed much of our time and political energy in the latter half of our chairmanship.
The conflict was a serious challenge to the organisation and the values it stands for.
It involved violations of the respect for the sovereignty and territorial integrity of member states, and of the
obligations and commitments in the Council of Europe - notably when it comes to the peaceful resolution of
conflicts.
It caused loss of human life and great suffering among the population. Let me just point at the large number of
persons that have been displaced - often cleansed - from areas they used to live.
Clearly, it called for a distinct response from our Council.
I made several statements during the initial phase of the conflict, urging member states concerned to cease
hostilities. I was given the opportunity to visit Georgia. And I called an informal extra meeting during the
General Assembly in New York where we reached a broad consensus on the way forward.
On the recommendation of the Parliamentary Assembly, the Swedish chairmanship proposed an action plan
for the conflict, comprising humanitarian protection, monitoring of how these two member states fulfil their
respective obligations and increased co-operation on the core issues of the Council of Europe.
There were extensive discussions of this plan with all countries concerned. A very large majority of member
States, including Georgia, contributed to the discussions on the draft Action Plan in a constructive spirit, and
expressed support for its adoption.
The Russian Federation, however, submitted amendments that would have changed the very essence of the
Plan.
Despite the wide support, there was no majority, in the absence of an agreement by Russia for a procedural
decision to take a vote. Consequently the plan could not be adopted during the Swedish chairmanship.
This obviously falls way short of our expectations, but the plan will stay on the agenda. It has the backing of
the entire European Union.
To conclude, I would like to thank all of you, member states, and not least the Secretariat, for your support
and co-operation during our Chairmanship.
At the Ministerial meeting last May 2008 we tried to change the format in order to allow for a more political
discussion between Ministers.
I believe that events have proved us to be right. It was a long time since discussions in the Council of Europe
were as focused on fundamental political issues, as they have been this summer and autumn. This has, once
more, showed that the Council of Europe has an important role to fulfill in the European political architecture.
On this note, I wish the Spanish Chairmanship - my friend Miguel Moratinos in particular - all success in the
pursuit of our common values, when you now take over the torch.
And like me just add that I am already looking forward to coming to Madrid in early May for the important
celebration of our 60th anniversary.
Mr. Chairman,
Ladies and Gentlemen,

I would like to thank Russia, and Governor Matvienko, for hosting this Northern Dimension Ministerial meeting in St. Petersburg, and for having the meeting in this beautiful palace. St. Petersburg is by far the largest city in the Northern Dimension area and I find it most appropriate that this first Ministerial Meeting under the new Northern Dimension Policy is being held here.

Sweden attaches great importance to the Northern Dimension Policy. I am pleased that Sweden actively supported the change of the Northern Dimension from an EU policy to a common policy of the European Union, Iceland, Norway and Russia.

As a common policy between the four partners of the Northern Dimension, all four are now intent on actively contributing to concrete and result-oriented cooperation, as also testified by the introductory statements we just heard by the four partners.

As regards the priority sectors of the Northern Dimension, I will limit myself to some brief remarks about the environment.

In Sweden, a most pressing environmental concern is the pollution of the Baltic Sea. In the summer, the effects of eutrophication are there for everyone to see off and on along the Baltic Sea coast. High nutrient concentrations stimulate the growth of algae, often forming thick layers of foul-smelling and poisonous substances. The accompanying depletion of oxygen is also a factor behind diminishing stocks of fish.

One important source of nutrient input to the Baltic Sea is untreated wastewater. We are extremely pleased that many of these sources are now being taken care of as a result of projects undertaken in the framework of the Northern Dimension Environmental Partnership (NDEP).

We greatly appreciate the efforts of Russian Federal authorities, and the authorities of St. Petersburg and other regional authorities, to facilitate completion of important investments in wastewater treatment facilities. We are now looking forward for construction to begin of the Northern and Okhta Tunnel Collectors which will substantially reduce the remaining direct discharges into the Neva River.

It is vital that progress is also made in implementing the investment in the Kaliningrad Wastewater Treatment Plant.

Recent replenishments of the NDEP Support Fund represent a most welcome development. Russia's EUR 20 million contribution was particularly important. With the additional contribution given by the European Commission, there is now more than EUR 30 million of uncommitted funds available for new projects.

Sweden's position is that these funds should be used to support investments in similar types of projects as before, including waste handling and district heating. Such investments in Leningrad Oblast and in Kaliningrad Oblast would have important cross-border effects and be highly beneficial to the Baltic Sea.

To restore the health of the Baltic Sea, much more needs to be done. Concrete objectives are set out in the Baltic Sea Action Plan (BSAP) agreed at the HELCOM Ministerial Meeting in Krakow in November last year.

An important challenge ahead is to gather political support for the implementation of the BSAP. Russia now holds the chair of HELCOM, and will be followed by Sweden in 2010. We look forward to close cooperation with Russia to enhance the implementation process.

Thank you for your kind attention.
Speech on behalf of the Swedish Presidency of the Nordic Council of Ministers at the Northern Dimension Meeting

As prepared for delivery

Mr Chairman, Ladies and Gentlemen,

Since Sweden, nearly a year ago, succeeded Finland as President of the Nordic Council of Ministers, the prerequisites for regional as well as worldwide cooperation have changed dramatically.

The financial crisis has no doubt also deeply affected the Nordic countries, in particular Iceland. Regional conflicts not far from our neighbourhood have also been of common concern to us.

In an evolving world, the Nordic Council of Ministers’ experience and expertise of more than 15 years in the Baltic Sea region is a valuable asset. Its five offices in the region (Tallinn, Riga, Vilnius, St. Petersburg and Kaliningrad) are important actors in this respect.

The Nordic Council of Ministers, or the NCM, is proactive in many fields of importance to the Northern Dimension area. The Council is, for example, engaged in actions focusing on the Arctic region. The NCM has recently adopted a cooperation programme concentrating on the Arctic for the period 2009-2011. The programme will focus on the livelihood of the Arctic people, address environmental and climate issues and ensure the legacy of the International Polar Year, which is coming to an end next year.

In early September, the NCM, together with the EU, arranged a conference on Greenland to highlight the importance of the Arctic region.

Cooperation with Estonia, Latvia, Lithuania and with North West Russia is another cornerstone of the NCM cooperation in the Baltic Sea region. New guidelines for cooperation during 2009-2013 have recently been adopted. The guidelines regarding the three Baltic countries have been endorsed by the Nordic-Baltic foreign ministers.

The objective of the guidelines is to contribute to a strengthened Baltic Sea region and to enhanced possibilities for sustainable growth, well-being and competitiveness. This is in order to meet the challenges and possibilities of globalisation, and also to support the upcoming EU Baltic Sea strategy, a top priority of the upcoming Swedish EU Presidency in 2009. Furthermore, it is to contribute to the establishment of links of cooperation between the strategy and the renewed Northern Dimension.

The NCM is supporting the European Humanities University in exile, in Vilnius. A trust fund has recently been established to safeguard the possibilities for continued education of Belarusian students. At the moment about 2500 students are studying at the university.

Activities to strengthen the fight against trafficking in human beings are yet another area of ongoing interest to the NCM. The Council is, for example, supporting concrete activities conducted by the Task Force against Trafficking in Human Beings and the Working Group for Cooperation on Children at Risk, under the auspices of the Council of the Baltic Sea States. The activities of the former Nordic-Baltic Task Force are being further developed within this CBSS framework.

Within the Partnership in Public Health and Social Well-being, the Nordic Council of Ministers has been particularly active in the fields of socially disadvantaged children and young people, health, prevention of HIV/AIDS, anti-alcohol and drug abuse measures.

In the environmental field, the Nordic institution NEFCO is supporting some 300 small and medium-sized projects, focusing on water treatment, municipal services, power utilities, waste management, chemicals, agriculture and environmental management.

The Nordic Ministers for Culture have initiated an analysis of the potential and desirability to establish a Northern Dimension Partnership on Culture.

Through the programme Knowledge Building and Network, the NCM supports the exchange of about 500 researchers, civil servants and others from universities, public administration, institutions, and NGOs in Northwest Russia and in the Nordic countries.

Through the NGO programme for the Baltic Sea region, the NCM supports capacity building of NGOs in Northwest Russia and Belarus through tri-partite cooperation between NGOs in the Nordic countries, in the three Baltic countries and Poland, and in Russia and Belarus.

Although the NCM is already engaged in many fields of cooperation within the four Common Spaces, we are open to and interested in looking into further possibilities of engagement within the framework of the Northern Dimension, not least in areas for strengthening our region in light of the challenges and opportunities of globalisation.

Thank you for your kind attention.
Mr Speaker,

International law is a crucial principle in every attempt to build a lasting peace.

In Europe we have every reason to proceed from the principles laid down in the Final Act of the Helsinki Conference on Security and Cooperation in Europe. The extraordinary meeting of the European Council held in Brussels yesterday once again underlined the importance we attach to them.

Allow me to briefly quote from some of the most important principles:

The right of all states to territorial integrity, freedom and political independence.

All states’ frontiers are inviolable. The principle that frontiers can change, but only in accordance with international law and by agreement.

All states must refrain from the threat or use of force against the territorial integrity or political independence of any state. Unless there is express support from the Charter of the United Nations, no consideration may be invoked to serve to warrant resort to the threat or use of force in contravention of this principle.

All disputes are to be settled by peaceful means.

All states shall refrain from any form of armed intervention or threat of such intervention against another state.

There is every reason to level strong criticism against the reciprocal escalation of violence in South Ossetia, and against Georgia’s decision to launch a major offensive in the area on the night of 7 August.

But none of this gave Russia any right to resort to the use of massive military force against Georgia in the way that it did.

It is clear that this aggression and Russia’s subsequent recognition of South Ossetia and Abkhazia represent clear and unequivocal breaches of the fundamental principles guiding relations between states in Europe that I have just quoted.

And it is therefore also natural for us to have reacted very firmly to what has happened. To neglect to do so would be to weaken the principles that must underpin every lasting peace in Europe.

Of course, every conflict of this kind should be placed in its historical context.

At the beginning of the 1990s, the then Russian leadership accepted the right of the former Soviet Republics to self-determination within the frontiers that existed at the time.

These frontiers were not always ethnic frontiers, but the decision to accept them was a decision that spared this vast area much of the bloodshed that unfortunately came to befall a different part of Europe.

However, a series of conflicts broke out in the Caucasus. But the ambition has been to resolve them all - around Nagorno-Karabakh, Chechnya, Abkhazia and South Ossetia - within the framework of respect for the territorial integrity of the states concerned. Up until now the consensus has been that every deviation from this principle would create serious risks for the future.

I also say this to emphasise the seriousness of Russia’s decision to abandon this principle by deciding to recognise Abkhazia and South Ossetia as independent states.

This overall picture should also include the tension that has developed since 2003 between a Russia that has chosen to follow a more authoritarian political course and a Georgia that - not least as a result of increasing pressure from Russia - has chosen to follow an ever clearer western course and made major progress towards democracy.

A concrete manifestation of this was when approximately 80 per cent of Georgians voted in a referendum earlier this year in favour of their country joining NATO.

This tension has gradually escalated in recent months. The start of this phase of the conflict can perhaps be dated to the Russian presidential decree of 16 April that was intended to pave the way for a gradual absorption of the two Georgian conflict regions into Russia.

Unfortunately we know what the stages were in the escalation that followed. Then came the showdown at the beginning of August with five days of open warfare when Russia attacked Georgia following the latter’s serious escalation of hostilities in South Ossetia.

Following the intervention of the European Union, an agreement could be reached to end hostilities and seek a solution in accordance with six principles. An important element of these was that all combat forces were to withdraw to the positions they had held before hostilities began on 7 August.

When the heads of state and government - as well as the foreign ministers - met in Brussels yesterday, there
was agreement that Russia had not fully respected these principles, despite some withdrawals. Russian military positions deep inside Georgia proper are not compatible with the agreements entered into.

Yesterday’s meeting ended in agreement on three key conclusions:

Firstly - the demand for a full Russian withdrawal in accordance with the six-point plan. Until this has happened, the planned negotiations on a new partnership and cooperation agreement between the EU and Russia will be put on hold.

Secondly - strong support for Georgia and an equally clear and important opening for new and closer relations between the EU and Georgia. A support conference will be quickly arranged, and other important measures prepared.

Thirdly - fresh support for proposals previously initiated primarily by Poland and Sweden on a more active common European policy towards our partner countries to the east.

Whereas it was previously intended that a more concrete discussion on this would take place next spring, we are now moving towards a discussion as early as at the next summit in October and a decision in December. Great importance is attached to relations with Ukraine.

One should add to this the obvious conclusion that every form of recognition of the two breakaway republics should be rejected - we intend to announce more concrete measures in this respect following a report from the Commission - and that the EU’s overall relations with Russia should be examined.

These issues will be discussed informally by the foreign ministers over the coming weekend.

This is our immediate policy. It is a strong and united European policy.

We will have a great many opportunities to comment on the long-term consequences of this war and this conflict on later occasions.

Allow me just to make two strategic observations.

Firstly - the threshold for Russia's use of military force in its immediate vicinity has clearly been lowered. This does not mean that it is this low everywhere, or that immediate parallels can be drawn between different situations. But that hardly reduces the gravity of this observation.

Secondly - with its decision to recognise South Ossetia and Abkhazia as independent states, Russia has now opened up a series of issues in a way that risks causing future instability. I find it very difficult to see how this decision can be in Russia's own long-term interest, but unfortunately this does not change what has happened.

It remains to be seen how EU relations with Russia will be affected in the long term.

I fear that the course Russia has now chosen to follow will limit both its opportunities to continue its process of modernisation, which is so important, and the potential for deeper cooperation with the rest of Europe on a whole series of issues.

This is something that we have been forced to note, but that we have every reason to regret.

However, our task is to deal with the situation we are actually facing after the five-day crisis in the Caucasus. I hardly need to point out that Sweden will be playing an active role in forming overall European policy on these issues.
It’s a great pleasure to be able to take part in this important conference.

I have been among those arguing that we need to go back to the European Security Strategy that we adopted in late 2003.

Not because it was flawed in any way. Not because it in essence has not stood the test of time. Not because it hasn’t served us well.

But primarily because a union like ours needs an ongoing strategic debate in the true sense of that word, and because it is only through such a debate that we can gradually bring the different strategic cultures of our respective countries closer together.

One if the criticism levelled against the 2003 document - perhaps in particular on the other side of the Atlantic - was that it wasn’t a very strategic document. It was seen as richer in description of the challenges - terrorism and organised crime, proliferation of weapons of mass destruction, regional conflicts and failed states - than in outlining the strategies for how to deal with them. Perhaps.

But it should be realized that our union is just starting to emerge as a strategic actor in the true sense of the word, and that any attempt at charting a strategy must start with a description of the terrain that we are likely to encounter as we move ahead.

In the debates during the past few months it has been pointed out that there are a number of challenges that loom larger on the horizon now than they did half a decade ago.

All the issues associated with energy and climate change obviously belong to this category. Energy security has risen also recently on the political agenda of Europe. And to combat climate change is clearly one of our top priorities in the years ahead.

But you could also point at issues like the ballistic missile threat, maritime security and piracy, illicit arms trafficking, cyber attacks and cyber security as well as issues of space security when discussing challenges that looms larger today than they did then.

We often forget how much has changed since 2003. 2004 saw the great enlargement that surely one day will be seen as one of the truly finest hours of the entire process of European integration.

2005 saw the landmark decision to open accession negotiations also with Turkey, thus confirming our vision of an open and strategically ambitious European Union.

2006 saw all the issues connected with energy security - already to some extent on the radar screen in 2003 - coming into dramatically sharper focus.

2007 saw our Union assume a global leadership role when it comes to tackling the enormous challenge of climate change. And this 2008 has of course seen the days of war in the Caucasus and the beginning of the changes that are bound to flow from it.

Before heading off in that direction, let me just note that the most important starting point for any discussion on the challenges ahead must be the challenge of the Union itself.

The kind of Union we are in 2009, 2014, 2019 and 2024 - years of elections and transitions - will have a decisive influence on our ability to shape our strategic environment and to handle the different challenges.

Will we be able to come to some more steady state in terms of the institutions we need, and will we be able to anchor these institutions firmly in our respective national political systems? We have stumbled time after time in the last few years, but sooner rather than later we must find the necessary steady state.

Will we be able to change and reform our economies, facing the challenge that will come also from demography and continue to be winners in this age of accelerating globalisation - or will a failure force us to sink down into a defensive and protectionist mood?

Questions such as these are beyond the scope of our discussions today, but we should not neglect the fact that the answers to these questions carry great significance for our global position.

There are parts of the world in which the strategic debate sees our Europe as far more of an interesting part of history than of a true partner for shaping the global future. We should take note - and prove them wrong.

The 2003 document famously opened by stating that “Europe has never been so prosperous, so secure nor so free. The violence of the first half of the 20th century has given way to a period of peace and stability unprecedented in European history”.

This was written eight years after the end of the war in Bosnia, four years after the end of the war over Kosovo - and five years before the war in the Caucasus.
It is not immediately obvious that one would use the same language today.

It will certainly take some time to fully assess the different consequences of that war for the wider European and global situation.

In a press release after the meeting of the so called Collegium of the Ministry of Foreign Affairs of Russia on Tuesday of this week it was stated that "the latest events in the Caucasus will have far-reaching and multifaceted consequences for regional and global politics and signify a new quality in the international situation and in the standing of Russia."

And in a more immediate commentary on the more immediate situation the independent commentator Fyodor Lukyanov - editor of Russia in Global Affairs - wrote the other day that "the entire post-Soviet landscape increasingly resemble a minefield where the slightest sudden movement could lead to yet another explosion."

I have so far restricted myself to making two strategic observations.

The first is that it is evident that the threshold for Russia to use military power to defend what it defines as its interests has clearly been lowered. This does not mean that it is equally low everywhere - it was obviously particularly low here - but it is nevertheless a somewhat unsettling observations.

The second is that Russian policy has now opened up border issues in the post-Soviet space that it is difficult not to describe as destabilizing for the future. The informal discussions at the meeting we had yesterday in Paris with the Central Asian states certainly confirmed this.

One of the key strategies identified in the 2003 document was "to promote a ring of well-governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations."

But on the question of relationship with Russia it chose to be vague in the extreme - just noting that "respect for common values will reinforce progress towards a strategic partnership."

As a theoretical concept this sentence certainly still holds true, but as a description of the present situation it does not hold water. If anything, there is a tendency for values to drift apart, and the element of a relationship there is must rather be defined in terms of possible common interest.

We obviously need to develop new strategies and devise better instrument in order to be able to contribute more effectively - under more adverse conditions to the pursuit of our aim of "well-governed countries to the East of the European Union."

Leaving the question of Russia itself aside - whether it will slide backwards into a 19th century geopolitical attempt to achieve hegemony, or whether it will join a 21st century world of cooperation and integration - we must develop a true Eastern Partnership with those countries of this area - including the Southern Caucasus - that sees gradual entry into the structures of European integration, respecting our values and building the institutions of the rule of the law and open societies, as their way towards a better future.

Here, I do believe that there is the need for innovate and ambitious approaches, and the need to see even the smallest of steps in the broader strategic perspective.

This should not be seen as attempts to establish a "zone of influence" to the detriment of the willingness of these countries to develop their relationship with other countries, including Russia. But it should certainly be seen as giving these countries the right and the possibility to freely choose their own future.

Whether they want to be influenced by us or not should be their free decision - zones of influence imposed by others should be alien to the Europe that we are seeking to build.

The most powerful strategic instrument Union has deployed during its decades of existence has been the policy of being open to new members. This is a policy that is laid down in Article 59 of the Treaty of Rome, and this article applies to every country of Europe without any restrictions or exemptions.

Much has been achieved since 2003 in this regard.

We have opened accession negotiations with Turkey and Croatia. We have signed SAA agreements with all the countries of the Western Balkans. We have developed the European Neighbourhood Policy - since then given more concrete form in one direction with the Union of the Mediterranean and about to be given the same in another with the Eastern Partnership.

The most critical of the questions ahead in these respects is clearly the question of the accession of Turkey. We know that there exists significant resistance in a number of countries - and we also know that Turkey itself will have to go further in its reform policies.

Nevertheless - there are few questions as important when it comes to defining and deciding the role the European Union can play on the wider stage in the future as this. It is not only the size and the strategic location of the country that I am thinking of. I would argue that Turkey is today already the second most important strategic partner to the European Union after the United States. But the question of admitting Turkey or not will boil down to whether we are to build a Europe truly open for cooperation with countries of other cultures or traditions - as well as to give them inspiration for the future - or whether we will risk sliding into a long-term confrontation of cultures and - eventually - countries.

Few issues are - in my opinion - of greater strategic significance for the future of our Union than this.

The 2003 document was supposed to be followed by different more concrete policies in different areas, as well as by efforts to develop the instruments necessary to carry out these policies.

But I am afraid we have seen less of this than should have been the case.

In much the same way as I see the need to develop our strategic debate in order to move towards a common strategic culture in our different countries, I see a need to develop the common instruments of knowledge upon which our policies will be based.

Elements of this are already in place. We see our Heads of Missions around the world making joint assessments of different situations. We have developed a Situation Centre in Brussels that is often useful. We have institutions in Brussels that are making their assessments of the challenges we are facing.

But more clearly needs to be done.
Sooner or later the External Action Service will come into being. National embassies will certainly remain - and be of critical importance to the respective countries - but the EAS is likely to reinforce the tendency towards a common knowledge base for our policies.

But we must also look at other ways of improving our common collection of knowledge and information, and of ways of disseminating this to decision-makers as well as opinion-shapers across Europe.

A close inter-action with a vibrant community of think-tanks will be critical to the development of this common knowledge base, as will be a closer dialogue between the different analytical and intelligence agencies we are equipped with.

Apart from the more slow-moving strategic instruments of enlargement and neighbourhood policies in the immediate area, and the increasingly important strategic dialogues that we are developing with countries like China, India and Brazil, we must be able to deploy more quick-reaction assets in order to engage with and influence different situations.

As we are now deploying our 200-man monitoring mission to Georgia - and doing that rather fast - we must reflect on why we were not ready to engage in a more ambitious way in this region and with its different conflicts earlier.

That some were calling for this is an open secret - as is the fact that others thought it was one bridge too far, and that we should not be overly exposed in far-away places of which we knew very little.

The last year has seen us as a Union deploying a 3,000-man strong military force to Thad and the Central African Republic, a large mission to Kosovo and now the 200-man observation mission to Georgia. Taken together this represents a rather significant expansion of the ambitions that we have with our so-called ESDP missions.

With these missions expanding in scope and in size, and with the deployed or having to cover increasingly different areas, there is clearly the need for better structures for both planning and command in Brussels or otherwise adjacent to the political authorities.

In the past there was the fear that this would either duplicate or perhaps even seek to replace the structures built up during the years in NATO. But lately we have seen even the United States coming out in favour of stronger independent European capabilities - understanding that there is the need for both.

Although the military mission are often seen as the most demanding, it is often the deployment of the more political and civilian ones that are the most challenging.

While we have standing military units ready to go notable the two EU Battle groups ready to deploy within 10 days - we don't have policemen, judges, lawyers or different instructors ready in the same way. But while state-building is about security, it is even more about the building of the different institutions of a functioning society.

Over the years different Europeans have accumulated a vast experience of the different sorts of stability operations performed under different flags around the world. But once a mission has been completed, this experience - the good and the bad lessons - often disappear, and the next mission is built without sufficient benefit of them all.

One idea to remedy this might be to create a European Union Institute of Peace - bringing together not only experiences from the past, but also developing the policies for the future in close contact with everything from the academic world to the hard-nosed practitioners out in the darkest corners of the world.

Without making it a copy, one could well learn from the experiences of the US Institute of Peace set up and operating directly under the US Congress.

As we develop our instruments and institutions of knowledge, set up our External Action Service, try to foster a vibrant think-tank environment and build new institutions of planning and execution we must obviously also continue to restructure our military forces to be more suited to the needs that we see ahead.

Recent independent studies - by the International Institute of Strategic Studies as well as the European Council on Foreign Relations - have painted a picture of rather substantial improvement in European capabilities as we go from the large static defence forces of the past to the more dynamic intervention forces of the future.

There will never be - nor should we ever seek - a common European army or defence force.

But we all recognise that all operations of relevance that our respective forces will have to take part in will be multinational operations of the one sort or the other, and that in most of the cases most of the other forces in these will be from other European nations.

At some point in time we must review the Headline Goals from 1999 as well as the more recent Battlegroup concept. The French Presidency has recently submitted some interesting thoughts regarding this.

But in the meantime we should discuss how we can use these forces when they are not used.

Why can't we - just to mention an example - as a routine deploy the EU Battle groups to different areas of interest to us. This will test their deployment ability - and it will demonstrate what we are able to do. I'm certain it will be seen as more meaningful by the forces themselves than just waiting somewhere for nothing to happen.
Address to the Parliamentary Assembly of the Council of Europe

Address by the Chairman of the Committee of Ministers of the Council of Europe Mr Carl Bildt, Minister for Foreign Affairs of Sweden, on the occasion of the third part of the 2008 ordinary session of the Parliamentary Assembly of the Council of Europe

CHECK AGAINST DELIVERY

Mr President, Mr Secretary General, Ladies and Gentlemen,

I am honoured to be in this distinguished assembly to address you in my capacity as Chairman of the Committee of Ministers.

I have never had the privilege of being a member of your assembly, but over the decades I have had reason to follow your work closely as numerous prominent parliamentarians of my country have - and rightly so! - seen their work in this Assembly of utmost importance.

And the reasons for this are obvious.

The Council of Europe might not deal with food prices, energy policy or treaty ratification hurdles - which we dealt with in another body during parts of last week.

But it does deal with issues that are more fundamental to the well being of our citizens and societies - and it deals with these in a far larger part of Europe.

In May we marked that 60 years have passed since the congress in The Hague that gave the impetus for the setting up of this Council a year later - an event we will celebrate next year.

That congress was based on the firm belief that it is only by safeguarding the rule of law, by protecting human rights and by building democratic structures of governance that we can secure future peace and prosperity in our part of the world.

These truths were self-evident immediately after the end of another of the wars that had devastated Europe. But I believe we need to remind ourselves of these truths even in Europe of today. Peace can never be taken for granted. Prosperity does not come out of nowhere.

If we cannot build the rule of law, our societies are bound to descend into a state of legal nihilism that sooner or later will endanger virtually everything else.

If we cannot safeguard the human rights of each and everyone, our societies are in risk of degenerating into darkness.

If we cannot protect our democratic way of governing - with all that that entails - then sooner or later our societies risk sinking into confrontation, crisis and chaos.

And this is what the Council of Europe is all about - about the most fundamental of European values and European interests.

This is where Europe has to stand tall and be proud of its achievements. In Europe itself - and in the wider world.

But while being proud of our achievements, we must also recognise that there are significant challenges ahead, and that these values and interests need to be safeguarded everywhere and all the time.

My country - Sweden - tries its best, but even we have to note that rulings in the European Court of Human Rights sometimes exposes flaws in our adherence to the high standards of respect for human rights and that we have to undertake changes.

No state stands above these standards. Every state is subject to the jurisdiction of the common institutions we are so proud of.

The role of the Council covers a number of different areas. But of critical importance is obviously the issue of free and fair elections.

And here you - together with other institutions - play an important role.

On your agenda this week are reports from the recent elections in Georgia as well as in the Former Yugoslav Republic of Macedonia.

In both cases we have noted shortcomings - but in both cases we see improvements in the latest rounds of voting.

On your agenda is also the situation in Azerbaijan - with the upcoming election - as well as Armenia, after the tragic events of 1 March.

They both require close surveillance. The attention that you give these countries is most welcome.
As we look ahead I believe we have to note that parliamentary elections have been scheduled for Belarus on 28 September.

Obviously, we would all hope that there will soon be the democratic changes in that country which would allow it to assume its rightful place in this assembly.

These elections will be closely watched. I can only appeal to the authorities of Belarus - in the best interests of the future of their country - to allow truly free and fair elections and to also invite long-term as well as short-term international observers.

I will be consulting with my colleagues chairing both the OSCE and the European Union to see what else we can do to further that important objective.

But democracy is not only about having free and fair elections. It is also about respecting the result of the vote as well as the government that is formed as a consequence.

I understand that you intend to have a discussion on the situation in Turkey and the extremely far-reaching legal challenges now mounted against its democratically-elected government.

We obviously have to respect the constitution of Turkey, but in judging how the country’s different constitutional institutions are used we must also take into account the principles and practices of the countries of the Council of Europe.

The banning of political parties is always a serious issue, but the Venice Commission has laid down certain rules that ought to be observed. I believe that laws and practices that go significantly outside these rules will be seriously questioned, not only in this Assembly.

Although stressing again that our task of safeguarding respect for human rights and the rule of law applies to every country - there can be no double standards - there are two regions to which we are presently devoting particular attention.

One is Southeastern Europe.

At the Ministerial meeting on 7 May we had the possibility of an extended discussion on this subject - both in more general terms and as to the activities of the Council of Europe.

Both the rule of law and respect for human rights have made great progress in this area during the last decade or so - but the tasks remaining are still formidable.

Refugees and displaced persons everywhere should have the right to return if they so wish. The rule of law should apply equally to each and everyone. Elections should be conducted peacefully and free of any form of coercion or intimidation. Corruption corrodes and destroys. European neighbours should be seen as future friends - not past enemies.

Here, the Council of Europe is helping - and should continue to do so

I am pleased to note that President Tadic of Serbia will address you during the week. I hope that a reform-oriented government, advancing the European integration of Serbia, can be formed very soon.

I am certain that he will explain to you his country’s position on the status of Kosovo. Others governments have the same view, although the majority of the countries of our Council have recognised Kosovo as an independent state under international supervision.

UN Security Council Resolution 1244 still applies, and a reconfiguration of the international presence in Kosovo will now occur. It is important that this also gives room for the continued activities there of the Council of Europe.

Few things are more important for the future of Kosovo and all those who live there than the rule of law - and we all know that the situation today leaves much to be desired in that respect.

The second area of special concern is obviously Southern Caucasus.

In this region too, progress has been made towards the building of democratic institutions, respect for human rights and the rule of law since Armenia, Azerbaijan and Georgia joined the Council of Europe.

However, electoral observations in these countries have shown that there are still shortcomings which need to be addressed in order to have fully democratic elections.

In addition, in all three countries, political life is characterised by a strong polarisation and antagonism between the majority and the opposition. This absence of political dialogue and trust is, in my opinion, a serious structural obstacle to democratic progress.

Key to the future of the region is both economic development and the resolution of the unresolved conflicts that otherwise tend to dominate their political concerns.

Let me just stress the fundamental importance that we attach to the territorial integrity of Georgia. That Abkhazia must have the widest possible degree of autonomy in the future is obvious, but the territorial integrity of Georgia must not be called into question. To do so would risk the stability in a much wider region.

Moving on to the more formal aspects of my speech, I would assume that you have all received my written communication providing you with details on the progress of the Committee's work over recent months, including the 118th Ministerial Session and its follow-up, and about forthcoming events.

I will only highlight a couple of points that are particularly important to the Swedish Chairmanship.

As my colleague, Cecilia Malmström, informed you at the meeting of your Standing Committee in Stockholm last month, Sweden’s priority is to implement the Warsaw decision to focus on core issues - to make rights real for the European citizens.

This we do through the European Convention on Human Rights and the European Court of Human Rights.

The challenges we face here are well known: the increasing awareness of the convention and the court in increasingly large parts of Europe has led to a huge backlog of cases.
In itself, this is highly satisfactory. There are international institutions that just fade away into irrelevance - here we have one that is seen as increasingly important by more and more Europeans.

And then we - governments, parliamentarians - in the 47 countries of our Council have a collective responsibility to make certain it works.

I can reassure you that this is an issue dear to me - and to which I will devote attention.

Ratification of Protocol 14 is obviously of key importance. I hope that a new interest in the issues of the rule of law in Russia will open up new possibilities in that respect, and will obviously pursue that issue.

But let me remind you that there are several ways in which these issues must be addressed. We should all stress the importance of national efforts to make certain that the Convention can be implemented on the national level.

This is one of the most effective ways of protecting the Court against an excessive workload.

The Ministers took stock of work to this effect at the Ministerial Session. Following that, a Colloquy was organised in Stockholm on this very subject at the beginning of the month. The conclusions from the Colloquy will be taken into account in the further reform work.

These are some of the priorities that we will continue to work with.

And they are all related not only to the core issues identified more recently for the Council of Europe, but more importantly to those fundamental values and interests identified as this Council was set up nearly six decades ago.

They have proved their strength and importance since then - I am convinced they will do the same in the decades ahead.
Ladies and Gentlemen,

I have been asked to try to answer the question of whether Europe is still in demand in the world of today and tomorrow.

My answer will be that we very much are - but let me start by first looking at the somewhat broader picture and the crucial importance of the policies we pursue.

The beginning of the 3rd millennium has been the most prosperous years ever in the history of mankind. World trade has grown at an average rate of 7 percent per year between 2000 and 2007 - which mirrors global growth slightly more than half this figure.

Today one third of the global population lives in countries with more or less 10 percent growth rate. This means that they double their incomes in less than a decade.

Never has the global economy grown in a faster rate. Never have so many poor people been able to rise from poverty so fast. In fact, approximately 80 % of the world's population today lives in states where poverty is being reduced.

Back in 1990 only two persons out of ten in this world were living in reasonably free economies.

The political changes underway then - and reinforced in the years that followed - means that today nine people out of ten on this planet are living in more or less open economies.

And the transformation that has followed is enormous.

This spring it is 30 years since Deng Xiaoping declaring the Open Door Policy in China - a policy that would transform his country from one of the most closed and backward economies of the world to an increasingly open one.

As a consequence it has since then doubled its economy every eight years. China today exports more in a day than it did in a year back then.

India will this year have a growth rate between 9 and 10 percent and Indonesia - the worlds 4th most populated nation - will reach a 7 percent growth rate.

Politics not only matter - politics is decisive.

What we are seeing now - in this third wave of globalisation - mirrors what we saw during its first wave in the 19th century.

In 1830 - when a new wave of globalisation was about to start - Russia's GDP was app 10, France's app 9 and the Habsburg empire's app 7 bn USD - and Britain at that same level.

But six decades later things were very different.

The economies of France, Russia and the Habsburg Empire had doubled - but the one of Britain was then four times larger than it had been in 1830.

The difference was one of politics - Britain's was a far more open and liberal economy, and thus far better equipped to use the new opportunities created also by the evolution of new technologies.

Germany chose a slightly different path and with considerable success in the decades before the 1st World War.

But the key to Germany's success was the Zollverein and the consequent economic integration as well as the strong technological performance by the German industry on the global markets.

Berlin, with its world leading electro engineering industry, could be seen as the then Silicon Valley of those so prosperous and dynamic decades before the lights went out in Europe in August 1914.

While Great Britain, Germany and - catching up - the United States took advantage of the expanding world trade and steadily increased their global competitiveness, other less adaptive countries such as the Russian, the Ottoman and the Habsburg Empires lagged behind.

Their policies were simply not adequate for the new era of global economic exchange.

So we see that the lessons of the different waves of globalisation are essentially the same.

And they are the same as we have learnt here in Europe also in the recent decades.

European integration is the greatest force for both peace and prosperity that our history has ever seen.

A continent of strife and conflict has been transformed into a continent of integration, the rule of the law and true peace between nations.

And economic integration brought prosperity first to the West of our Europe after the devastating wars of the
first part of the last century and are now bringing it to the East of our Europe after the devastating dictatorships of the second part of the last century.

But the benefits have been there for us all.

There is little doubt that the enlargement of our singly market with the 10 nations and 100 million people from the Gulf of Finland in the north down towards the Bosporus in the south has been important in boosting the competitiveness of all of our economies.

New markets have brought new opportunities. New competitors have brought new demands. New integration has created new possibilities. There is little doubt that productivity and growth has been boosted in all of our economies as a consequence.

Enlargement has been a true success story in bringing both peace and better prosperity to every part of our continent.

As we try to chart our course into the future we should be mindful of the fact that we are likely to be only in the beginning of the third wave of globalisation - and that it coincides with a scientific and technological revolution that seems to be gathering speed by the day.

I still remember the day little more than a decade ago when I got the first GSM telephone in my hand.

The company - it was Ericsson - wasn't entirely certain it was going to be a huge hit.

But it certainly did.

For all what we Swedes say about the fact that we are one of the few countries giving 1 % of our economy in development aid, I believe that the GSM revolution has meant more to the development possibilities of large parts of the world than all of that.

Today a third of the population of the world has a GSM telephone. The number of subscribers is increasing with 8 million every month in India. The world's fastest growing telecommunications and GSM market is Africa.

And we have seen profound revolutions in manufacturing and integration as a result of this technological revolution.

A Nokia GSM cell phone of today consists of 900 different components sourced from more than 40 countries and is then sold in over 80 different markets around the world.

There is the fear that we will see the massive dislocation of production to distant locations and us in Europe or elsewhere losing out as a consequence.

There will be a dislocation of production. That's essentially a good thing. But there is nothing that says that we will be the losers.

If you read on the back of an iPhone - another of the iconic products of our age - you find that it is "designed in California and assembled in China."

But if you buy it for USD 299 only 4 of those really goes to China, with 160 dollars ending up in different parts of the United States for design, transportation, marketing and much more.

And the same will of course apply to what we in Europe can produce in terms of continuing pushing the frontiers of research, innovation and development forward.

We live in a world of fast and profound changes - and we must recognize that the key to a better future is to be open to these changes.

Once upon a time we used to talk about developed and underdeveloped countries. Then we changed the terminology to developed and developing countries.

In the world of today and tomorrow I believe it is essential that we understand that we are all developing economies - some faster, some slower, and with profound consequence some decades down the road.

This year IMF estimates that more than half the aggregate demand in the global economy will come from so called emerging markets.

After a long period in which global demand was driven by the demand of the consumers of America we have now entered a situation in which global demand will be more driven by the emerging economies.

It's another sign of the tectonic shifts of our time.

There are those fearing that the positive developments that we have seen during the past few decades can't go on.

That there are new threats to open societies. That the open trading system might be questioned. That the strains that we see on different resources - energy, food, water - will take us into a Malthusian world of new rivalries and conflicts.

Recently we have seen some starting to advance the proposition that we are facing a new political challenge from a new version of authoritarian and capitalist states - with China and Russia as the leading examples.

And it is certainly true that China is still a dictatorship run by the communist party, and that the political system of Russia during the last few years has become increasingly authoritarian at the same time as its business climate has started to suffer from more erratic and heavy-handed state interference.

But things should be seen in a somewhat longer perspective.

We have not only seen countries from Spain and Greece here in Europe throwing off the shackles of authoritarianism as they developed more open economies and societies, but the pattern has been the same in numerous countries as different as South Korea, Mexico, Taiwan, Brazil or Indonesia.

And as there emerges a more demanding and open-minded middle class also in China and Russia I am sure its leaders over time will be confronted with demands for more or the rule of the law, more of transparency in
governance and more respect for the rights and the freedom of the individual.

Setbacks there might well be - but there are few who see any risk of these countries returning to the horrors and miseries of their respective past.

They both - in their respective ways - are keen to join with the rest of the world in the great process of globalisation, and they will have to adjust their regimes and their policies to the demands that are bound to follow.

I don't see the threat of new authoritarian regimes that others evidently do. I see pressure inside their societies to move in a more open direction - but certainly no pressure within our societies to be more closed and more authoritarian.

The direction of change should be an obvious one.

And I believe that this in some way will apply also in some of the regions that we have the most reason to be concerned with.

The countries of the Arabian Peninsula are now in a period of spectacular growth with their economies set to double every five years.

It is oil and gas - but increasingly more than that. The smaller Gulf countries now derive more income from the return of their investments around the world than from their energy exports.

They form part of that broader Middle East that we will be more dependent upon for our oil and which is at the centre of some of the most complex issues of our time.

The enormously important clashes taking place within the civilisation of Islam.

The fear that any lifting of the lid of authoritarianism would unleash a wave of fundamentalism across the region has so far proved unfounded. Elections during the last year or so in countries as different as Morocco and Pakistan have showed only a very limited support for such forces.

And when more than a million people of the Iranian middle class go to Turkey for their vacations every year they seems to prefer the bars to the mosques - also knowing that a tolerant and secular and democratic society have room for both.

But these are societies, which will face great challenges during the years to come.

Today one in four under the age of 25 in the Middle East and North Africa are unemployed. And with a decade and a half the Arab world will grow by app 160 million people. In pure numbers this means adding a further two Egypt to a region which for a long time was growing significantly slower than the rest of the world.

If there is peace in the region and a gradual move towards more open economies and more open societies there will be a significant demographic dividend that would translate into new prosperity and new possibilities.

That's the good scenario. But there is another one.

Continued conflict - hot or cold - and continued absence of significant reform - and the risk of the region falling down in a vicious circle of unemployment, desperation and frustration.

With a perfect storm of political conflicts and economic failures there is then the risk of large parts of the region heading for something approaching a systematic breakdown.

To be part of the efforts to prevent this must clearly be one of the critical European priorities of the years ahead. To help with the reforms needed to open up their economies and societies. To help with the reconciliation necessary to build peace.

Overcoming animosities and divisions of the past in order to create open societies and open economies - always facilitated by the institutions of the rule of the law and representative government - is one of the most difficult tasks of our age.

I do believe that in spite of Freedom House noting a setback for freedom across the world as a oil-rich nations are limiting liberties, the march forward of our open societies is not only what will bring hope to further millions and billions - but is also what is likely to happen in the longer perspective.

Thus, I'm not overly worried by our open societies being under threat - but I must confess that I am worried by the threat to our open economies represented by the rising tides of protectionism across the world.

Within the next few weeks we are likely to know whether the Doha Development Round will have succeeded or failed.

I don't need to spend time here to explain the fruits of success.

But failure would be truly dangerous. It would be the first time since the Great Depression that a global trade negotiation has failed - and it will come at a time when we see other pressures and uncertainties building up.

We can't in detail what would happen. By I do fear that one failure will lead to further failures.

We already see how a free trade treaty with Colombia is blocked in the US Congress and how a free trade treaty with the US is the subject of vigorous protest in South Korea.

And in the critically important area of food - where rapidly rising prices are creating new political instability in already fragile parts of the world - we have seen how a wave of populist-driven export and trade restrictions have pushed prices further upwards.

Indeed, the International Food Policy Research Institute says that the elimination of these export bans would reduce price fluctuations and could reduce price levels by 30 percent.

In a critical important area we thus see how moves away from free trade and free markets are causing prices to rocket and human suffering to increase.

And what in this particular case applies to food would of course apply to every other commodity if policies there where to come under the same pressures of populism.
We would all suffer the consequences.
The story of our Europe in the past decades is the story of the success of open societies and open economies.
This has to be the path into the future as well.
And it is in pursuance this path that I am convinced that Europe can serve the wider cause of global development as well.
Few things are more important than demonstrating to the world that it is by working together that we can build a better future.
And here the model of Europe is a model that is seen as increasingly attractive around the world.
Since returning to more active politics as Foreign Minister little less than two years ago two things have surprised me.
First - that the Europe of 27 actually works. In some ways it works even better that the Europe of six.
Second - that the demand for Europe - the model, the voice, the role of Europe - across the world is as strong as it is.
The countries of sub-Saharan Africa can never overcome their challenges if they don't start integrating and working together - and when they created the African Union to achieve that it was our Union that was their inspiration.
They have a long way to go. Inter-regional trade in Africa is only on a level a fifth of what we find in Asia - and we know in Europe how critically important that trade is for growth and prosperity.
And conflict resolution clearly requires far more of cooperation than we have seen so far.
Again, it is Europe that can help and Europe that can serve as an inspiration.
But it is not only Africa.
At the recent meeting between the leaders of Europe and those of the Latin American and Caribbean countries in Lima the message was the same.
As when we somewhat earlier in Singapore meet with the representatives of the half a billion peoples of Southeast Asia.
But for Europe to be a model and an inspiration for others it has to continue to move forward.
These days the result of the Irish referendum is on everyone’s lips. That’s natural.
We have to take in and respect what has happened - but we also have to remember that this is a sort of situation we have faced numerous times before and which we have found mutually acceptable ways out of.
This we will do after listening to what Ireland itself wants to do. And we will do it all together.
Let one thing stand clear: We have not united Europe in order to start to split it up again. Our Europe is a Europe of partnership - for the big states as well as for the small ones.
But we must also recognize that our task of uniting Europe is not completed.
The recent enlargement with a 100 million citizens has been a resounding success - perhaps the greatest of the success stories of European integration.
But waiting outside for are a further 100 million citizens of Southeastern Europe - the countries of the Balkans as well as of Turkey.
That process of enlargement will be more demanding that the ones that are behind us, but ultimately perhaps even more rewarding.
Our market and union will move from app 500 million to app 600 million people - thus consolidating a position for a long time to come as the largest integrated economy on the planet.
And we will even more clearly demonstrate that Europe is about overcoming the conflicts and problems of the past.
Catholics and Protestants are no longer killing each other. Some Orthodox is even prepared to forget about the Fourth Crusade and the sack of Constantinople. Jews are as natural part of our societies as any Christian.
These are achievements that did not always come easy - but they are now firmly embedded in the DNA of European society.
And there is no fundamental reason why the tolerance and reconciliation that has been achieved between and within these two Abrahamic faiths should not be extended to the societies dominated by the third of these great beliefs.
That would also send the strongest possible message of reconciliation and reform to that wider Muslim world that is our most immediate neighbour - on the map as well as over the street back home.
And few things would be better not only for the prospects of our peace and security in the decades to come, but also for our possibilities for prosperity in the future.
Europe has already transformed itself. It is today more prosperous, more peaceful and more secure than at any previous time in its long history. This will go on.
But increasingly we must also be prepared to look outwards - and see the role and responsibilities we have in the world.
By continuing to be a beacon for open societies, open economies, open integration and an open global trading system its task ahead in changing the world for the better might be an even more important one than the one behind us.
Politics will be decisive - this is the way we shape the future.
First of all, let me thank the Government of Iraq for the Annual Review Report presented to us prior to this conference. This report provides evidence of the progress achieved since the launch of the International Compact with Iraq last year. It also highlights the efforts of the United Nations to advise, support and assist the Government and people of Iraq.

Without progress in the field of security, fair and sustainable development will not be possible. We note significant progress compared with the situation a year ago. A more stable Iraq is gradually emerging. But the fruits of progress must benefit all Iraqis - irrespectively of religious beliefs or national identity. Justice and the rule of law must be extended to all.

Increased respect for human rights is a precondition for sustainable security and development. The obligation of the Government and authorities at federal, provincial and local level to ensure that all Iraqis can enjoy their human rights should guide efforts in all areas.

While welcoming the economic progress outlined in the Review Report, we note that much remains to be done to ensure that all Iraqis, including those who have been forced to leave their homes, have access to acceptable living conditions. Sweden will continue to support the international efforts to give humanitarian assistance to the displaced, but the main responsibility for improving the situation lies with the Government of Iraq. The decision by the Government of Iraq to provide economic support to IDPs and refugees is indeed a welcome step.

Political progress has been achieved, as shown by important legislation adopted during the past year. We hope that this momentum will continue and that efforts to find compromises on other pressing issues will be intensified. Without true reconciliation and broadly based political compromises, achievements already made may not hold, and priorities and plans for the future may come to nothing. Therefore, no efforts must be spared in the work to strengthen and accelerate the political process.

Iraq has indeed achieved a lot during the past year, but we all know the road ahead remains long and difficult, as underlined in the Review Report. Continued support by the international community is therefore of crucial importance. In this context, a strengthened role for the United Nations in Iraq is essential. We look forward to continued significant progress and to a meeting in Baghdad next year.
Speech at the Bosporus Prize for European Understanding, Ankara

Let me start by expressing my sincere gratitude to you Mr Prime Minister as well as to TUSIAD for the great honour you have given me by awarding me this year's Bosporus Prize for European Understanding.

I come from a country in a somewhat distant corner of Europe - but a country that has always looked upon Turkey with interest as well as friendship.

And I come from a country that today sees it as one of its most important tasks to contribute to the building of a new order of peace and prosperity throughout Europe - a Europe whole and free, democratic and dynamic - so as also to be able to defend our interests and promote our values in the wider world.

It was only in 1995 that my country was able to join the European Union - indeed I had the honour of signing the Treaty of Accession in June 1994.

But since then we have become one of the most active countries in promoting the concept of an open Europe - of the support for open societies in all parts of Europe, of a Union open to all the democracies of Europe that want to join, and open in its approach to the outside world.

There might still be those wanting to see a more closed Europe - more rigid and regulated societies, doors closed to nations that are seen as different and a more protectionist and defensive attitude towards the outside world - but increasingly it is this vision of an open Europe that is guiding what we are trying to do in the European Union.

It can be said that the European integration project is about building the future by overcoming the past.

A part of the world more ridden by conflicts and wars than perhaps any other is trying to build a new model for the peaceful integration of nations and societies.

When the Treaty of Rome was signed in 1957, many drew inspiration from the old Empire of Charlemagne in the West of Europe, and still the city of Aachen is somewhat of a Mecca and Rome for the original idea of European unification.

But the power of the idea of integration has long outgrown the boundaries and bonds of that tradition of Charlemagne.

Bringing in the United Kingdom was a very major step - and it should be remembered that France blocked it for a decade out of fear of the consequences - the British Isles had never been part of the Empire of Charlemagne.

And since then one step after the other has been taken.

The European Union of today comprises nations and states that only a century ago were more or less integral parts of both the Habsburg and the Russian Empires.

We bring together nations that, like my own, have been formed by the Protestant tradition of rebellion against Rome with those that have been shaped by the Catholic tradition of the counter-reformation, and we are now a Union that also respects that Orthodox tradition of Christianity that for thousands of years looked towards the Bosporus for its inspiration.

And we are a Union in which people of the Muslim faith are playing an increasingly important role.

The last few years have seen ten nations with approximately 100 million people - from Estonia to Bulgaria - that until recently were part of the Soviet Empire - or even of the Soviet Union itself - coming into our Union.

Their prospects for peace and prosperity have been enhanced - but so have those of the Union as a whole.

The next large stage of enlargement will be the one covering the approximately 100 million peoples of south-eastern Europe - with Turkey obviously being the most important of those countries.

The importance for Europe as a whole of the entire region of the eastern Mediterranean and the Black Sea is obvious to even the most superficial student of history, and in this age of accelerating globalisation and energy interdependence, this is perhaps even more so.

Here, Turkey is continuing its process of reform and modernisation. We have all been impressed by what has been achieved not only since 2002, but perhaps even more when you look at it in the somewhat longer perspective.

The reform processes - as well as the urge to be wholly a part of Europe - have their roots in the late Ottoman period, but particularly in that astonishing period of modernisation driven by Mustafa Kemal Ataturk.

There was little doubt about the direction in which he wanted to take the Turkey that he had created - an open, modern, secular, democratic and European nation.

And there can in truth be little doubt that this is the direction in which the Turkey of today - step by step - is also moving. Your election last year was an impressive confirmation of the democratic support that this process has.

Your country was a founding member of the Council of Europe in the late 1940s, and since 2005 you have been negotiating - chapter by chapter - for accession into our Union.
I am a strong supporter of that process.

You are, of course, the ones that should determine what is good for your country, and vigorous debates in which different views are exposed are part of that process. The decision - at the end of the process - as to whether membership of the European Union is in the interests of Turkey is yours and yours alone.

I'm a strong supporter because I am convinced that a Union that also takes in these 100 million people of south-eastern Europe will be a far stronger Union in virtually every respect.

Apart from the obvious geopolitical advantages, I am convinced that the democratic and dynamic Turkey you are seeking to build would add vitality and vibrancy to the Union, and that your particular perspective would also enrich the policies of the Union.

This perhaps applies in particular to our common foreign and security policies where your deep knowledge of, and involvement with the Caucasus, Central Asia and the Middle East would strengthen our common policies and our possibilities of impacting on the development of these so important areas.

But it would also demonstrate - once again - that overcoming the differences of the past is the European way of building the future, and that the differences that exist in the cultural or religious traditions of our respective societies - be they Christian or Muslim - can be a source of creativity rather than - as so often in the past - of conflict.

It would send the most powerful message possible to the rest of the world about the nature of our open Europe - and about our deep wish to be a force for overcoming the conflicts of the past and the confrontations of the present in order to build a future based on dialogue, respect and understanding.

We all know the hurdles that are there on the way towards this goal.

You will have to continue your reform process - and let me use the opportunity to welcome the important step that was just taken with the modification of the infamous paragraph 301.

But you know better than I do that more must be done. Your pace of accession to the Union is a function of your pace of reform in your own country.

We in the countries of the European Union will have to reinforce our efforts to truly gain support for the concept of an open Europe in each of our societies. There are those that believe differently - that want doors closed rather than open, and see the future with fear rather than with hope.

Ours is the task to convince them - and the success of European integration and understanding during the past decades clearly demonstrates that it can be done.

And there must be efforts by all concerned to use the new opportunity that is there now to overcome the painful division of the island of Cyprus. To miss, once again, this opportunity to achieve a solution would be nothing less than an historic calamity - the consequences would endanger the far wider objectives we are seeking.

In the last few weeks I have visited countries as diverse as India, Indonesia and Egypt.

Two things were striking in all the discussions I had in these countries.

First the need to do more to promote dialogue and understanding between and within the different religious beliefs and cultural traditions. For some countries, this is nothing less than a condition for survival in this age when the politics of identity has replaced the politics of ideology.

And second was the urge for Europe to be a stronger voice also on the wider global stage.

The continued reform process of Turkey as well as your accession to the European Union will be central to this for the years and decades to come. We should recognise that we are involved in a process that is not only of national or European significance - but which will resonate across the world.

So we must continue our work.

And I sincerely hope that the day will not be too distant when the different churches, mosques and synagogues of Sarajevo could be seen as a true symbol of the Europe of cultural richness and diversity we have achieved - and when the great city on the Bosporus will be the largest of the cities in a European Union, not only securing the peace and prosperity of our part of the world but increasingly being able to shape the destiny of our world.

I thank you for the Bosporus Prize for European understanding.

Contact
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Speech at IISS-Citi India Global Forum

It is always a true pleasure to come to India and to feel how our world is changing. We are living in an age of accelerating globalisation. We are in the third phase of globalisation.

The first was the European phase - this was from the time when the ideas, interests and individuals of Europe burst upon the global scene some centuries ago, until the time when Europe nearly destroyed itself in the devastating wars that dominated the first part of the last century.

The second phase was the one when the Americans dominated much of the later parts of the previous century. The industrial and military might of America, as well as its idealism and entrepreneurship, fundamentally reshaped the global order of things.

And we are now in the early decades of the third phase of globalisation with its distinct Asian face.

It is all about the return of Asia to the position that it had in the global economy a millennium or so before the rise of Europe and then its offspring on the other side of the Atlantic Ocean.

You can argue over when it started.

The rise of Japan has deep roots. Indeed, during the century between 1870 and 1970 Japan and Sweden were the two star performers in the global economy - and my country had the benefit of living in peace throughout that period.

And let’s not forget that after the war in the early 1950s South Korea had an economy on the same level as that of Sudan – today they seem to belong to different worlds.

But it was really only when Deng Xiaoping in China in 1978 - thirty years ago - started to open up a system that had failed so miserably and brought so much suffering to the people of China, and then when India nearly a decade and a half later under the then Finance Minister Manmohan Singh started its new era of reform, that the comeback of Asia started to take off.

The years since then have been spectacular. The impact of the rise of Asia has been felt in every corner of the global economy.

And the last few years have seen the eyes of the world turning increasingly towards India and its impressive performance.

We have seen the country growing at nearly 9 per cent a year, and it has been argued that the almost quarter of a billion people that make up the middle class of India are the most economically dynamic group on our planet today.

This is only the beginning of the story.

I think everyone is aware of the challenges that India is facing as it moves on, but I have yet to meet someone who doubts that these will not be overcome one way or another, sometimes more quickly, sometimes more slowly, sometimes easily, sometimes with greater difficulty.

The pace of further change and growth can never be certain - but there are few doubts about the overall direction.

We are seeing the emergence of India on the global stage.

And this is happening as the entire international system undergoes major changes.

From a European perspective, it is obvious that the peaceful demise of the Soviet Union is one of the truly defining features of our time.

The disappearance of great empires is hardly unique - in the longer sweep of history it is rather somewhat of a routine. But it always tends to be associated with strife, conflicts and major wars.

In the wake of the uniquely peaceful implosion of the Soviet empire - although the decade of wars of disintegration in the Balkans should not be forgotten! - we Europeans are now engaged in a truly historic attempt to build a genuinely new order of peace and prosperity in our part of the world. A Europe whole and free, democratic and dynamic, united by the rule of law anchored in our common institutions.

For us Europeans, the importance of this can hardly be exaggerated. But I believe it is of far wider significance.

In the past century, it was the conflicts of Europe that twice spread all over the globe and gave us worldwide wars. In the past century, it was the totalitarian ideas of Europe that spread over the world and produced carnage and suffering for countless millions.

And in decades not long ago, it was the conflicts over Europe that risked producing that ultimate conflagration that led Albert Einstein to say that while he was not certain which weapons World War III was going to be fought with, he knew that World War IV would have to be fought with clubs and sticks.

The building of this new order of peace and prosperity in Europe is still a work in progress.

Much has been achieved.
Recent steps to increase the coherence of the international efforts in the country are therefore most welcome. More complex than just winning a war.

But we are now nearing the moment when it will become possible to see the crookediro of Afghanistan that will depend most on peace and stability. I don't think we can ever be militarily defeated by the Taliban - but building peace is inherently for a strong common interest to search for lasting solutions and enduring stability.

And it's an area where the common interests and the common values of India and the European Union make this point of view.

Both India and the European Union give priority to the shaping of a peaceful environment for their respective political, economic and social developments, and both do it in neighbourhoods that are not always ideal from this point of view.

And increasingly, this neighbourhood that we have to be concerned with is the same.

We must welcome the new democratic government of Pakistan. It is important that it can stay the course.

And it’s an area where the common interests and the common values of India and the European Union make for a strong common interest to search for lasting solutions and enduring stability.

To secure a stable Afghanistan - and to understand that this will require our sustained commitment for many years to come. I don't think we can ever be militarily defeated by the Taliban - but building peace is inherently more complex than just winning a war.

Recent steps to increase the coherence of the international efforts in the country are therefore most welcome.

But securing the stability of the country can’t be done without the commitment of all the neighbours of Afghanistan.

We must welcome the new democratic government of Pakistan. It is important that it can stay the course.
during the years to come. And it is of course of crucial importance that the country’s armed forces fully respect the sovereignty of an elected government that is the hallmark of society building a better future.

We must also seek a deeper dialogue with the government in Tehran on issues of regional stability that are of common concern.

It has a dismal and worsening record on human rights, and it still has to live up to the obligations laid down by the UN Security Council concerning its nuclear activities; but the proud nation of Iran can never be just isolated into a policy of greater regional responsibility.

Europe is seeking a dialogue with Iran - and we have every reason to intensify that search.

We have every reason to intensify our engagement with the different countries of Central Asia as they chart their future.

Some of them must clearly address internal shortcomings in order not to endanger their future stability, but I think we have a mutual interest in making certain that their choice in terms of partners for the future is not narrowed down to just Russia and China.

We must be very clear on what is at stake in the peace process for the Middle East initiated in Annapolis in November last year.

Final status negotiations will result either in a peace agreement later this year - or in the high probability of a gradual slide towards confrontation and war. And we all know that one of the most important sources for those rivers of rage that run through the Muslim world is the situation in the territories occupied by Israel.

We must be ready to do more to support the efforts of the United Nations to bring peace and stability to Iraq. Here, all the neighbouring countries have a crucial role to play, but so has the wider international community. Failure in Iraq will bring new threats to us all.

On 29 May, the International Compact with Iraq will meet in Stockholm under the chairmanship of UN Secretary-General Ban Ki-moon and Iraqi Prime Minister Maliki to assess progress and see what more can be done. The voice of India would be important in that meeting as well.

We must also discuss how we approach all of the issues of Africa in the years to come. The European Union is deeply engaged in trying to strengthen the different efforts of the African Union, and we have historical and other links of great importance with the different parts of the continent.

We have every reason to welcome the recent meeting here in Delhi between India and the countries of Africa. With our common democratic values, there should also be scope for an intensified dialogue between Europe and India on possible common approaches to the different issues of that dynamic and important continent.

But beyond these pressing issues in the regions between India and the European Union we share a commitment to the development of a framework of multilateralism that can secure the benefits of globalisation, allow us to handle common challenges and also turn all our neighbours - Russia and China come to mind - into truly responsible stakeholders in a common system.

And common frameworks are important.

Let’s just take the rapidly emerging issue of the fast rise in food prices that now threatens to cause instability in one country after another.

It is a structural phenomenon far more than a cyclical one, and it therefore requires a structural and long-term response.

But what we are seeing now is the emergence of actions in country after country that risk making a difficult situation even more difficult. Price controls, export tariffs and restrictions on international trade can only serve to reduce the amount of food available on the global markets and limit the incentives to the expansion of production that is so essential.

They risk creating more hungry people today and even more hungry people tomorrow.

But without an international framework in which these pressing issues are addressed, there is a risk of short-term actions aggravating the long-term problem.

The same of course applies to all of the challenges associated with the issue of climate change. It is obvious to everyone that they will be in focus as we head towards the important meeting in Poznan in Poland later this year and the decisive meeting in Copenhagen in Denmark in December of next year.

These issues also illustrate the need to further develop our institutions of global governance - the role of countries like India, China and Brazil is critical and they must be given place and weight in international financial institutions, as well as in bodies like the G8, if the world is to be able to move harmoniously forward.

All of these - and many more - are issues where I believe India and the European Union share common interests and common ideas.

There are strong reasons to seek to develop the Strategic Partnership further. The conclusion of a Free Trade Agreement - negotiations are proceeding rather slowly - would obviously be of importance.

But it may well make sense to start looking at the possibility of a new and more political agreement between India and the European Union - both have, in terms of both interests and capabilities, outgrown the Cooperation Agreement signed in 1994.

In this age of accelerating globalisation - and the return of Asia - there is a need to look at the strategic relationship that would be necessary in order to best safeguard our interests and secure our values.

And a stronger strategic relationship between India, as it emerges as an increasingly important and democratic power, and the European Union, as it now also consolidates its institutions for its common foreign and security policies, is clearly called for.
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When talking about the Balkans, it is always tempting to talk about history. You could dwell on the division of the Roman Empire in the 4th century or the split between the Eastern and Western branches of Christianity approximately seven centuries later along roughly the same geographical dividing line as we see today.

Or you could spend some time on the advance of the Ottoman Empire into the area - the battle of Kosovo Polje in 1389 always to be mentioned - or its gradual retreat and eventual demise - the Berlin Congress of 1878 certainly not to be forgotten.

Or you could jump to the first and the last decade of the last century that were both dominated by the various Balkan wars - the first and the second Balkan wars, and that third Balkan war that quickly developed into the first world war, and then in the final decade of the century the various wars of Yugoslav succession that stretched from 1991 to 2001.

I will spare you all of this - but I can't avoid mentioning some critically important aspects of this history. This is a part of Europe that has been ruled or dominated by more or less multinational empires for longer periods than any other part of our continent.

A thousand years or so of the Roman and Byzantine Empires - Rome and Constantinople. Half a millennium or so of the Ottoman Empire - Istanbul. Centuries in some cases of the Habsburg Empire - Vienna.

And these many centuries left a mosaic of peoples, cultures, traditions and nationalities that was rather unique even in those long lost days when much of our Europe was more multinational than is the case today.

To set up nation states in this area according to the fashion that we started to develop in Europe a couple of centuries ago was accordingly a task that was extremely difficult. In his 14 points towards the end of the First World War President Wilson promised national self-determination to more or less all of Europe - but even he had to make an exception when confronted with the mosaic of large parts of the Balkans.

It was then we got the various Yugoslavias - three or four or more depending on how you interpret the last decade or so.

Whether or not these various Yugoslavias were a good idea is something we had better leave to the historians of the future, but it already became clear some time ago that they were not sustainable in an age where the urge for national self-determination and the setting up of nation states were everywhere present.

The wars of Yugoslav secession were wars to define the territories of the new states that would emerge out of the debris of the collapsing old socialist Yugoslav system.

There might well have been schemes for a Greater Croatia or a Greater Albania at various times - or a Greater Bulgaria if we move towards the South - but during these years it was the Serb issue that was at the core, with a substantial number of Serbs living outside the borders of the Republic of Serbia in the old Yugoslav system.

Years ago, when I was asked to try to coordinate the peacebuilding operation in Bosnia immediately after the war, one of the most frequent questions I was confronted with at various international gatherings was whether we had a reliable exit strategy from our operations there.

You might remember that the original plan was that everything should be sorted out and done with within a year.

My answer then was that we should not think of exit strategies for us from the Balkans but instead of entry strategies for the Balkans - into the structures of European integration. Over time, there was no other way in which the various divisions of the region could be overcome.

The region was still busy erecting new borders and barriers - but we had to try to fast-track it into the more modern European concept of taking down barriers and reducing the importance of borders. We had to rush the region from the approach of the 19th century to the possibilities of the 21st century.

But that - as we have all learnt - is much easier said than done.

Partly - that should be said - because of us, the other Europeans, not from the Balkans.

There is talk of enlargement fatigue, of Balkan fatigue and of general political fatigue. We speak about the Europe of results - fine, but we also need a Europe of greater visions.

Partly it is because of the region itself.

It is a sad fact that we are still not at that inflection point in its long-term development when we can say with certainty that the forces of integration are stronger than the forces of disintegration.

The process of European integration has undoubtedly made progress during the last few years. Croatia is negotiating for membership. FYROM Macedonia has been given candidate status for membership. Albania and Montenegro have signed SAA agreements. Serbia and Bosnia have initialed the same type of agreements.
There is a more or less functioning free trade area.

This is all progress - although somewhat patchy, and without a perspective for the region as a whole that is so essential.

There is economic growth of around 5 per cent in most of the region, but the process of reform is uneven, the burden of past structures still rather heavy and the region not yet attracting or mobilising the investment that would be needed to put it on a more stable growth path.

And now we are coming up towards the need to try to deal with the question of the status of Kosovo.

I will not go into all the political issues involved in this decision, nor try to discuss how they can be addressed from the point of view of international law in the absence of a decision by the UN Security Council.

I have two concerns that we need to address.

The first is the obvious one of state-building in Kosovo. Taking a decision on status might be the easiest part of the process ahead of us - creating a truly stable, sovereign and viable state over the years to come a somewhat more demanding one.

The second is the need to avoid major setbacks in the crucially important process of regional and European integration as a result of the political turmoil that decisions on the status of Kosovo could be associated with.

If we were to fail in creating a stable state in Kosovo, and at the same time see new barriers blocking the necessary economic and political integration of the region with the rest of Europe, I fear that we will see economic, social and eventually also serious political tensions building up in the years to come.

But if we were to succeed with both of these tasks, the future - after a rocky period - might well look considerably brighter.

And for all the attention that is given to somewhat less central issues these days - like the dates of various decisions - I would urge those really concerned with the future of the region to focus on these two issues.

If you ask those living in Kosovo, we know that practically everyone of Albanian nationality wants independence. But if you ask them what is there most pressing concern - and this is what UNDP regularly does - you find that economic and social issues are even more important, and that a large majority takes a rather dim view of prospects in these regards.

The economy is very weak.

Unemployment is around 40 per cent - with the share of the people in the labour force being low. Approximately a third of the population is 15 years or younger, and more than 30 000 new job seekers are entering the labour market every year. Very little is actually being produced - exports only cover approximately 6 per cent of imports, a uniquely low figure - and Kosovo is highly dependent on declining remittances from abroad and somewhat uncertain aid flows from us.

And when it comes to issues like the judicial system, corruption and education the latest assessment of the European Commission makes for rather grim reading.

This certainly does not mean that there is no hope - but it does means that in these aspects, too, we have achieved less during the UNMIK years than many had hoped, and that Kosovo is facing a huge challenge in the years ahead.

Today, there are expectations that the achievement of independence of some sort - will also bring rapid improvement in the economic and social situation.

The expectations are there, and if these are not meet, there is a risk that some years down the road we will be faced with a new period of political instability in the country.

At the very worst, we could even be faced with a failed state.

There are numerous things we can and must do to avert this danger, but I see little prospect of lifting Kosovo in the coming years without making it fully part of a region fully committed to integration with itself and with the European Union.

It is trade that will bring investments, and it is investments that will bring jobs, and it is jobs that will bring the prospects of a better future - and thus also of political stability.

And this brings me to my second major concern at this moment in time - to make it possible for the process of regional and European integration to move forward.

A recent study by Vladimir Gligorov at the Vienna Institute for International Economic Studies - "Costs and Benefits of Kosovo's Future Status" - highlights the importance of this for Serbia, for Kosovo and for the region as a whole.

If there were to be a harmonious development of the relations in the region - including between Serbia and Kosovo - the study believes Kosovo's potential growth rate could be close to 7 to 8 per cent a year in the medium run while Serbia could sustain a convergence growth rate above 5 per cent a year. Both would benefit from a "peace dividend" as trade would expand faster in the region and its attractiveness to FDI would also increase.

That's the good scenario.

The less good is of course new barriers to trade - primarily between Serbia and Kosovo - and the stalling of efforts to facilitate regional integration in various ways.

The consequences would obviously be severe, but since the IMF believes that current macroeconomic developments in Serbia are unsustainable, its economy is ill placed to risk macroeconomic stability as a consequence of political overreaction to an undesirable outcome of the Kosovo issue.
The way Serbia goes will be important not only for Serbia itself but for a large part of the wider region. With its central location, and the weight of its economy - more than 10 times the size of the economy of Kosovo - its attitude towards further integration will be of critical importance.

On Sunday Serbia will elect its president for the coming years. The decision is up to the voters of Serbia, but we cannot fail to note that the contest seems to be between a more European-oriented approach and one that might seek to take the country back to some sort of nationalist bunker.

The European Union has a critically important role in facilitating the processes of regional integration and in view of the tensions we will be facing in the months to come I believe it should now seek ways to strengthen that role.

The offer this Monday by the European Union to conclude an interim agreement with Serbia on intensified political cooperation could be seen as a first step in these region-wide efforts. Whether or not this offer will be taken up remains to be seen - we might have to wait until after Sunday to see.

Another step is coming with the renewed emphasis now given to visa liberalisation for the various countries of the region. Depriving young people, in particular, of the possibility of travelling to the rest of Europe is not in our interest.

During this year we must also look seriously at the possibility of taking further substantial steps on the road to integration with the European Union.

It is my sincere hope that Croatia - following the formation of its new government - will be able to step up its pace of reform so as to make the conclusion of accession negotiations in 2009 a more realistic possibility than it looks at the moment.

Both Serbia and Bosnia have initialled SAA agreements, and signature should be possible within the next few months thus paving the way for progress towards candidate status along with Montenegro - all under the assumption that these countries are in fact interested in applying for membership of the Union.

Reforms are picking up speed in FYROM/Macedonia, and it could well be that these will be enough to give a date for the start of accession negotiations.

Within the next few years we should be able to bring all the countries of the region into or close to actual accession negotiations.

But as I say this I must also state that these negotiations will have to be pursued with the individual countries according to the progress there are making on adopting and actually implementing the various provisions and reforms necessary. We must be prepared to develop instruments to help and assist them in this work, but we must also make clear that the demands of membership must be met, and that at the end of the day this is very much in their own interest.

As progress is gradually made when it comes to the accession process, we should, in parallel, seek ways of accelerating the integration of infrastructure and the promotion of inter-regional trade links, with there being a very considerable scope for expansion in both areas.

One area that I believe merits much closer attention is the area of energy - and that is for three reasons.

The first is that we have a framework for cooperation in place in the form of the Energy Community for South-Eastern Europe in force since 2006. This includes the region de facto in the various aspects of energy policy of the European Union.

The second is that energy is becoming a rather complicated issue in the region. The lack of investments over a long period, in combination with the closing down of nuclear production in Bulgaria and economic growth starting to come back means that the energy balance of the entire region soon will start to be rather problematic.

And the third is that there is a considerable potential for the expansion of climate-friendly energy in the region. Both Bosnia and Albania have great possibilities in terms of hydro power but are dependent on a functioning regional power market in order to start to expand. There are also other energy resources in the region, notably coal in both Bosnia and Kosovo, although somewhat less advantageous from the carbon emission point of view.

The European Stability Initiative (ESI) has recently published an interesting study - "A Bosnian Fortress - Return, energy and the future of Republika Srpska" - in which it describes the positive impact that energy investments are having on integration in Bosnia, with what is happening in the former Serb hard-line stronghold of Doboj as an example.

A new European initiative for energy integration in the region - in combination with other infrastructure initiatives - should be in everyone's interest, as practically all the counties of the region are going to face difficulties in this area in the years ahead. Integration in this area will then also pave the way for integration in other areas.

At present there is also a plan for a "Donor's Conference" for Kosovo. The need to augment support for its various state-building efforts is obvious, but I think we should seek ways of demonstrating that our commitment is not to one part of the region only, but that we are genuinely seeking to help the development of all parts of it.

A major European Union conference on regional integration and cooperation - with energy issues as one of its most important topics - could thus serve to bridge the gap that would otherwise be there between the short-term efforts to help just Kosovo and the longer-term efforts at the integration of the entire region in the European Union.

There is little doubt that it is the European Union that is the key to the future of the region. Other more distant actors might have their exit strategies from the region, but for us the issue is one of an entry strategy for the region into our institutions of integration.
Contact
Sara Malmgren
Leave of absence
Erev Tov

Let me start by congratulating you on this the 8th Herzliya conference and say how much I have enjoyed listening to the presentations, debates, disputes, fears and hopes expressed here over the past few days. For me it has been Israel at its best.

A democracy searching its way forward, confronting challenges and shaping its future direction through an open and vigorous debate. I wish we all had a public debate on issues critical to our future of the same breadth and depth as you have demonstrated here.

Since re-assuming public office as Foreign Minister of Sweden a year and a half ago I have visited Israel three times - and to that should be added a number of other meetings with primarily Foreign Minister Livni.

It’s all part of a determined attempt to improve relations between our two countries in a number of different areas.

The last few decades have seen Israel undergo a dramatic transformation in the economic area, and you have emerged as one of the most vibrant hubs of our rapidly developing global high-tech economy.

And as you know, we in northern Europe - the Top of Europe - could well be seen as another of those vibrant global hubs of research, development and innovation at the very cutting edge of development. We are both societies and economies in search of excellence.

Also in areas like education and culture there could be ample scope for developing what is already today a thriving bilateral relationship. Having listened to the discussions here, I can see a number of areas where a deepening of contacts would be of obvious mutual benefit.

But these issues have not been the main focus of your discussions here, but rather the far more complex strategic challenges associated with the search for peace and security for Israel and for this entire region.

Six decades since the founding of the state of Israel, there is still no comprehensive peace agreement, and the rockets raining down on Sderot these weeks illustrate much too vividly that issues of security never can and never must be neglected.

In spite of this, we should not forget the progress we have seen during these decades.

The peace agreements with Egypt and Jordan - the most populous Arab country; your most immediate Arab neighbour - meant a fundamental improvement.

On a daily basis they demonstrate that a comprehensive peace - although sometimes a cold one - is possible - if there is real political will.

What we have seen during the last few years and months have been a number of developments that have lead to a situation in which it is very obvious that this year will be a crucial year in the search for peace and security in the region.

Let me just mention the three most obvious ones.

For the first time I have heard a Prime Minister of Israel state that now there is a "partner for peace" among the Palestinians - referring to President Mahmoud Abbas. Also for the first time a Palestinian president confirms that he sees a partner for peace in the Israeli Prime Minister.

For years it was the absence of such a partner that was often portrayed as the most important obstacle to peace. The presence of this partner accordingly presents Israel with a unique and strategic opportunity.

That’s obviously of critical importance.

Of great significance is also the renewed commitment by the United States to the search for not only this or that more or less limited agreement, but for a comprehensive settlement of the conflict that has raged within and around Israel during its six decades.

President Bush has indicated that this is his perhaps most important priority during the year that he has left in office. We have no reason to doubt his word - and every reason to support his determination.

The importance of this is equally obvious.

And the third crucially important factor is the commitment of the entire Arab world. The Arab Peace Initiative - critically carried by Saudi Arabia - offers the prospect of an end to the conflict supported by all countries in the region. This will lead to the recognition of the state of Israel that you have been seeking throughout its decades of independence.

Add these factors together - and there is no doubt that there now is an opportunity for peace of historic dimensions. And it was these factors that brought President Abbas and Prime Minister Olmert - as well as
Foreign Minister Livni, Foreign Minister Feisal and people like me - to Annapolis two months ago.

Conventional wisdom among many observers - inside and outside the region - seems to be that the process that was initiated by the joint understanding will fail. Failure is seen as the default mode for peace efforts in the region. I think there have been some hints of this analysis in some interventions here in Herzliya as well.

The difficulties are indeed easy to see. The contours of a settlement might well be there; they were indicated by Foreign Minister Verhagen here yesterday. The hurdles on the road ahead - the rocket attacks as well as the illegal settlements and outposts - just to mention the two most obvious - tend to cloud the vision and hinder the efforts to go forward.

It might not be the peace agreement itself - notwithstanding the difficult compromises involved - that is the most difficult challenge - it might be the process of actually getting from here to there.

In one of the debates yesterday someone indicated that in view of all of the difficulties Israel might well have to live with status quo. No solution was seen as the solution. But I fail to see how status quo could be an option.

On the contrary - major changes in the strategic environment are inevitable.

A year from now, we are likely to look either at a scenario in which an agreement opens up truly new horizons of peace, security and prosperity for Israel and the entire region. Or a scenario where Israel's strategic situation will deteriorate and we will have an aggravation of a number of other key challenges we face in this part of the world.

There is no status quo.

Yesterday, a number of presentations dealt with demographic and other developments in different parts of the world - Europe, China, the United States and Africa passed review.

I would have added a description of the situation in the Arab world to these presentations.

The UN demographers predict that until around 2020 - not too distant! - Another app 150 million people will be added to the population of this area. In population terms, it means adding another two Egypt to the Arab world within a decade or two.

If there are far-reaching economic and other reforms across the Arab world, this might well be a golden opportunity for these countries. But there is of course a great risk that instead we will see an army of unemployed increase substantially throughout the region - figures of an increase from 15 million to 50 million people have been mentioned.

That there are dangers in this for us all is obvious.

We see a rapid increase of millions of desperate young men throughout the Arab world without the means to support themselves and their families. This does not bode well for stability. You don't need sociologists, political scientists or historians to tell you the likely consequences for these societies and for the region.

We are all too aware of the fact that there are prophets of hatred ready to exploit this situation. They might be Al Qaeda, other sponsors of international terrorism and internal chaos, or just the increasingly dispersed forces of rage of the global jihadist movement.

In an effort to forecast the future of this region, the EU Institute for Security Studies even warned of what they call "a systematic breakdown" of the region if these trends continue.

There is thus a significant risk that the strategic environment of Israel might be significantly less benevolent some years down the road.

Until now, it might have been assumed that time was in Israel's favour. That key assumption today looks much less certain.

If - within a year from now - the Annapolis process fails, and the entire region falls down in old recriminations and new confrontations, the only regime that will gain will be the regime in Teheran.


And to this should be added Hamas and Hezbollah.

What today must be seen as a strategic opportunity for peace for Israel might then be transformed into a strategic opportunity for confrontation for Teheran and its allies.

And it's when you add this to the more long-term trends I mentioned that the risks of the consequences of failure becomes very clear indeed.

Failure will be used to fuel the flames of rage and hatred - what will burn will be the hopes of peace and stability.

Failure will be grim - but that does not mean that success will be either swift, easy or without major challenges.

There is now broad agreement that what we seek is the creation of the State of Palestine that can exist side-by-side - in peace, security and prosperity - with the State of Israel.

But this state will not be built over night. In that sense, full implementation of peace will stretch over many years.

By 2020, the present population of the West Bank and Gaza of app 4 million people is likely to approach 7 million people. Gaza is already one of the most densely populated places in the world, but by then the population density of the entire area will exceed even that of Bangladesh.

The State of Palestine will need to control a contiguous territory and its borders, and enjoy free access to the outside world.

But just as critical to its long term stability and survival will be its ability to build a vibrant private sector-driven economy that can provide jobs and hopes for the future for all its inhabitants. Failure in achieving this
will bring the risk of a failed state unable to provide security either for its own citizens or for the citizens of neighbouring Israel.

In my opinion, there is no reason to delay the efforts to try to create this economy.

Indeed, such efforts are also critically important for the efforts to broaden the base of support for the peace efforts and the painful compromises that will be necessary for the Palestinians as well as for you here in Israel.

The economic and social situation in the occupied territories is grim. Its population is half that of Israel -its economy roughly 3 per cent of that of Israel.

And in the years since the failure in 2000 we have seen what Prime Minister Salam Fayyad has described as a "de-development" of the area. Palestinian GDP per capita is now 40 per cent lower than it was then. This can not be reversed by the large amounts of international aid to the Palestinian economy that we pledged in Paris recently.

The World Bank and others have noted, that if there is no easing of the situation on the ground - the Agreement on Movement and Access from November 2005 - the hoped for 5 per cent growth over the coming years will rapidly turn into negative figures - in spite of the billions of dollars and euros that will be provided.

And meanwhile the population will continue to increase by 3 - 4 per cent every year.

The situation in Gaza has been much in focus in the last few weeks. In my heart I share the suffering of the citizens of Southern Israel that live with the daily threat of the deadly rockets fired by terrorists. Such attacks are reprehensible and unacceptable, and must be condemned.

But I fail to see that increasing isolation of Gaza will bring relief to the citizens of Sderot.

I'm a regular reader of the excellent bulletins on the Palestinian economy put out by Sir Ronald Cohen's Portland Trust.

In the last few issues one could read that "95 per cent of the factories of Gaza have closed", that "Gaza's economy is in ruins", that "the banking sector is close to collapse" and that - perhaps most important from the political point of view - "the current sanctions regime was doing nothing to weaken the government of Gaza, only creating the despair and extremism associated with the destruction of economic life."

This is a lesson we have learnt from peace processes elsewhere in the world. Economic despair breeds political desperation. And desperate people tend towards desperate acts.

And - the other way around - economic progress broadens and strengthens the constituency for moderation, cooperation and peace and creates a vision of a better tomorrow.

The example of Ireland has often been alluded to in the discussions here, and numerous lessons can be learnt from that difficult but ultimately successful process.

The importance of economic development and integration - greatly facilitated by the integration in the European Union - is obvious. But this was never an alternative to the political process. They reinforced each other. One without the other would never have worked.

I mentioned earlier that getting from here to a peace agreement might be more difficult than devising the agreement itself. But I would like to add that implementing a peace agreement might also be an even greater challenge than reaching the agreement.

At the core of the peace implementation efforts will be the state-building efforts in Palestine. And for all the talent available among the Palestinians - and there is a lot of that - this will require massive international, including Israeli, efforts over the years ahead.

It is here I see the potential for a new partnership for peace between you, the Palestinians and the European Union. The role of the United States will continue to be important in the state-building phase - not least in the area of security. But the European Union is certainly ready to assume a major role in these efforts.

A comprehensive peace - an end to the conflict and a normalisation of relations between Israel and all the states of the region with the exception of Iran - will open up new avenues of cooperation and integration, ease the path of reforms and contribute to shifting the balance in the important struggle that goes on within Islam.

Challenges will certainly remain - the risk of further proliferation of nuclear weapons in the region perhaps foremost among them all - but our possibilities of dealing successfully with practically all of them - together, in a new partnership - will undoubtedly be greatly facilitated.

Contact
Sara Malmgren
Leave of absence
Mr Chairman,

I wish to join others in thanking Foreign Minister Moratinos for his able service as Chairman-in-Office and his government for hosting us.

We are also - obviously - looking forward to close cooperation with the incoming Finnish Chairmanship. It goes without saying that Sweden associates itself with the EU statement. But I would like to share a few additional remarks.

Mr Chairman,

One of the most important tasks of our organisation has been in helping to promote, develop and stabilise the institutions of democracy throughout our entire area. That focus during the past decade has been on those parts of our continent only recently emerging from dictatorship and oppression is only natural.

As many of us have learnt, it sometimes takes time before democratic institutions and practices become firmly anchored in a society.

Overall it is obvious that the efforts of the OSCE - and in particular the ODIHR - have been important in helping nations in this regard.

Ukraine is a clear example.

After obvious previous attempts at election manipulation, the country has now demonstrated its commitment to free and fair elections according to European standards.

It is against this background that we deeply regret that the ODIHR was not given the opportunity to carry out its tasks prior to and during the Duma elections in the Russian Federation this Sunday.

Unprecedented restrictions attached to the invitation issued by the Russian Federation, together with a number of bureaucratic obstacles made an ODIHR observation mission impossible.

This is a setback for the OSCE - as well as for Russia.

I can only express the hope that the ODIHR will be given the possibility to observe the 2008 Presidential election in the Russian Federation.

In the coming months we also welcome the opportunity for the ODIHR to fully observe the upcoming Presidential as well as the Parliamentary elections in Georgia.

Recent events in that country have demonstrated the fragility of the otherwise impressive democratic transformation underway there. A strong ODIHR role can help and assist. The freedom of the media is obviously of critical importance.

When looking at these questions, we must understand that an election is not just a one-day event - and that quality election monitoring is different from just short-term election observation.

This must be the basis for the activities of the OSCE/ODIHR also in the future. We must not allow our ambitions or our standards in these respects to be devalued. We must remain an organisation committed to democracy, the rule of law and respect for human rights in all of our participating states.

While this means more than just free and fair elections, there is no doubt that these remain something of a litmus test for whether a society develops according to the values and principles on which the OSCE was founded.

Mr Chairman,

Let me commend the often excellent work carried out by the OSCE’s field missions.

These are flexible and, on the whole, cost-effective. They respond to the needs and requests of the host nations.

In this context, I sincerely hope that we will all be able to agree to the proposal of the Spanish Chairmanship to extend the mandate of the Kosovo mission until 31 December 2008.

In this region as well, it is important that we keep the regional perspective.

The reduced OSCE presence in Croatia has an important role in also assessing the process of refugee return - critical also in the perspective of the negotiations for the accession of Croatia to the European Union, which my Government attaches great importance to.

We should all have an interest in resolving the long-standing disputes in Georgia, Moldova and over Nagorno-Karabakh.

As we saw with the missile incident in Georgia in early August - which was clear-cut - as well as in other incidents here as well as elsewhere, there is a serious risk that events in and around these areas will escalate out
of control.

Thus, not only efforts at true conflict resolution, but also the firm handling of the different incidents arising, are of great importance.

Let me finally welcome the OSCE’s efforts to translate the UN Security Council Resolution 1325 on women, peace and security into action.

Sweden would like to see participating States report yearly on the implementation of 1325 within the framework of the Politico-Military Code of Conduct.

Mr Chairman,
At we set out for a homecoming to this organisation’s cradle during the next ministerial meeting, we should recall that what was true when the Helsinki Final Act was signed in 1975 is just as true today.

Respect for fundamental freedoms remains essential for peace, justice and well-being. May we all re-commit ourselves to advancing these freedoms, in deeds as well as in words.

Thank you.
Address by Carl Bildt at the EU-ASEAN Summit

As prepared for delivery

Today we find ourselves the guests of the Government of Singapore for this Commemorative Summit celebrating 30 years of EU-ASEAN cooperation, while ASEAN celebrates 40 years of development and cooperation.

Development, integration and political and economic cooperation are all around us, democracy and human rights are increasingly respected all over the European continent and in Asia.

How unfortunate that this is still not the case for all of us here today.

At the meeting we had in Hamburg earlier this year there was a rather sharp exchange between EU Ministers and the representative of Burma/Myanmar who sought to assure us that everything was going well in his country.

Well, in case we did not know it then we certainly know it now - the country is in a desperate economic and humanitarian situation, and its rulers seems only to be able to remain in power by the use of brute military force and heavy repression.

The events of September made us all witnesses to the tragedy of Burma/Myanmar. We see the desperation also of the Buddhist monks coming out of the temples, and we saw people ready to risk their lives in fighting for change in their country.

The ASEAN Chair was certainly right in its very clear statement at the time that this situation affected not only Myanmar/Burma, but also the reputation and credibility of the entire region and of ASEAN itself.

On the flight coming here I read that Mr Wen Jiabao - Prime Minister of the PRC - had noted in a speech here in Singapore that "only an open and inclusive nation can be strong and prosperous while a nation that shuts its door to the world is bound to fall behind."

While I am certainly not seeing China as a model in political terms, I would certainly agree with his words, and I would urge the leaders of Burma/Myanmar to consider them carefully.

In our modern world, no regime built on isolation can succeed over time. Problems will mount, and at some point in time the dams will inevitably break.

We all - neighbors or more distant friends - have an interest in the stability of Burma/Myanmar as much as we have an interest in the respect for human rights and the economic well-being of peoples. All of this is why we consider it so important to now try to facilitate a dialogue that should lead to a change for the better in Burma/Myanmar.

We - the European Union and ASEAN - have a joint responsibility to maintain the momentum in the process that will now have to be launched using the good offices of the UN Secretary General and of his Special Advisor Mr. Gambari.

The European Union stands firmly behind Mr. Gambari's mission. The discussions we had as late as Monday of this week in Brussels, including the important appointment of our Special Envoy Mr Fassino to act as a focal point for our efforts, are intended to support and be complementary to the efforts of Mr. Gambari.

But we must clearly recognize that - despite some positive news coinciding with Mr. Gambari's last visit - developments in Burma are still discouraging.

We have still to see serious evidence of a commitment by the regime to true dialogue, national reconciliation and political change.

As long as this is the case, the European Union will call for continued international efforts to maintain - and if necessary increase - pressure on the regime to implement necessary steps for an inclusive political process in Burma.

Our discussions here in Singapore are important in this respect.

We salute that ASEAN has now adopted its own charter - a landmark in its development; including also important provisions on human rights - but we must also recognize that the credibility of this entire process is at stake if there is not the ability to move the situation in Burma/Myanmar in the right direction.

In the absence of progress in the political process, the EU has favored targeted measures towards the Burmese regime and others responsible for or profiting from the present situation.

If necessary, the EU stands ready to increase such pressure - through further sanctions, including a ban on new investments.

And we will obviously seek to engage also other countries in a dialogue on these issues. The subject of Burma/Myanmar will be on the agenda of the upcoming summits between the European Union and China as well as India towards the end of this month.

They have obvious responsibilities - and they should have an obvious interest in a Burma/Myanmar that does
not slide even further into isolation, repression, economic despair and eventual and unavoidable serious instability.

At the same time as we continue to press these policies, we are sensitive to the humanitarian needs of the people of Burma and willing to do what's possible to alleviate their hardship.

And it should also be clearly that as determined as we are to do whatever we can to increase pressure on the regime as long as it is not truly engaging with the process advocated by Mr. Gambari - as ready are we to open for cooperation, trade and aid if there is a genuine process of national reconciliation, reform and opening up to the outside world in Burma/Myanmar.

In this as well, we are eager to develop our dialogue with you in ASEAN.
It is an honour for me to be invited to this distinguished institute for European education to make a few remarks on the future of our common Europe.

And to do it in honour of Anna Politovskaya and Hrant Dink is particularly appropriate. Their names symbolise not only our common devotion to human rights, notably freedom of expression, but also our commitment to a vision of Europe that does not stop at the present borders of the European Union. We have much to be proud of when looking at the Europe of today.

Our Europe has never been as free, as prosperous or as secure as it is today. And never really means never - never in its entire history.

But it was not long ago that things were very different indeed. It was in August 1914 - when, as a result of a murder in Sarajevo, the railroads of the continent were filled with trains bringing the newly mobilised armies in different directions - that the then British Foreign Secretary Lord Grey - looking out over Horseguard's Parade in London - made his famous remark that the lights were going out all over Europe and wondered whether they would see them lit again in their lifetime.

An age was coming to an end. In retrospect, it was the first phase of globalisation - globalisation with a European face - that was coming to its end as the armies rushed to the different fronts.

Lord Grey's question was most appropriate. The lights were not lit again in his lifetime.

After that Great War followed not a Great Peace but a series of new disasters - revolutions, pandemics, hyperinflation, depression and the rise of new totalitarian ideologies of either the red or the brown variety - until the continent plunged into a new and even more devastating war.

But that was there - in the West. Here - in the east or the centre of Europe - things were very different indeed. Soviet military power had been extended into the very heart of Germany and Europe, and everything that was behind the five Soviet armies located on German territory and the garrison state built around them had to be politically part of the wider Kremlin empire.

This certainly also applied to Poland, as was amply demonstrated in 1956, 1970 and 1981. But over time this was unsustainable. At the time, I was one of those who repeatedly said so - but it was certainly not the conventional wisdom of those days.

It was not until the barbed wire was cut on the border between Hungary and Austria, the wall came down in Berlin and a new political opening was agreed upon at the Round Table here in Warsaw that the lights started to come on again throughout Europe.

The European nightmare between 1914 and 1989 was coming to an end. Europe could start anew.

What has been achieved since then has been remarkable in every single respect.

In Maastricht in 1991, the then European Community decided to transform itself into a more ambitious European Union, and soon this Union was prepared to open up not only to old former ‘neutrals’ like Austria, Finland and Sweden but also - and far more important - to all the countries of Central Europe, the Baltic region and down towards the Black Sea.

There is no doubt that it was the magnetism of the Union and the model it provided that made the transformation we have since seen in all of these countries possible. When - at some time in the future - the history of the Union is written, this might well be seen as truly its finest hour.

Today, we see 10 nations with some 100 million people from the Gulf of Finland in the north down towards the Bosphorus in the south creating a new belt of lasting peace, stable democracies and bubbling prosperity in an area that history had otherwise reserved for instability, conflicts and great power rivalry.

Our Union today is a union of approximately 500 million people. It is the largest integrated economy in the world. It is by far the largest trading power of the planet - larger than the second and third put together. It is the biggest market for more than 130 nations around the world. It provides more than 60 per cent of all ODA
to the developing countries. And - remarkable as it sounds - the value of the euros in circulation on global markets exceeds the value of dollars.

We certainly have our problems - but we should not overlook the weight and importance that we have in the global economy. Others do not.

But increasingly the Union is also a matter of political influence.

Not because of the numbers of combat brigades or carrier battle groups, but because of the model that it provides of democratic nations integrating peacefully, trying to promote reconciliation and conflict resolution and building the possibilities of effective multilateralism in order to meet the multitude of challenges ahead.

This has been the year in which we have celebrated the Treaty of Rome and this will be the year in which we will be signing the Treaty of Lisbon - but it must also be the year in which, after the focus of the last few years on institutional issues, we must start to focus more on the strategic challenges ahead.

A start was made at the European Council in March when our Union took the global lead in the efforts to combat and limit climate change.

But more must certainly be done. And for me as one of the foreign ministers collectively shaping our Common Foreign and Security Policy, it is particularly relevant to look at the challenges ahead in this area.

You could say that with the hardware of institutions now set in stone for years to come - since that is the reality - it is time to focus on the software of strategic, long-term policies.

Hardware without software is just dead metal, and institutions without policies are little more than a nuisance. It is the software that makes the difference.

Put in the simplest possible terms, the European Union is about the promotion of peace and prosperity - in our own countries, on our own tip of the vast Eurasian landmass and in the wider world.

And to continue in the simplest possible terms, the promotion of peace requires us to be able to continue to unite, while the promotion of prosperity requires us to be able to continue to compete.

If you look at the challenges ahead, it is obvious to me that in the coming years we must intensify our efforts in both these respects.

Globalisation is the mega-trend of our time. And we are now in the third phase of globalisation dominated by the return of the Asian economies to the position in the global system they had during the millennium or so before the rise of the European powers - America included - in the last couple of centuries.

Today, a third of mankind lives in regions that are growing at approximately 10 per cent a year. We are seeing the fastest reduction in poverty in human history. In most parts of the world, more people live both longer and better lives than ever before.

The economy of China doubles every seven years or so. India may eventually have the potential for an even more rapid development. There is a new hope also in large parts of Africa.

There is no longer the old division of the world into developed and underdeveloped. In this age of both globalisation and the revolution in science and technology we must understand that we must all be developing countries - although with different starting points and with somewhat different attitudes to the necessary process of change.

The truly important new dividing line is the one between the approximately five billion people in the more or less rapidly developing nations and that "bottom billion" caught in a conundrum of failed and flawed policies - the billions in the Zimbabwe's, the Burma's, the North Koreas, the Congo's and the Somalia's of this world.

We Europeans are the true "globalisers" of this world. The phenomenal success of our values and societies in the past few centuries has been intimately linked with our reaching out to and spreading all over the world.

Across the plains and mountains of America towards the Pacific Ocean. Across the vast wilderness of Siberia towards the same ocean. Across the open seas to create an even more open world.

And the fact that we are, by far, the number one traders of the world - building the prosperity that we enjoy on this trade - is testimony to the success of this process.

I see no reason why Europe tomorrow will not continue to be one of the winners in this new phase of globalisation.

But we must all understand that we can only be winners if we also see ourselves as developing nations - not statically defending what we once used to have, but being prepared to continue to change in order to be able to forge ahead, create new wealth and open up new possibilities.

A Europe that becomes defensive about its own ability will also be a Europe that loses the ability to shape its own future.

By being open to and promoting this open world, we are not only creating the best possible conditions for ourselves, but also for all those five billion peoples of the entire developing world.

An open world opens up new possibilities for the global middle class that we now see emerging from Shanghai to Sao Paulo - soon approximately 80 per cent of what we call middle class will be found in countries that only a few decades ago were classified as underdeveloped.

But as we in the years ahead revive our ability to compete, and recommit ourselves to being true partners with the rest of the developing world in this process of globalisation, we must also refocus our energies on the question of peace, democracy and stability in our own part of the world and what might be referred to as its "near abroad".

Wherever we look - from Kabul to Khartoum; from Bihac to Basra - we see tensions building up.

Not only the obvious risks of political conflict, terrorism or nuclear proliferation. But also perhaps the even more dangerous risk of our sliding into a true Huntingtonian clash of civilisations.
What is needed is a profound strengthening of the soft powers of Europe. We certainly need to strengthen the hard powers as well - but at the end of the day peace is built by thoughts and by ballots more than by tanks and by bullets.

A critical part of the soft power of Europe lies in the continued process of enlargement - a Europe that remains open to those in our part of the world who wish to share their sovereignty with us, accept the rule of law and commit themselves to the building of open, secular and free societies.

There are those who want to slow down or perhaps even stop the process altogether.

We have heard talk of the need to define the borders of Europe. And to draw these borders as close to the present borders of the European Union as possible.

But drawing big lines on big maps of eastern Europe risks being a dangerous exercise for us all.

Because it means defining firmly not only for whom the doors will remain open, but also slamming the doors in the face of some for whom the magnetism of Europe remains a major driving force for profound political and economic reforms.

It means telling them to go elsewhere. And that means doing things differently also in terms of the evolution of their societies.

If we put out the light of European integration in the east or southeast of Europe - however faint or distant that light might be - we risk seeing the forces of atavistic nationalism or submission to other masters taking over.

And if that happens, no lines on maps will be able to protect us from the consequences.

Our strategic focus in terms of enlargement is most immediately on the approximately 100 million people of south-eastern Europe - of the Western Balkans and Turkey.

In my opinion, we have a moral obligation to welcome the European integration of the countries of the Western Balkans. I hope we will be able to welcome Croatia as a member in the next few years, and I do hope that in these same next few years we will be able to open accession negotiations with other countries of other countries of the region.

It will not be easy. Conditionality remains the key to progress. European laws and standards must not only be accepted in theory but also implemented in reality. And political reconciliation as well as economic reintegration remain very difficult concepts in the Balkans - the deep wounds of a decade of open war are still there.

But if we are serious about our Europe as a commitment to peace and stability on our continent there is no other way.

It should be crystal clear that we have a profound strategic interest in the eventual membership of Turkey in the European Union. This would be the culmination of a long process of European modernisation for that country, and would have a decisively positive impact on the prospects for stability in the entire region of the Eastern Mediterranean and the Black Sea.

It would also add important elements of economic dynamism, demographic vigour and cultural diversity that can only enrich our common European efforts.

But our commitment must of course extend beyond the present processes in south-eastern Europe.

To the east of the present boundary of the European Union live another 200 million Europeans - Ukrainians and Russians, but also Byelorussians, Moldovans and the different peoples of the Caucasus.

Let's be clear: There is something of a soft war going on for the future of the east of Europe. The mighty fortress by the Moscow River has its own concept of a so-called controlled democracy, while others see their future in more open economies and open societies that follow the model that has proved a success in the rest of Europe.

It is up to these nations themselves to freely choose the way in which they would like to shape their future. And for all the impressive economic gains that we are seeing in most of them, we should not underestimate the magnitude of the transition that they in different ways are undergoing.

The Orange Revolution in Ukraine and the Rose Revolution in Georgia showed the democratic commitment that is there, but subsequent events have of course demonstrated that change takes time, that enormous problems have to be overcome, that long-lasting tensions cannot be overcome over night and that reforms require a commitment over years.

At this time Ukraine is in the process of forming its new government, while Georgia is undergoing a very difficult period as it heads for the presidential elections in January and the parliamentary election somewhat later next year. The revolution of rising expectations is a reality.

Our message to Tbilisi today is as clear as was our message to Kiev or anyone else - it is only by staying firmly on the democratic path that the doors to cooperation and integration with the rest of Europe are open up.

This is a message also for Minsk and Moscow.

Russia is unlikely ever to aspire to membership in the European Union. But it firmly remains a European country, and we and they have an obvious mutual interest in developing a relationship based - as a minimum - on common interest in our common part of the world.

But over time it is my hope that we will be able to build a relationship with Russia based not only on common European interests - but also on common European values.

On paper that commitment is there - but reality has turned out to be somewhat different. We will have to await the outcome of the political transitions now underway in Russia, and to assess the policies thereafter, to see whether this can be realised as early as we all hope for.

In the decades ahead, I thus see a European Union that continues to enlarge. And thus would be better at securing the peace and promoting the prosperity of all its nations and citizens. We might go from the
approximately 500 million citizens today to the approximately 600 million citizens of tomorrow - or perhaps to 650 million citizens.

There are those that fear such a development. And it might well be that it will make the institutional arrangements in Brussels a degree less easy to handle.

But there is no doubt whatsoever that such a Europe - consolidating its position as the pre-eminent economic force in the world - would be a far stronger and more credible actor on the global stage across the entire range.

And thus would be at securing the peace and promoting the prosperity of all its nations and citizens.

This will be important particularly in our relationship with the Muslim world that is our immediate neighbour - not only on the map, but increasingly also across the street in our respective societies.

And our relationship with this wider Muslim world and the clashes within that civilisation that we are now witnessing will undoubtedly be one of the factors that will determine the decades ahead.

Today, 54 per cent of the population of Pakistan is below the age of 19. And the Arab countries that are our immediate neighbours face a true demographic expansion - a possible 150 million increase in population, equivalent to two Egypt's, over the next decade or so.

To generate an increase in employment of the required magnitude requires duplication of the "miracle" economies of Korea and Taiwan - and if this can be done, that wider region in our immediate neighbourhood will move into an era of a "demographic dividend" of growing prosperity, confidence and optimism.

But this will hardly be possible without stability in Mesopotamia and true peace between the two states between the River Jordan and the Mediterranean. Nor will it be possible if the region is haunted by nuclear rivalry, religious tensions and stagnating policies.

A Europe that is confident with itself and is prepared to move ahead both with uniting and competing will be a force that can contribute decisively over the coming decades - directly in different ways as well as indirectly by the example that it sets - to positive developments in the Middle East as well as in the wider Muslim world.

And the importance of that can hardly be stressed too much.

There is - this is important to understand - a clear correlation between the confidence with which we are able - on the one hand - to move ahead in uniting our continent and making it more competitive and - on the other - our ability to be part of that shaping of the rest of the world that over time will be so important in shaping also our European future.

I am a European optimist.

We certainly have our problems. We are certainly not perfect.

But we have entered upon a historic path of democratic integration, overcoming old rivalries, opening up societies and economies and extending the reach of the rule of law that has already transformed our continent, and which I am convinced will be of ever-increasing importance as an inspiration to the wider world in the decades ahead.

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Contact
Sara Malmgren
Leave of absence
Welcome to Stockholm and the beginning of a new European debate about the strategic challenges of the future.

Now that the Reform Treaty is complete, and we are expecting it to enter into force at the beginning of 2009, we have ended a long phase of institutional debate; and it is now high time to focus even more clearly on the policy issues that lie ahead.

You could say that with the hardware of institutions now set in stone for years to come - since that is the reality - it is high time to concentrate on the software of strategic policies.

Hardware without software is just dead metal, and institutions without policies are little more than a nuisance. It’s the software that makes the difference.

It took from the Maastricht Treaty in 1991 - with its provisions for a Common Foreign and Security Policy - to the Council in late 2003 for our Union to adopt its first truly strategic concept.

The European Security Strategy that was adopted then broke new ground, and there is little doubt that it has stood the test of time and served us well.

But it was never meant to be just a stone tablet to be preserved for eternity, but rather a living document that would evolve and develop as the European Union developed and as its strategic environment and the challenges associated with it evolved.

Much has happened since 2003.

2004 saw the great enlargement that surely one day will be seen as one of the truly finest hours of the entire process of European integration.

2005 saw the landmark decision to open accession negotiations with Turkey, thus confirming our vision of an open and strategically ambitious European Union.

2006 saw all the issues connected with energy security - already to some extent on the radar screen in 2003 - coming into much sharper focus.

And 2007 has seen our Union assume a global leadership role when it comes to tackling the enormous challenge of climate change.

These developments go some way towards explaining why it is now necessary to start the process of revisiting and updating the European Security Strategy and to move towards - still using the terminology of the ICT world - the ESS 2.0.

It is obvious that the most important starting point for any discussion on the challenges ahead must be the challenge of the Union itself. The kind of Union we are in 2009, 2014, 2024 - years of elections and transitions - will have a decisive influence on our ability to shape our strategic environment and to handle the different challenges.

Will we be able to change and reform our economies and continue to be winners in this age of accelerating globalisation - or will a failure force us to sink back into a defensive and protectionist mood?

Will we be able to continue the highly successful process of enlargement - thus eventually taking our Union to around 600 million citizens and consolidating its position as the largest economy in the world - or will we try to build new barriers and define new borders in our own part of the world?

Questions such as these are beyond the scope of our discussions today, but we should not neglect the fact that the answers to these questions carry great significance for our global position.

In some more brutal debates in other parts of the world we are already seen as being far more a part of history than a part of the future. It is up to us to prove them wrong.

The European Security Strategy famously states that “Europe has never been so prosperous, so secure nor so free”, and I do believe that this still holds true.

The question is whether we can be confident that the situation will remain the same some decades down the road -and to what extent we can influence that situation.

The latest major US attempt to look ahead - the National Intelligence Council’s 2020 project Mapping the Global Future - concludes that “the international order will be in greater flux in the period up to 2020 than at any point since the end of the Second World War”, and speaks of a “pervasive sense of insecurity” potentially dominating the public discourse in our respective societies.

We must assume that globalisation will continue to accelerate and that the return of Asia to its historical
position in the global order will be one of the truly dominating characteristics of the decades to come. But we can not totally rule out the possibility that the process will suffer serious setbacks if we fail to address some of the other major challenges.

Today, approximately a third of mankind lives in regions that are growing at approximately 10 per cent a year. We are seeing the fastest reduction in poverty in human history. The economy of China doubles every seven years or so. India might eventually have the potential for an even more rapid development.

There is no longer the old division of the world into developed and underdeveloped. In this age of both globalisation and revolution in science and technology we must all be developing countries - although with different starting points and with somewhat different attitudes to the necessary process of change.

Where individual nations will be in a quarter of or half a century is today a more open question than it has been for a very long time - probably since the very early days of the industrial revolution in Europe.

The new dividing line might well be between all the billions in the more or less rapidly developing nations, and that bottom billion caught in a conundrum of failed and flawed policies - the billions living in the Zimbabwes, the Burmas, the North Koreas and the Somalias of this world.

Our strategic commitment must be one to an open Europe in an open and global economy - thus also creating the best possible conditions for the continued process of globalisation.

Historically, we Europeans are the true globalisers. To deny that critically important part of the amazing success of Europe over the past few centuries would be to severely limit our own future and our own ability to shape the world of the future.

But the challenges of globalisation that lie ahead are of course very great. And some of them have gained in magnitude since 2003.

The International Energy Authority has noted that "the energy future we are creating is unsustainable. If we continue as before, the energy supply to meet the needs of the world economy over the next twenty-five years will be too vulnerable to failure arising from under-investment, environmental catastrophe or sudden supply interruption". We might debate what is worse: that there be an energy supply abundant enough to risk the A2 or A1 scenarios of the Intergovernmental Panel on Climate Change (IPCC) turning into reality; or that we descend without design into a world of increasingly acute shortages of essential energy resources.

There are vast - although somewhat different - strategic challenges arising out of both these possibilities. What is obvious is that we can ill afford to continue to neglect these issues - we are the greatest importer of energy in the world, and we have also taken on the global leadership role on the issues of climate change.

Although we are this great importer of energy, we are living adjacent to some of the most significant energy producing regions of the world. Be it the areas around the Gulf, the empty expanses of Siberia, the volatile regions of the Caspian or the inhospitable Arctic Seas - in the modern world they are all just a stone's throw from our shores and lands.

The Muslim world is our neighbour - not only on the map, but increasingly also across the street in our respective societies.

And our relationship with this wider Muslim world and the clashes within that civilisation that we are witnessing will undoubtedly be one of the factors to shape the decades ahead.

Today, 54 per cent of the population of Pakistan is below the age of 19. Long-term this can undoubtedly be seen as a major asset - provided the economic and social challenges of the short and medium term can be handled.

And the Arab world that is our immediate neighbour faces a true demographic imperative - a possible increase in population by 150 million, equivalent to two Egyptians, over the next decade or so.

To generate an increase in employment of the required magnitude requires duplication of the "miracle" economies of Korea and Taiwan - and if this can be done, the region will move into an era of "demographic dividend", of growing prosperity, confidence and optimism about the future.

But we all know the risk of this not happening, and the consequences this might have. The excellent 2006 study of the world we might be facing in 2025 by the EU Institute for Security Studies - The New Global Puzzle - speaks about "the possibility of a systematic break-down of the entire Middle East" in the decades ahead if the combination of challenges the region is facing can not be surmounted.

That Europe has an interest in the outcome is an understatement of the first order.

In the city of Södertälje just south of Stockholm there are already more refugees from Iraq than in all of the United States. There are no oceans between the Middle East and the Near East - which used to be a term applied to what is now southeastern Europe.

Indeed, if you look at the parts of the world where lagging economies, ethnic affiliations, intense religious convictions, and youth bulges could align to create a 'perfect storm' for conflicts and confrontations, you rapidly find that most of them are closer to us than to any of the other potential global powers.

Accordingly, we are the ones who should have the most profound strategic interest in developing the policies that over time can address these issues.

Since 2003, concepts like 'nation-building', not to mention 'regime change', have gone somewhat out of fashion, and the doctrine that democracy solves everything has had a somewhat brutal encounter with reality.

But welcome as this might be, we should be careful not to let the pendulum swing too far.

Yes, state-building - which any European recognises as the appropriate term - requires far more strategic patience, resources and coalition-building than many had expected.

But this is no reason to abandon efforts - rather there is all the more reason to double our efforts based on what
we have learnt.

Yes,'regime change'and democracy turned out to be somewhat more complicated when confronted with the cultural and historical realities that define any piece of territory on our Earth.

But neither here should it be a reason to abandon efforts - rather it is a reason for refining our policies, seeing them in a somewhat broader and longer perspective and seeking to develop new instruments to achieve these worthy goals.

Indeed, if you look at the despair of the "bottom billion" of the world, you can not fail to notice that it is policy change and regime evolution that are required more than aid or even trade.

The pre-1989 world - we still remember it! - was a world dominated by the politics of ideology and by the questions of war or peace.

But now it's very different. Now it is the policy of identity that dominates, and we face a world of confrontations and conflicts rather than of war and peace.

The industrial wars of the past are - at least in our part of the globe - unlikely to resurface, but instead we are facing what Rupert Smith in his ground-breaking book has called "war amongst the people" requiring very different policies and very different instruments.

Our enemy is not so much the tank divisions of the past, but more the IED's of today and the combination of modern technologies and ancient hatreds that we have seen in al-Qaeda and are likely to see in its different incarnations in the years ahead.

Where this will lead us tomorrow remains an open question. The worst of our fears is that weapons of mass destruction - nuclear weapons at the very worst - will find their way into the hands of these networks of hatred and destruction.

And the risk of this happening increases dramatically if there are more and more states around the world in possession of these weapons - and most particularly in regions approaching the 'perfect storm'-like conditions I just described.

But whether we have the right policies to overcome this challenge remains debatable - at best.

The ESS 1.0 spoke of "effective multilateralism" as the desired path forward, and I doubt that anyone would like to challenge the continued validity of that approach.

But as the tectonic plates of international affairs keep moving, the meaning of that concept keeps changing. Constructively, we must be ready to pave the way for global institutions where we are prepared to give space to the rightly rising powers of Asia and elsewhere, thus looking at other ways than the traditional ones of making our weight felt on the international arena.

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Contact
Sara Malmgren
Leave of absence
Mr. President,

Let me brief address four points:

First: The necessity of peace in the Middle East.

At this moment we are hoping that the dialogue between Israeli and Palestinian leaders will lead to a breakthrough in the Israeli-Palestinian conflict.

We all know what is needed: the creation of a Palestine state. Nothing is more important for the state of Israel and its future security than the setting up of this state.

There are difficult decisions that need to be made by leaders in both Israel and Palestine. But I believe they all fundamentally recognize that delay brings the risk of deterioration in a situation that is already fairly dangerous.

The building of a Palestine state will require efforts by all of us. It obviously needs a contiguous territory, freedom of movement and access to the outside world. We need to create the conditions for private sector lead growth that can bring jobs and income to not only the Palestinians of today but also the significantly higher Palestinian population of tomorrow.

And I do believe that there are great possibilities in such a development for Israel as well. No nation has a better experience of building prosperity out of poverty. In the Middle East of tomorrow, they together can set an example for others.

We in the European Union stand ready to help. It's about our security as well. We are neighbours and partners in shaping this part of the world.

Second: the importance we attach to the building of societies based on the rule of the law and respect for human rights.

This is obviously important in itself, but it is also a key prerequisite for sustained economic and social development. Authoritarian and bureaucratic regimes stifle not only freedom but also prosperity.

Third: the importance of reforms that creates better possibilities for economic growth.

In the next decade or two the population of the region will be increased by app 150 million people. That is two new Egypt's in terms of numbers.

This will require economic growth rates of East Asian dimensions to manage. And that should be possible if reforms are pursued vigorously throughout the region and all of us are prepared to open up to each other.

There are ongoing negotiations on liberalisation in services and establishment as well as in agricultural products and fisheries. The Agadir Agreement entered into force earlier this year and will create a Free Trade Area with Morocco, Tunisia, Egypt and Jordan. There was a also a successful Euro-Med Trade Ministerial meeting here in Lisbon only two weeks ago.

But it is obvious that more needs to be done.

Fourth: the importance of deepening the dialogue and alliance between our civilisations, cultures and religious beliefs.

It is not only a question about avoiding dangerous stereotypes and avoiding misunderstandings. We should fully appreciate that it is in the meeting of different cultures that the true opportunities for creativity exist.

We have established the Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures in order to help and assist in this process.

We hope that the creation of an office of President will give the Foundation more visibility and greater effectiveness.

Finally I would like to express my thanks to Portugal for hosting this meeting.

Speech by Carl Bildt at the Euro-Mediterranean Conference in Lisbon

Check against delivery.
Building Europe's East

It was in November 1989 that history suddenly confronted our generation with a new and challenging task - to build a truly new order of peace, prosperity and security for Europe as a whole.

The progress since then has been truly immense.

Out of the then European Community evolved the stronger European Union, and this Union has since been enlarged to include the approximately 100 million people in the ten nations stretching from Estonia in the North to Bulgaria in the South.

And few would deny that it was the magnetism of European integration and the model provided by the different policies of the European Union that made the democratic consolidation as well as the rapid reform of these countries possible.

Today, we have a belt of not only new democratic stability, but also economic dynamism and impressive growth that stretches from the Gulf of Finland down towards the Bosphorus.

Of great importance for this development has naturally also been the fact that the trans-Atlantic security structures have been extended to cover these countries as well. This has provided the feeling of security necessary in order to be able to advance towards the future.

The European Union that has emerged from this vast process of enlargement - that has gone hand in hand with the deepening of integration in numerous important areas - is a very different union from what it was in the past.

Today, it represents that largest integrated economy in the world. In trade terms it is the undisputed number one - in fact being larger than the number two and number three taken together. It is the largest market for more than 130 nations around the world. And its policies in different areas are increasingly important on the global stage.

In Lisbon two weeks ago we concluded the work on the so called Reform Treaty, thus taking the Union out of its process of treaty discussion that has been dominating the past few years.

Complicated in its different details, the Reform Treaty will enhance the ability of the Union primarily in the fields of foreign and security affairs. And it is my sincere hope that ratification will proceed so that this revised treaty - the Lisbon Treaty - can enter into force by January 1st 2009.

As we move forward with the Reform Treaty, it is only natural that we contemplate how we should proceed with that great challenge that history presented us with in 1989.

We have integrated the Western, Northern, Southern and Central Europe.

The immediate tasks are lying ahead of us in the Southeast - the different countries and challenges of the western Balkans, and the great task of the continued modernization and European accession of Turkey.

But it is obviously important that we focus more on all of the issues of Europe’s East.

Yesterday I paid a brief visit to Ukraine as that great country is in the final phases of forming its new government after the recent parliamentary elections, and I had reason to congratulate President Yushchenko on the continued democratic consolidation of the country.

With membership of the World Trade Organization around the corner, the road should be clear for the so called Enhanced Agreement between Ukraine and the European Union, leading to a deep free trade arrangement that I am convinced will be of immense benefit to both Ukraine and the European Union.

We also see the prospect of deeper cooperation in the increasingly important area of energy policy, as well as on different aspects of foreign and security policies.

The European perspective on which there is a broad political consensus in Ukraine is obviously of great importance for the future of the country, but should also be seen in the larger perspective of the East of Europe. What is possible for Ukraine should also be possible for all the other countries of this region.

To the North of the Ukraine we still see the semi-Soviet dictatorship of Belarus trying to preserve its powers, but increasingly I think it is only a matter of time until there has to be change in Belarus as well, thus opening up the same doors for cooperation and integration with the European Union as we are seeing in the case of Ukraine.

But the rulers in Minsk should know that it is to be a friend of democracy - not having problems with Moscow - that is the key to the relationship with the European Union. You earn your way to Europe, by true commitment to democracy and the necessary reforms.

Last week there was the last summit meeting between Russia and the European Union under President Putin. We had hoped that there would have been clear signs of a political will to overcome the last hurdles on the way towards Russia’s membership of the WTO, but unfortunately that was not the case.

It is natural that we seek close and constructive relations with the Russian Federation. But the last few years
have seen the build-up of differences in a number of areas that unfortunately have made it difficult to move forward in the way we should have wished.

Accordingly, the opening of talks on a new framework agreement between Russia and the EU will not happen until well into next year at the earliest. By that time, I hope there will be a new readiness in Moscow to enter into a more constructive relationship also in the areas in which we have seen differences building up in the last few years.

One of these areas of differences have been aspect of Russia's relations with its neighbours, and Georgia is obviously one of them. The ongoing economic blockades by Russia against Georgia are obviously not in accordance with the principles that should guide relations between European countries - apart from them being also totally counterproductive from the Russian point of view.

The countries of the southern Caucasus deserve more attention that they have often been given. In a number of ways I believe their importance will increase in the years ahead. Already we see them developing as important gateways between the central and western parts of Europe and the countries of Central Asia, notably in the increasingly important area of energy. This region could be a true hub for energy, trade and investments.

Georgia of today is a success story. There is still a lot of work to be done - the success story lies in what has been acheived and in the commitment of the Georgian society to the path of reform.

I did notice that the World Bank in its survey - "Doing Business" - of business conditions around the world, puts Georgia at the very top of the list of reform countries. In only one year's time Georgia has moved up from position 112 to 18. Over time these figures should translate into prosperity for each and everyone.

Georgia must stay on its reform course - for its own sake, for the region and for the East of Europe. Georgia must reconfirm its commitments of reform - it must earn its way to increased cooperation with the rest of Europe.

Georgia also carries the task of taking part in the efforts to solve the long-standing conflicts in Eastern Europe, notably in Georgia itself with the two breakaway regions. A solution requires patience, determination and statemanship and must be sought within the greater context of relevant international organizations. The soft power of success is key to overcome conflicts, tensions and historical legacies.

The building of Europe's East is part of the great challenge to which history presented us in November 1989. We are not yet half way completed. Thus far focus has been on the region stretching from Tallinn to Sofia, now the focus is increasingly on the Southeast - Sarajevo and Istanbul. And then we stretch also to Kiev and Tbilisi. The success here will serve as an important inspiration for the wider Caspian region and Central Asia. In the building of Europe's East it is also important to find ways to include Russia.

To conclude, the democratic transformation of Europe will never be secure until the democratic transformation of Europe's East is fully completed.
It's truly an honour for me to come here to ELIAMEP to make a few remarks on some of the challenges facing us in the months, years and decades ahead.

I do so as a long-standing admirer of the work that ELIAMEP has done over the years in South-Eastern Europe.

The annual Halki International Seminars - which I have unfortunately only attended once - have created a network of friends across this volatile region that is already becoming a strong force for reconciliation and peace.

And coming to Greece is always something very special for me - as it is for almost everyone in one way or another.

As a young student I was standing in Omonia Square as jubilation swept the square, the city, the country and the continent as democracy came back home to Greece again in 1974.

What is now the European Union had its origins in the conviction of an immediate post-war generation of leaders in the West of Europe that only integration could bring the prospect of a stable peace.

But for my generation, the real source of inspiration for our commitment to European integration has been the drive to secure freedom and democracy in every part of Europe deprived of those rights.

In that sense, it was a new phase of European integration that came into being as democracy came back home to Greece those spring weeks more than a quarter of a century ago.

Greece, followed by Spain and Portugal, was soon to join what was then the European Communities.

And as history moved on, the ideas of freedom and democracy, as well as the urge to "return to Europe", grew stronger. Before long, we were facing entirely new challenges.

In the summer of 1994 I returned to Greece for another important milestone. As my country's Prime Minister at the time I signed our Treaty of Accession to the European Union on the beautiful island of Corfu.

Sweden became a member of the European Union somewhat more than a decade after Greece had joined.

But that summer our two countries became partners in the endeavour to create a truly new system of peace and prosperity in our part of the world.

Those were not easy years.

War was raging for the third successive year in Bosnia. Major UN forces were deployed in Croatia. There was the fear that Kosovo was going to explode any day.

Millions of people had been forced to flee their homes. Flames had consumed one village after the other in the beautiful valleys of the Balkans.

My country has experienced peace - defined as the absence of war within our borders - since the end of the Napoleonic Wars. We share with the United Kingdom the distinction of having a capital never occupied by foreign armies at any time in the existence of our nation.

But as we entered the European Union we did so committed to making our contribution to the peace, democracy and stability of our continent. The Balkans may have been a place that most Swedes at the time knew little about, but it was not a faraway place.

More than a hundred thousand people fleeing the carnage there found refuge in our country.

Today, the first and only Bosnian in the European Parliament is a Member elected from a constituency in the north of Sweden - and represents my party.

And the course of events took me on a number of different missions from the mid-1990s to the early part of this decade, trying to help bring true peace and reconciliation to this troubled part of our Europe.

Sometimes you do indeed need the hard power of military might to stop wars or to separate armies. But again and again in the Balkans, we had to relearn the lesson that while hard power can win wars, it is not adequate to the task of building peace.

There are many lessons to be learnt from our experiences in the Balkans over the last two decades or so.

One is to be aware of the fundamentals of any given issue. Short-sighted policy has a tendency to bring short-sighted results.

Another is to tread with a certain caution, and be aware that one action sometimes leads to other actions taken by other parties. The Balkans is a bad place for unilateralism - however well intended.

A third would be the need for a very clear compass coupled with a fair dose of strategic patience. You must have an idea of where you want to go, but you must be prepared to accept that getting there might take quite some time, and might test your patience and tax your resources more than you might initially think.

At the beginning of the Balkans conflicts the US famously declared that it had "no dog in that fight" while others proclaimed it to be "the hour of Europe".

Well, in the end the US could no longer stay on the sidelines, while the Europeans had to accept that the hours involved were far more numerous, far longer and far more difficult than they had believed.

Today, it's years since I had to hear the heavy guns around Sarajevo, see the villages burning in Kosovo, listen to the machine guns in Tetovo or
watch the sniper positions at Bujanovac.

Today, I believe that we have a very real prospect of moving ahead with the European integration of the region that is the only lasting guarantee of its peace and its prosperity.

But I also believe that today we face profound challenges that will require both caution and determination.

Croatia is well on its way in its accession negotiations. I expect them to be concluded within the next few years.

The challenges we face now are primarily those centred on Sarajevo, Belgrade, Pristina and Skopje.

And most acutely, the issue of the future of Kosovo.

It's obvious to each and every one of us that Kosovo cannot forever remain the sort of United Nations protectorate that it is today. That can never have been the intention behind UNSCR 1244.

And it is equally obvious to each and every one of us that there is simply no way in which an authority of Belgrade can or should be reasserted over the area.

But that does not mean that immediate and full independence for Kosovo is the solution to all the challenges of the region.

And - labels aside - nor is it something that has been suggested by anyone.

Schemes on the table talk about Kosovo's external security being the responsibility of Nato and a significant part of its internal development being under some sort of European Union authority for years to come.

One of the uncontested results of the 'status process' so far is the recognition that the future status of Kosovo will have to involve a number of different arrangements - both external and internal - some of which are already on the table.

As Kosovo moves away from being a UN protectorate towards some sort of independence, it should be in the interest of each and everyone that this process is associated with as little confrontation and tension in the region as possible.

But this cannot mean that we can ever give intransigence a veto over the future of the region.

It must however mean that reasonable efforts must be made to bridge or at least start closing the gap between the positions of the responsible leaders of the region who will have to take responsibility for the future of their countries in the years ahead.

As I understand it, this is also the focus of the present 'troika' process. It will come to a conclusion on December 10, and although I do not believe that everything will be resolved by December 11, I do not see that much can be gained by dragging out this process much longer.

In much the same way as I think it is important for all to recognise that the troika process now is a genuinely new process, it is important for them to recognize that it is the process that will bring the issue to a resolution.

It's not for me to try to predict where we will be at the beginning of December, but I believe that we have to work for a truly European solution to what is a truly European problem. I believe there will be support from the United States, and I sincerely hope that the Russian Federation will see itself as part of the effort to create stability on our common continent.

By now we should all have learnt that the Balkans is as bad a place for unilateral moves as it is for vetoes rooted in intransigence.

It is imperative for the future stability of the region that we see it as a whole and not just as a number of different bits that can be dealt with separately from each other.

However successful and determined our efforts are, it is unavoidable that we will see a build-up of tension across the region associated with the Kosovo issue. In view of this we must now accelerate our efforts at securing stability throughout the region as a whole.

Bosnia can serve as an illustration. It must not be left out of the European perspective.

Faced with the question of whether or not to recognise a Kosovo that has not been anchored in some sort of wider European or UN-sanctioned arrangement, it is easy to see that the country risks becoming even more deeply bogged down in a dangerous political stalemate.

The future of Serbia is obviously key to the future of the wider region. A stable Serbia will project stability in the region - an unstable one will obviously project the reverse.

I salute the courageous leaders of Serbia for having delivered two Presidents and approximately 50 other more or less senior individuals to the International Tribunal in The Hague.

But they clearly must make it credible that they are living up to their commitment to do everything in their power to help in apprehending the remaining four fugitives, notably Radko Mladic.

With that behind them - and I sincerely hope this will be very soon - I see Serbia moving rapidly towards a Stabilisation and Association Agreement, and I fail to see why they should not then move fairly quickly towards candidate status and, after that, accession negotiations with the European Union.

By that time I must assume that Athens and Skopje will have come to a mutually acceptable agreement which will enable us to avoid calling your northern neighbour FYROM in multilateral fora.

And that we will be able to see the entire region from Skopje to Sarajevo move clearly into a more determined long-term accession process toward the European Union.

When that is the case, the full soft power of the European Union will start to make itself truly felt throughout the region.

But in view of the challenges ahead, there clearly has to be a somewhat sharper edge to these soft powers of integration.

It's not enough to just agree to different provisions, there must also be a demonstrated ability to turn them into reality, thus truly transforming the region and its respective economies.

Such a sharper edge to our soft powers is clearly in the interest of these nations themselves.

They have no use for a process that just takes them into commitments that no one really cares about and that are not really implemented.

They have an interest in the European institutions and the Member States being truly committed to helping and assisting in their genuine transformation into modern, open and competitive economies and societies.

The same obviously applies if we broaden the perspective from the mountains and valleys of the Balkans to the wider region of the Eastern Mediterranean.

That this region is part of Europe is not a point that needs to be argued in Athens.
You know better than anyone that virtually every aspect of our European civilisation has its deep roots in the Eastern Mediterranean. A Europe cutting itself off from the Eastern Mediterranean is a Europe that is cutting itself off from key parts of both its history and its future.

The issue of Turkey will continue to loom large in the years ahead as it is one of the key nations in that area. Today’s Turkey is a modern nation that has emerged out of the debris of the Ottoman Empire - and sometimes the wounds from its painful birth are still visible in its evolving political culture. This, in different ways, applies to us all. Nations exist in time as well as in space.

There is little doubt that in recent years Turkey has re-energised its efforts at European integration and modernisation in a most impressive way. Whether this effort is dated back to the Young Turks of 1908 or to the election of the AK government in 2002, the strategic direction of change in the society and economy of Turkey is obvious to everyone.

Again, we see Europe’s soft powers of transformation at work, even if Turkey of course has its own independent reasons for the transformation it is undertaking.

But again, it is clear that there is a need for a sharp edge to these soft powers in order to truly assist in carrying the transformation forward.

I can see in the press in some European countries that there are those that would like this process to fail in one way or another.

Some oppose it openly. Some seem to prefer a policy of stranglehold by stealth. Some want this because they feel a need to build barriers between civilisations right through this region - barriers that would then be replicated right through most of our societies. Some seem to want it because they simply lack confidence in the future of Europe in this age of accelerating globalisation.

Whatever the motives and whichever the means, I believe a failure of this process would be a strategic calamity of the first order.

The Aegean would risk being a sea of confrontation forever - instead of returning to the role it had throughout most of history. The prospect of Cyprus ever being reunified would disappear with all the political and human tragedies that would result.

In the decades ahead, we would face strategic drift - instead of strategic stability - in this crucially important region of the Eastern Mediterranean.

This is of course of importance not only for the region itself, but perhaps even more so if we widen the perspective even further.

These days the media is filled with speculation about whether we are heading for policies of revenge or policies of reconciliation between Turks and Kurds in the borderlands between Mesopotamia and Anatolia.

Much is at stake here - and there can be no doubt what we Europeans must strive to contribute towards.

Indeed, it is to a large extent the process of European modernisation of Turkey that has opened up the present prospect of these policies of reconciliation. As Turkey moves away from some of the traumas of its modern birth, and eyes a new European future, it is also increasingly able to handle the complex issues associated with the Kurdish question.

Prime Minister Erdogan has famously stated that it is “more democracy” that is the true solution to this issue.

And it might well be that it is the feared success of these policies that has triggered the recent wave of terrorist attacks and activities.

We strongly condemn the acts of terrorism we have seen, and we strongly salute the efforts aimed at political solutions that we are now seeing. They simply have to succeed.

These tragic and dramatic events have again demonstrated that if we are interested in the stability of the wider region, we have a profound interest in anchoring Turkey in our common efforts at promoting peace, prosperity and reconciliation in the area.

Strategic drift in this region could easily be the recipe for strategic disaster.

From Israel through Iraq to Iran there is no lack of challenges in the months and years ahead.

And for us Europeans this is our immediate neighbourhood.

That’s clear to everyone in Athens. But it is nowadays equally clear in Stockholm. In the small town of Södertälje just outside Stockholm we already have more refugees from Iraq than there are in the entire United States. In many ways, our Europe extends into the Middle East - and in many ways the Middle East extends into our Europe.

There may now be a possibility of moving towards a comprehensive peace between Israel and Palestine. We must give this process - however difficult - all the support we can.

I believe the policies of the European Union will be critical to success in these efforts.

We all know that the position of the United States is of critical importance as we approach the crucial meetings now ahead of us, and we should salute the determination demonstrated by Secretary Rice in the last few months.

She has rightly said that what is needed is a Palestine state not in the distant and uncertain future, but more or less right now. But when it comes to actually contributing to that building of a state in Palestine that will also be the key to the security of Israel, I am convinced that the efforts and contributions of the European Union will be as critical as they have been in state-building in the Balkans.

Again and again, we see how the soft power of Europe - the inspiration of our model of integration and shared sovereignty, the magnetism of our process of integration and of building increasingly close relations with our neighbours, the transformational capacity of our experiences in conflict resolution and state-building in complex areas - is becoming increasingly relevant in the world in which we are living.

Our Union is today far more than the regional player it was when first Greece and then Sweden - to mention just these two countries - joined. You joined a community of just nine and we a union of just twelve.

Today, our Union encompasses 27 countries with half a billion citizens living in a Europe that has never been as free, never been as secure and never been as prosperous.

We are the world’s largest integrated economy. We are by far the world’s largest trading entity. We are a bigger exporter than the number two and number three taken together, and we are the largest market for more than 130 nations around the world. We are by far the world’s largest donor of development assistance.

And if there is one thing that has impressed me during the year I have served as one of the foreign ministers in the Union, it is the demand that exists across the globe for an even stronger role and an even stronger political presence of our Union.

If we look at the big issues confronting our world in the years ahead - climate change, proliferation of weapons of mass destruction, economic growth through trade and reforms, international terrorism, energy security, building bridges between civilisations, trying to lift the bottom billion of our world out of despair - it is very difficult to see them being moved towards some sort of solution without more active engagement on the part of the European Union.
I would say that an active role for the European Union is a precondition for moving all of these issues in the direction we all seek - although it is obviously not enough.

We must reinforce our cooperation across the Atlantic with the United States - our traditional and firm partner - but we must also intensify our efforts at building truly strategic relationships with the rising and responsible powers of - to name just a few - India, China and Brazil.

With the Reform Treaty now agreed, we are creating new possibilities for our Europe to live up to its responsibilities as well as its opportunities in these important areas.
All of us here today are - in a sense - children of 1989. That was the year in which the entire Soviet bloc - from Berlin to Vladivostok - was struck by one of the greatest liberal revolutions of all times. A complete ideological, political, economic and social system passed away, and some 400 million people had to choose a new system at the same time as the existing system of international and European order had to be reshaped.

For all of us - children both of the Cold War and of 1989 - the task was to try to create better societies and a better European and global order in order to secure both peace and prosperity for the generations to come.

Within the collapsing Soviet bloc, there very rapidly emerged a consensus on the need to build democratic political systems and market economies based on private ownership and the rule of law - and opposition to these goals was mostly disguised in a debate on how best to reach them.

Developments since then have truly reshaped our continent in a very fundamental way.

The approximately 100 million people of the ten states that emerged from the 'outer ring' of the Soviet Empire in central and eastern Europe have all now become members of both the North Atlantic Alliance and the European Union. This was their free choice - supported and endorsed by overwhelming majorities in all the countries concerned.

And with the help of both the magnetism and the model of the European Union, they have all been reasonably successful in building both democratic societies and vibrant and dynamic open economies. They have - to use the catchphrase of the time - returned to Europe.

And it has been a successful return for everyone concerned.

As a result, we now have a belt of economic dynamism from the Gulf of Finland in the North down towards the Bosphorous in the South.

And the European Union - in itself a child of 1989 when there was still only the more limited European Community - has emerged as an entity with approximately 500 million citizens, the largest integrated economy in the world and a trading power on the global market that is larger than number two and number three taken together.

It has established a common currency which has rapidly become one of the two truly global currencies and has started to develop common foreign and security policies.

At the moment, it is in the final phases of the drafting of a Reform Treaty that from 2009 and onwards will significantly increase the possibilities for the Union to play a greater role also on the wider global stage.

It is also in the process of defining more clearly its approach to what might be called the outstanding European structural issues. On top of that agenda is the further gradual enlargement of the Union to include the approximately 100 million people of southeastern Europe - the Western Balkans as well as Turkey.

This will not happen overnight and there are also those prominent voices that fear that this will be one bridge too far. But just as we should remember that every previous wave of enlargement was the subject of considerable opposition, we should remember that each one of them was later seen as a success.

But on the agenda is also our relationship with that wider East of Europe that has some 200 million inhabitants, with Russia and Ukraine as its most important countries.

While the path taken by the 100 million people of central and eastern Europe has been relatively smooth since the great liberal revolution of 1989 - apart from the ten years of conflicts over the dissolution of Yugoslavia - the same cannot be said for developments in the wider East of Europe.

After the initial chaos of collapse, economic development has indeed been impressive. Anders Åslund recently pointed out that since 2000, the huge economic region from Kazakhstan to the Baltic has been enjoying an average growth of more than 8 per cent a year. For all the economic success of Russia, it is worth noting that its performance is not among the more impressive in this wider region.

To some extent this growth has been fuelled by the commodity boom resulting from the spectacular rise of the Asian economies - oil and gas for Russia and Kazakhstan, metals for Ukraine - and there is reason to ask whether this growth is sustainable when this commodity boom starts to fade away.

This brings us to the question of the extent to which all these societies have managed to build the structures of laws, rights and administration that are more conducive to long-term increases in their prosperity. And here the picture is naturally a mixed one.

In Minsk we still see an authoritarian ruler trying to resist any attempt at opening up either the economy or the society. There is little doubt that Belarus on its present course is heading for a structural collapse at some point in time, and we should all have an interest in facilitating a smooth transition that avoids more tragic outcomes.
Ukraine has been successful in building an open and democratic political system as well as in creating fairly solid foundations for sustained economic growth. With membership of the WTO around the corner, the path should open for a deep free trade arrangement with the European Union that could well make Ukraine one of the more attractive production locations in our part of the world in coming decades.

But there are significant challenges ahead. Broadly speaking, you can say that the problem of Ukraine is that it does not have much of a state tradition, and building the institutions of a state, and the culture of laws and rights associated with a state, will accordingly take some time. That Ukraine is on the right course in a more fundamental way is, however, clear. It has a perspective of increasingly deep cooperation and integration with the European Union that could one day even lead to membership.

It would then become a member of a Union with approximately 650 million citizens, since I see this as happening after the countries of southeastern Europe have also been included in the Union.

Russia is a somewhat more complicated case.

If I said that Ukraine suffers from having too weak a state tradition, one could argue that the problem of Russia is that it suffers from too strong a state tradition. And it might well be that it is easier to deal with the first situation than with the second - empirical evidence so far tends to point in that direction.

Now facing elections to the Duma and then election of a new President, it is up to Russia itself to judge how well it has done in relation to the potential that existed after the liberal revolution of 1989 and the new horizons that then opened up.

I certainly belong to those that saw the liberal transformation of Russia as one of the most significant developments of our time.

We hoped for the emergence of the rule of law, of an open and transparent political system and of a vibrant and free economy unleashing the vast and impressive human resources of the country. Such a Russia would be a truly strong Russia as well as a Russia confident to engage and integrate with the rest of Europe and with the world at large.

As we are meeting on the day one year after the murder of Anna Politovskaya, we all know that the situation is not exactly like this.

The political system is significantly less open and transparent than it was some years ago. The rule of law can certainly not be taken for granted. And the heavy hand of state interventionism is seen in increasingly important parts of the economy.

As a result of this, we have seen a deterioration of the image of Russia in the West as well as tendencies towards new mistrust between Russia and the West across a range of different issues.

This should not be in the interest of Russia - and it is definitely not in the interest of the European Union. Accordingly, our task should be to discuss possible paths towards a situation that brings better prospects for the future in a whole range of aspects.

Later this month there will be the last Summit between Russia and the European Union under President Putin, in Mafra in Portugal. It will be a closely watched affair after the tense meeting in Samara this spring when obvious Russian attempts to divide the Union were firmly rebuffed by Chancellor Merkel.

The Summit will hardly be able to revive the attempts to start work on the envisaged new legal framework to replace the present Partnership and Cooperation Agreement. In my view, this could well wait until the dust has settled after the different Russian elections and there is the possibility to take a somewhat longer view.

The Summit will give important indications as to whether Russia truly wants to move towards the membership of the WTO that it has sought for many years, or whether those forces inside the country arguing for a more closed approach on these issues have gained the upper hand.

The importance of this issue is obvious.

If Russia aspires to be more than just an exporter of commodities, membership of the WTO is almost a prerequisite. With China having reinforced its economic success after having joined the WTO, and with Ukraine certain to join very soon, it would be odd indeed for Russia to remain outside for very much longer. It would be a signal of a different Russia.

It might well be that the Summit will also see further discussions on those issues related to energy that have been at the centre of the debates ever since the rather dramatic cut-off of Gazprom gas supplies to Ukraine in 2006.

With some 6 per cent of the world’s proven oil reserves and approximately 27 per cent of the world’s proven gas reserves, it is obvious that Russia will be a major player on the European and global energy markets for decades to come. And there should be a mutual interest in Russia and the European Union to develop a mutually beneficial relationship in this area.

That this has proven difficult is obvious to each and everyone. And the reason lies in the different course that Russia has chosen since it signed the Energy Charter with its Transit Protocol.

This was based on an approach grounded on open and competitive markets, while since then Russia has chosen the course of building increasingly powerful semi-monopolies, bringing it into head-on collision with the approach most recently laid out by the European Commission in its new energy package last month.

In the debates around Europe there are mounting concerns over these issues.

If, in the period immediately after the Ukraine shut-off, these centered on the risks of similar action being taken for more or less political reasons versus other countries, they are now increasingly concerned with the ability of Russia to deliver, above all, gas in increasing quantities in the years ahead.

With investments in the big energy corporations primarily going elsewhere, and with important projects slipping further and further into the future, there is growing concern in Europe that we will have to deal with a Russia with declining gas production and with - at the best - flat oil production.
It is thus not unnatural that the European Union will be keen to diversify its sources of energy supply in the years ahead. And neither is it unnatural that issues relating to energy will be high up on the European agenda in the years to come.

The fact that both Turkey and Ukraine are actively interested in becoming part of the Energy Community centered on the European Union further testifies to the importance that all European countries attach to these issues.

Some years ago, the European Union and Russia committed themselves to the development of the so-called four spaces, and there was talk about a strategic partnership between the two.

Since then, progress on the four spaces has been haphazard, and I find it difficult to talk about a true strategic relationship between Moscow and Brussels. Instead, the relationship in recent years has been centered around a series of more or less important points of friction.

We saw the heavy hand used against Estonia during the debate about the bronze soldier this spring. We are still seeing the economic blockade against Georgia as well incidents like the one with the failed missile attack against a radar station in early August. We see pipelines to Latvia and Lithuania being cut off for reasons that are certainly not economic. We are all aware of the case of the murder in London of Mr. Litvinenko.

Incidents like these should not be in the interests of anyone. Rational analyses in Moscow should also lead to the conclusion that many of the policies pursued against smaller neighbors like Georgia have been profoundly counterproductive also from the Russian point of view.

In the years ahead - after the Russian elections - I believe we should see if there is a possibility of forging a truly strategic relationship between Brussels and Moscow.

With the new institutions of the Reform Treaty coming into force, the ability of the Union to be a true strategic partner will undoubtedly increase. And by that time we will also know which course Russia will have taken on issues ranging from WTO membership towards the rule of law in its own country.

That such a strategic relationship should be in our mutual interest is beyond doubt - but that is not to say that it will be truly achievable. The effort must however be made.

Sweden will try to play its part in these efforts. We have made our views known when we believe that the actions of Russia have violated the principles on which relations between European states should be based, and I can assure you that we will continue to do so.

As we take over the Chairmanship of the Council of Europe we will also have an additional reason to focus even more on all issues related to the respect for the human rights that all members of the Council have committed themselves to, and where the record of Russia often comes in for critical scrutiny.

But we will also continue to develop an intense dialogue with Russia on the entire range of European and international issues we are facing. I have enjoyed my different meetings with Foreign Minister Lavrov as well as with other official Russian representatives, and there is certainly much to discuss in the months and years ahead. Kosovo and Iran - to name just two issues high up on the agenda.

We are also a partner with Russia in cooperation in the Baltic and Barents Sea areas, where we are discussing both the reform of the Council of the Baltic Sea States, the further development of the Northern Dimension and all the different issues related to new developments in the High North and the Barents Sea area.

I will be meeting my colleagues from Finland and Norway in northern Norway on Tuesday and Wednesday, and issues related to Russia and cooperation with Russia will certainly be high on our agenda.

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Contact
Sara Malmgren
Leave of absence
The Bosphorus Conference: The EU and Turkey - Drifting Apart?

CHECK AGAINST DELIVERY

It's always a pleasure to come here to Istanbul in order to reflect on the future of the future of Europe. And looking back on our long European history, we are all aware of the important role that has been played by the wider area of the Eastern Mediterranean. Indeed, it could be claimed that the history of Europe is inseparable from the history of what has been happening here by the Bosphorous.

And most of us would argue that what has applied to history will apply to the future as well. Within the European Union, we are now busy putting the finishing touches on the treaty to reform our institutions.

We hope the Reform Treaty can be signed towards the end of this year, be ratified by the 27 parliaments during the course of next year and start to be implemented some time in 2009 - the same year as we will have new elections to the European Parliament as well as a new European Commission.

There are many driving forces behind this Reform Treaty, but perhaps the most significant one is to make it possible for our Union to strengthen its voice on global affairs by creating new institutions and instruments in the field of foreign and security affairs.

This is something that our respective electorates - even those otherwise somewhat less enthusiastic about the Union - are asking for. But even more it is something that is asked for by the rest of the world. In meetings during the past year I have been impressed by the strength of the demand for a stronger European role in world affairs that I have encountered around the globe.

If there is something that has made the European Union stronger on the global stage if we look back at the previous decades it is of course the process of enlargement.

If we were to think about a European Union without Britain, Spain, Greece, Sweden, Poland, Czech Republic, Hungary or all others that have joined the original six it would of course be something that could never aspire to the role that we together can now aspire to.

It is enlargement - probably more than anything else - that has made the European Union increasingly relevant and important also on the wider global stage.

Looking back, two things can be said about the different rounds of enlargement that the Union has seen during the half-century since the signing of the Treaty of Rome.

The first is that each of them have initially been meet by something very considerably less than enthusiasm by those members up until that time. Indeed, France put in its very public and vocal veto against any British moves towards membership for nearly a decade.

And I vividly remember all the moves undertaken to try to prevent my country - together with Austria, Finland and Norway - from even submitting our applications for membership. And when it came to the final vote on our membership in the European Parliament there were app. 80 members who - for the one reason or the other - refused to give their approval.

So there has always been a significant amount of doubt and reservation against any new wave of Union members.

The second is that all enlargements after some time have come to be seen as great success stories.

There is the unavoidable shake-down cruise as the ship moves to accommodate the new actors. But things normally settle somewhat faster than expected, and the new ship is always seen not only as larger but also as better and as more impressive than before.

The European Union is still to some extent in that period of shake-down cruise after the huge enlargement - 10 countries and a 100 million people from Estonia to Bulgaria - that brought in all those countries for a generation part of the wider Soviet empire.

We see this in some of the discussions we had with our friends in Poland over the Reform Treaty, and some of the discussions necessary with our friends in Romania and Bulgaria over there fulfillment of the important obligations of European Union membership.

We are also in situation where I would argue that the competitive forces that are so clearly reshaping our world are building up stronger in our European economies than probably anywhere else in the global economy.

The fierce forces of change coming from the accelerating globalization - the return of Asia, the revolution in science and technology - is affecting each and everyone around the globe.

But we should not underestimate the fierce force of change coming from the rapid enlargement of the European single market into the largest integrated market in the world, causing the rapid reshaping of the patterns of both consumption and production across our continent.

It is perhaps not entirely unnatural - it would indeed be to break the pattern of the past that I have indicated - that enthusiasm for a new major wave of enlargement is somewhat limited in some European countries.

But the point I would like to make is that we should see this as neither a first in the history of Europe nor the last word on this important subject.

Indeed, I fail to see that we can go forward with the aspirations we have in the field of foreign and security affairs, or in meeting the demands that we see coming from the global strategic agenda confronting us, if we were to go back on our commitment to further enlargement.

It's not only about the geopolitical implications this would have in Southeastern Europe, the Eastern Mediterranean or the wider Eastern parts of our Europe - although I believe that closing the door to the Western Balkans, beyond Croatia, most notably Serbia, to Turkey or the Ukraine - to name just these three very different issues - would be a strategic calamity of the first order. Because in closing one door, you risk opening up other doors.

If a country is told that the door it aspires to go through in order to reach what it believes is a better future will be shut, that country over time is likely to start to look for other doors to go through - and there might indeed be others willing to open up such alternatives.

We have to contemplate not only the immediate consequences of one door being shut - but of others being opened up. And that reinforces my point about the geopolitical calamities that we might be faced with in regions - the Balkans, the Eastern Mediterranean, and
the wider East - of critical importance to all of Europe.

There is no denying that the process of further enlargement will be a very demanding one. I'm thinking less in demands on the institutions of the European Union than in demands on the countries that are aspiring to membership.

Turkey has certainly made very important progress on its long-term path of European reforms during the last few years. And although the European Commission in its assessment last year said that the pace of reforms had slowed down, I believe that the impressive democratic consolidation we are seeing now in Turkey should pave the way for starting to accelerate the process again.

We all know that some of the issues that need to be faced are difficult. But I find it hard to believe that the country of Ataturk - the country of profound reforms and changes - will not be able to steer itself towards the goals history is setting for it, rather than being dragged down by the burden of decisions, choices and rules have their roots in an increasingly distant past.

But the burden should not be only on Turkey - or the other accession countries.

We must all show greater determination in tackling some of the difficult issues that we have perhaps been shying away from for too long.

We have to tackle the issue also of the status of Kosovo in order to also free up Serbia and the other countries of that region for accession to the Union. And this is not primarily an issue for either Moscow or Washington - they are important partners - but an issue for Europe - the EU.

We have to tackle the issue of Cyprus. Failure to overcome this shameful division would not only risk making the division of the island de facto permanent, but would also endanger cooperation between EU and Nato in areas like Afghanistan and Kosovo and could well completely derail the membership aspirations of Turkey.

The previous negotiations under UN auspices provide an excellent basis for moving towards a united Cyprus.

Earlier this year, the EU committed itself to the resumption without delay of the work aiming at the adoption of the Commission proposal easing the conditions for trade with the areas of the Republic of Cyprus in which its government does not exercise effective control. This must be done.

But it is of course also imperative that Turkey is prepared to fully implement the provisions of the customs union - allowing also the ships and aircrafts of the Republic of Cyprus to use its ports and airports.

And we all know the necessity of moving forward with the different issues still there between Greece and Turkey. I am convinced that there is recognition in both Athens and Ankara that this is in the true strategic interest of both countries - and profoundly in the spirit of European integration.

I belong to those that hope that we will one day see Turkey as a full member of the European Union - and the city of Istanbul taking a place alongside London and others as one of the vibrant and dynamic hubs of globalization on the continent of Europe.

Such a European Union would in my opinion be an even stronger global force than the one we can envisage today.

With up towards 600 million citizens and new vibrant economies as part of it, the Union will be able to retain its position as the largest integrated economy of the world, will get new opportunities of further increasing its global competitiveness, will reinforce its message of openness and tolerance of different cultures, traditions and religions, and will be able to reach out even more strongly to new areas of the world.

Such an open Europe - between London, Istanbul and Stockholm - could be a magnet for talent and creativity that would give Europe a real possibility of truly shaping the new age that we are heading into. But the road from here to there will be neither fast nor easy.

That's why it's so important that we are coming together here by the Bosporus to discuss the tasks ahead for all of us in the years to come.
Let me address two of these - the situation in the Middle East and the conflicts in Africa. We should be acutely aware of the dangers of conflicts rapidly exploding, fusing together and unraveling the progress we have seen.

It's a question of self-interest - and far-sighted statesmanship. We might face if the regime of non-proliferation is eroded or collapses.

To prevent this, the nuclear powers have a duty - to live up to their responsibilities. Neglect is to invite failure. The risk of nuclear terrorism would be a very real one.

We must live up to the international commitments on development assistance and ensure that development cooperation becomes more efficient. This is the joint responsibility of all donors and all partner countries.

The accelerated globalisation process has brought enormous benefits to many hundreds of millions of people, not least in the emerging economies.

Today, nearly a third of the world’s population live in countries where economic growth is about 10 per cent a year.

And we seem to be well on our way towards meeting that important part of the Millennium Development Goals that will reduce by half the number of people living in absolute poverty around the world.

From a historical perspective, this is amazing progress. Never before in human history have so many been lifted out of absolute poverty in such a short space of time. There is no room for complacency, however. We must make globalisation a force for good - for open societies, open economies, an open world - for everyone on our planet.

We must double our efforts to bring the Doha Development Round to a successful conclusion. Sustainable economic growth, a vibrant private sector and a more open international trading system are needed if we are to achieve the goals we have set for eradicating poverty in the world.

We must make a dedicated mutual effort to meet the Millennium Development Goals. The fact that we are making substantial progress on all of them globally demonstrates that progress is indeed possible.

Human rights, security and development go hand in hand. Respect for human rights is necessary to achieve security and development, and these three elements are mutually reinforcing. Our protection of any individual anywhere is the protection of all individuals everywhere.

The death penalty must be abolished all over the world. It contravenes the very notion of human rights. Even in this area the world is making progress but 25 countries still sentence people to death. Six countries are responsible for more than 90 per cent of all executions worldwide. We all know who they are and expect them to take steps to abolish the death penalty.

The links between security and development, including the need to combine state-building efforts and peace-support operations for long-lasting results, place new demands on the international community.

The United Nations must learn from - and build on - the recent experiences of a number of challenging, but successful, large-scale missions that integrate military and civilian components. We need to improve coordination of international efforts in the field, for instance in Afghanistan.

There are many challenges that remain to be tackled if we are to make the world a better place. Perhaps the most important is how we should best address the present dangers to the existing non-proliferation regime.

We are there to be one new state with nuclear weapons, the danger is that soon another would follow. Shortly, these weapons might well be out of any state’s control. The risk of nuclear terrorism would be a very real one.

This must be prevented. Our children deserve to live in a world safe from the threat of nuclear war and of weapons of mass destruction falling into the hands of terrorists. These weapons threaten the very existence of mankind.

To prevent this, the nuclear powers have a duty - to live up to their responsibilities. Neglect is to invite failure. They need to demonstrate their readiness to substantially reduce their nuclear arsenals. These weapons are of no use in deterring the adversaries we might face if the regime of non-proliferation is eroded or collapses.

It’s a question of self-interest - and far-sighted statesmanship. But we must also address the urgent political issues that we are confronted with. Although the numbers of wars and conflicts have continued to decline, we should be acutely aware of the dangers of conflicts rapidly exploding, fusing together and unraveling the progress we have seen.

Let me address two of these - the situation in the Middle East and the conflicts in Africa. The Israeli-Palestinian conflict has to end with a peaceful settlement, negotiated by the parties, resulting in the emergence of an independent,
democratic and viable Palestinian state, living side by side in peace and security with Israel and other neighbours.

To restore peace and economic growth in the Middle East requires parallel action by the Israelis and Palestinians. Nothing is more important for the long-term security of Israel than the creation of a truly viable Palestinian state. This presupposes that freedom of movement and access is significantly improved in the West Bank and Gaza. Prime Minister Olmert and President Abbas recognise each other as partners for peace. This provides an opening that we should all do our utmost to support.

It is therefore now time for a true peace process. Not of the incremental sort that has been tried so many times before. It is now time to achieve the peace that is the common aspiration of the vast majority of both Israelis and Palestinians as well as the international community. We urge the leaders of Israel and Palestine to move forward towards a comprehensive settlement. The international meeting this autumn is of crucial importance.

But the challenges of the Middle East are not limited to that conflict.

We are convinced that we must do more to encourage reconciliation and reconstruction in Iraq after the horrible brutalities of the last few decades. We must do much more to assist and protect the more than 4 million Iraqis who have left their homes.

Iran still refuses to accept the obligations laid down by the Security Council. Iran has to convince us of the peaceful nature of its nuclear programme.

The conflicts on the Horn of Africa, stretching from Ethiopia and Eritrea, to Somalia, Sudan, Chad and the Central African Republic cause thousands upon thousands of deaths as well as untold human suffering for the survivors. National leaders on the Horn should rise to the challenge and demonstrate their commitment to peace and reconciliation.

The failure of Ethiopia and Eritrea to resolve the quite straightforward demarcation of their common border, eight years after their commitment to do so, is a worrying signal, not only for these two countries, but also for the region as a whole.

In Sudan a process of democratisation is of paramount importance to tackle the core problems and to achieve reconciliation. We must focus on support for the implementation of the Comprehensive Peace Agreement as well as the renewed peace effort for Darfur that will take place in Tripoli at the end of the month.

The situation in eastern Chad is worrying. We are impressed by the important humanitarian work carried out by local and international non-governmental organisations. It is apparent that we must do more to protect and assist refugees, IDPs and other civilians affected by the conflicts of the region, as well as support the UN-led humanitarian efforts on both sides of the border.

How can we ever achieve true progress if women's crucial role in peace building and development is not recognised? Gender equality and women's rights, participation, influence and empowerment are key goals in themselves and are also crucial for sustainable poverty reduction.

Challenges like these show the urgent need for world leaders to accept shared responsibility for our common future. Sweden addresses these challenges in close cooperation with its European Union partners.

We need a strong - and reformed - United Nations to bring us all together. A better world is within our reach.

Thank you, Mr. President.
Globalisation: Ultimate Consequences for Europe

There is little doubt that globalization is one of the truly defining features of our times.

But it's not any globalization.

Different waves of integration and even globalization have been with us for centuries - indeed, since human civilization started to emerge, developing through innovations, trade and interaction with others.

Ours is the age of the third great wave of globalization in modern times. A wave that we are just in the very beginning of.

The first wave of globalization - the one that ended in 1914 - had a distinctly European face. Britain ruled the waves, railroads conquered new continents and the telegraph seemed to create the ultimate interconnected world.

The second wave of globalization - that took its true beginning in 1945 - has an equally distinctive American face. And to a very large extent it is in a world economy dominated by this second wave that we are still living. The era from the T-Ford to the iPod.

But now it's the third wave - and increasingly we will see that it has an Asian face.

To a very large extent this is the story of the return of Asia.

We often forget that for a thousand of years or so before the Europeans in earnest started to burst onto the global stage in the early 19th century, approximately three fifths of the global economy was in Asia. It didn't really interact with the rest of the world - but still it was there.

And now it is coming back. The rapid increase in the production of goods in China and the production of services in India are transforming the global economy. And this comes after the rise of Japan and of Korea.

Asia declined to a fifth of the global economy at the middle of the 20th century. It's now back to two fifths. And we can already look forward to it coming back to the three fifths were it all started.

This third wave of globalization is the result of the combination of profound political changes in combination with the profound revolution in science and technology that we are witnessing.

In political terms, it started in China in 1978 when we saw the de facto collapse of collectivized agriculture in China, continued in 1989 as we saw the collapse of the socialist system and the Soviet empire over half of Europe and gained further momentum with the reforms after the 1991 collapse of the paleosocialist policies of India.

Each of these cases initiated an increasingly radical new policy approach.

As a consequence, we now have the 40% of the population of the world that were previously isolated entering the global system of production and consumption.

It's a process which is gathering speed by the day and which, at the end of the day, will change almost everything almost everywhere.

If you add it up it means that approximately 1.5 billion people are entering the global workforce. This is roughly the same number as would have been the number of the total global workforce now had not the changes occurred in China, Russia and India.

It's not happening overnight. But if we assume that only 10% of them have by now been able to fully enter the global workforce, it's still a number that is approximately equal to the entire workforce of the United States.

Any day now, we will have half of global production coming from what we refer to as emerging economies. And suddenly, we are seeing companies from these countries starting to appear among the Fortune 500 - previously reserved for only Americans, Europeans and Japanese.

And the changes are perhaps even more dramatic on the consumption side.

Within a decade it is a reasonable assumption that approximately 80% of the global middle class will live in the countries we previously called developing. It's the new global middle class from Shanghai to Sao Paulo that will drive the new consumption patterns.

It's a new global economy - indeed it's a new world - that is emerging as this the third wave of globalization continues to accelerate.

So how is Europe doing in this rapidly emerging new world?

Well, if you listen to voices on the other side of the Atlantic it's all rather miserable. One often hears that Europe has too few babies and too many Muslims and that decline is unavoidable.

While it is true that our demography is a different one from the United States, and that the Muslim world and all its convulsions is our neighbor not only on the map but increasingly also across the street, I would argue that the picture isn't necessarily that bleak.
For most of the last part of the last century, the economies of Europe were catching up with the US economy. It's really during the last two decades - and most clearly during the last one - that we have been losing ground versus the US economy.

The reasons are by now rather clear. And I would say that there are two main reasons for this.

The first is that the US has a more flexible economy with a higher degree of competition and a greater readiness to change.

The second is that the US has been investing more in the new technologies, primarily then in the ICT sector.

And it's really the combination of these two factors that have made the difference.

The figures are indeed striking. While the US has invested approximately 4% of its GDP in the ICT sector during the last decade, the corresponding figure for the European economies is little more than 2%.

As a consequence, we have seen an increasing gap in labour productivity between the US and the European economies. And it is telling that this has been particularly pronounced in sectors where the US economy is more open to change and innovation that the European ones have been - wholesale, retail, the financial and service sectors.

This is the story up until now. But I would argue that we are beginning to see a change. And I would argue that we could do even better in the years to come - given the right policies.

Globalization is a new golden opportunity for Europe.

Across the European debate, you occasionally find a somewhat defensive attitude to globalization. But if you look at more fundamental factors you might argue that it is we Europeans that have been and remain the ultimate globalizers.

The modern history of Europe is the history of innovation, creativity, discovery and taking risks. While other civilizations often were inward-looking and static, the different powers of Europe time after time reached out to and sought to shape the outside world - from Alexander the Great over the Vikings to the Dutch, English and Scottish seafarers that ruled the waves, the shores and the ports of the world.

There has never been a Fortress Europe.

In fact, we are doing rather well in this new phase of globalization. If you look at export figures, and market shares, it turns out not only that Europe has been holding its ground during this period, but that we have in fact increased our market share marginally.

If the European Union today has a share of global exports around 19%, the corresponding figure of the United States is only marginally above 10%.

Today - as we have the largest integrated economy in the world - we are the world's by far largest traders - larger than the number two and the number three taken together.

Recently, we have seen economic figures improving somewhat across Europe. Up here in the Baltic area - the Top of Europe - we have been doing remarkably well for years due not the least to the political changes of the 1990’s. But now we see figures improving also in other economies.

Economists still differ on the causes and consequences, but for me it is rather obvious that we are beginning to see the results of the transformation primarily of the corporate sector that is the result of the very marked increase in competitive pressures coming both from globalization and the enlargement of the European Union.

Enlargement is creating a new European economy. And firms are grasping its opportunities fast.

The world-wide R&D centre of Skype - world leader in VOIP - is located in Tallinn. Electrolux - world leader in white ware - is hardly exporting anything from Sweden any longer, but produces 5% of the industrial exports of Hungary. Slovakia is now producing more modern cars per capita than any other country in the world.

In recent years, direct investment flows from the old Europe of the 15 have been more than four times as high to the new Europe of the 10 as they have been to China and nearly 20 times as high as to India.

Be it in the shops and restaurants of London, in the car industries in Germany and France, in the banks of Italy or Austria, or in the telecommunications board rooms of Sweden or the United Kingdom - it's obvious that it is the opportunities of the new East that is the new reality, challenge and opportunity.

We are only in the beginning of this. You need fantasy more than classical forecasting to imagine where we are heading in the coming decades.

The Baltic countries are registering nearly Chinese-level growth rates, and will, on these trends, have climbed from Soviet poverty to European prosperity well within a generation.

And down by the Bosphorus, Turkey has opened up its economy faster than almost any other country in the last two decades, and is now establishing itself as a new economic titan of the Southeast with growth rates that I believe will be above those of Russia during the coming decade.

And further to the East we find a Ukraine that - if it truly goes down the path of reform during the next decade or so - will have good possibilities of establishing itself as a manufacturing center to rival those of Asia.

Where Russia is heading remains to be seen. Recent trends towards increasing and arbitrary state control are certainly not encouraging, and will certainly slow down the transformation of the country’s economy. But there is also an entrepreneurial talent in Russia that we must hope will be able to assert itself more in the years to come - in politics as well as in business.

Overall, what we are seeing is a new pattern, where instead of manufacturing moving to the East of Asia, we now have the possibility of manufacturing being integrated between the different parts of Europe in a pattern that is as new as it might be globally competitive.

It's a pattern we are also seeing in Asia and across the Pacific. On the back of my new iPod I can read that it is "designed in California and assembled in China".
The factories are in China, thus providing much needed employment opportunities there, but there is no doubt where Apple is creating the most value, and where accordingly also indirectly most of the jobs are created.

That's the way we'll see it here in Europe as well: designed in Sweden and manufactured in Serbia, designed in Estonia and manufactured in Ukraine.

It is imperative that we continue to deepen and widen the integrated European economy, thus increasing the pressure for change, and thus also increasing the global competitiveness of our economy.

This entails a further enlargement of the Union. After the 100 million people from Sofia to Tallinn, the next step should be the 100 million people of Southeastern Europe - the Western Balkans and Turkey. And in the longer perspective we must keep the door open to Ukraine.

Together, we are talking about approximately 150 million people - increasing the economic dynamism and political weight of the Union in the global economy and the international political system even further.

Apart from continuing to deepen and widen the single market, we clearly need a new commitment to the development of our human capital. It's been the innovative minds that have been Europe's greatest asset in the past - and this will be the case even more in the global economy of tomorrow.

Here we are clearly not doing enough - be that in basic education, in university education or in the resources that we are prepared to spend on R&D.

Not only in the United States, but also in Korea, approximately 30% of young people have a university education, while the corresponding figure for the European Union is 18%.

There are differences across the Union. Finland continues to score at the very top when it comes to what it manages to achieve with its education system, and that in spite of spending less than some other countries do. The United Kingdom continues to have two universities that are ranked among the top ten in the world. And a country like Sweden continues to look good when you look at the tables for spending on R&D.

But overall, it is very obvious that we have to do more.

The United States spends two to three times as much per student in its university system, and although money isn't everything it is obvious that it is something when it comes to attracting the best minds and the most talented brains of the world.

It is a striking fact that close to 40% of the scientists and engineers in the United States having doctorates are born abroad. The success of the United States is to a large extent the success of mobilizing a talent base well beyond its boundaries, also that of Europe.

But looking ahead we should note that our talent base is potentially much larger than that of the United States. The population of the European Union will be more than twice as large. And although we clearly need to do more to improve our primary and secondary education it is obvious that we tend to do better here than they do over there.

This also applies to the new member states. As a matter of fact, they have a base in basic science, engineering and mathematics in their education systems often superior to what we used to have in the West of Europe.

I was asked to describe the "ultimate consequences" of globalization for Europe.

But since I don't really see any end to the accelerating globalization, I fail to see any ultimate consequences.

And I would argue that we should not see globalization as something that just has consequences - as if we were just the passive bystanders, waiting for things to happen.

As I have argued, we Europeans are the original globalizers, and our task today is to use all the new opportunities that it creates.

The record of Europe so far in this accelerating third phase of globalisation is somewhat better than for what we are credited. We are by far the world's leading exporter, trader and investor. We have the most open economies that you can find anywhere.

And if we continue as I have indicated - open up and broaden our economies, increase our investment in our human capital - most other things could well be in our long-term favour.

Demographic challenges will hit every part of the world - we are just among the early ones.

The interaction with the Muslim world might well over time become a major new source of creativity.

And the fact that we are giving the world a new model of how old nations are working together, sharing sovereignty and opening up their societies might not be that bad either.

We have a global Europe - and a globally even more successful Europe is certainly within reach.
The Baltic Sea has, during these last fifteen years, regained its role as an important trading route. As in the days of the Vikings and the 400 prosperous years of the Hanseatic era, our region is experiencing a boom of commercial activities. So impressive that Time Magazine writes about the “Sea of Plenty” and a “economic powerhouse of the 21st century”.

With the conclusion of the fifth enlargement, 12 nations with 100 million citizens, from the Gulf of Finland in the North down towards the Bosporus in the South, have been brought into the Union, creating a new belt of peace and prosperity in an area that history has otherwisereserved for economic stagnation, instability and rivalry.

What our common past primarily has shown us, is that the division of our region along a Western - Eastern axis, which prevailed during most of the twentieth century, was nothing but a historical parenthesis - a dark anomaly.

We are now back to a position where we can realize the full potential inherent in our region.

The growth figures (2006), particularly on the eastern shores, are impressive: 7.3% in Lithuania, over 11% in Latvia and Estonia and around 6.5% in Russia. Eight of nine countries bordering the Baltic have a faster growth than the EU average.

The yearly growth of foreign trade in the Baltic states and Poland amounts to 20%.

But also countries like Germany, Sweden, Denmark, Norway and Finland are doing well compared to the EU average.

Our region is in the forefront when it comes to cutting edge ethnology such as communication systems, with companies like Ericsson, Nokia and Siemens. But also in biotechnology, not least in this part of Scandinavia, stretching from the University of Lund, via Malmö, towards Copenhagen - the so called biotech valley.

The volumes of goods, commodities and raw materials transported on ships on the Baltic Sea are increasing with a spectacular pace. At any point in time over 2000 ships are cruising on the Baltic Sea. Every year 52.000 ships are passing the Island of Gotland, and 30 000 the Danish Island of Bornholm.

In 1987 the volumes of crude oil transported on the Baltic Sea amounted to about 17 million tons. In 2004 that figure had increased to 115 million tons. In 2010 the volumes are expected to have surpassed 200 million tons.

In Hamburg the total amount of cargo has increased with 40 % every year the last three years.

Fifteen years ago there was only one daily flight between Stockholm and Tallinn. Today there are six flights every day. Between Helsinki and Tallinn there are 30-35 daily departures on sea and 9 helicopter tours in each direction.

In Riga harbor the number of ships has increased from 1000 a year in the early nineties to today’s 3600 a year.

And since we are in Malmö, a part of the Øresund’s region, I might add some figures that shows the dynamism in this part of the Baltics. The number of cars crossing the bridge has increased from 1.7 million in the year 2000 to 5,7 millions last year. This year we can already see an 20 percent growth.

And the figures for travelers by train are just as impressive. In the year 2000 the trains transported 2,4 million people crossing the bridge. Today’s number is 7,5 million (2006) and a growth this year with 25 percent.

These figures well reflect the dynamism and optimism which characterize our common vicinity.

It is now a fact that the Baltic sea state region has evolved into one of the most dynamic areas on our continent - we are "the top of Europe" - a region with an economic and technological structure and profile which gives us a good position to compete successfully in the globalized world economy.

To make sure that this development continues and accelerate further is one of our most important responsibilities.

But it is also our responsibility to find solutions to those problems which still threaten our societies and their people.

According to the UN, the Baltic Sea is one of the ten most sensitive maritime environments in the world. 25% of its bottom is dead, and up to 80% is dying.

Half of all fish species are under the so called "critical biological level" which means that their existence are under severe threat.

Between 300-400 cubic meters of industrial waste and sewage from St Petersburg every day goes unfiltered directly into the Gulf of Finland.
Eutrophication continues to be a severe problem. This situation is not sustainable and must be reversed. And it is up to us to bring about change. As it is up to us to combat trafficking in human beings, to fight transnational organized crime and to further increase security of oil shipments in the Baltic Sea. The last point is not the least important. Finland's Technical Research Centre (VTT) recently noted that the risk of oil spills in the Gulf of Finland had risen markedly and would double by 2015. The Council of the Baltic States has been a valuable platform from which we have been promoting regional development and combating common threats. During the years since its creation in 1992 the CBSS has contributed to closing the gap, which after the fall of the Berlin wall, existed between the west and the east. And on a more concrete level, it has made valuable contributions to the fight against trafficking and organized crime. But we must admit that our region - its opportunities and challenges - has fundamentally changed since the foundation of the CBSS. We are compared to 1992 living in a totally different, political and economic environment.

At that time the Baltic states still had ten thousand Russian soldiers on their territories. Their main priority was, as in the case of Poland, to become members of the Euro Atlantic institutions. Today all members states of the CBSS except Russia are also members of the European Union or the EES, the European Union has been enlarged three times and we are living in the midst of a globalization which is accelerating with an unprecedented speed.

Also within the CBSS the cooperation has changed character. It is more concrete and diversified. The governments are no longer in the driving seat. It is instead much more business, local authorities, universities and independent organizations that cooperate and this is most encouraging.

These facts must be reflected in the way in which we design the regional cooperation of today as well as of the future - and this also applies to the CBSS. This is why Sweden has promoted the idea of a strategy for the Baltic Sea Region, a strategy that would be fully compatible with the EU’s Northern Dimension - which would help to promote our region as a priority area for the European Union. A strategy which would facilitate for the whole of this region to get access to Community funds which could be directed to sectors such as infrastructure, energy, environment, education and research. I note with satisfaction that the Commission is positively considering this idea.

I say the whole region, because it is of utmost importance that the strategy will need to take into consideration both the region's EES countries which form the part of the internal market, and also Russia in connection with the Northern Dimension.

We are part of a "Europe of regions". And it is my firm believe that the Baltic Sea region can develop into a model for other parts of Europe by proving that high growth levels and being in the forefront of globalization are compatible with the highest environmental standards and sustainable development.

I think the CBSS can help pave the way for increased regional integration and be instrumental in making the Baltic Sea region one of the most competitive in the world when it comes to economic growth.

It is my strong conviction that the transformation of the CBSS into a much more operational body closely tied to a European Strategy for the Baltic Sea region, would entail a needed revitalization and strengthening of an organization which we need, but which is at the currently not fully in tune with the times.

My vision is that we must promote the development of the Baltic Sea region and preserve its position at the "top of Europe", both when it comes to identifying relevant projects as well as to help implementing these. This would fulfill the reforms of the CBSS initiated by Sweden this last year.

We need too work towards achieving an even closer integration in the Baltic Sea region and promote economically and socially prosperous societies based on market economy, freedom and democracy. Societies that share the same objectives, whether they concern protecting our environment or fighting organized crime and trafficking in human beings are the best guarantees for stability and security. It also gives our economies new dynamism and serves the purpose of maintaining our common region as one of Europe's strongest growth areas.
Europe 1957 - 2007 - 2057

Half a century ago, our two countries - the United Kingdom and Sweden - didn't really find the ongoing preparations for the signing of the treaty on the establishment of the European Economic Community on the Capitol in Rome particularly exciting.

We certainly had an interest in the ongoing efforts to further liberalise trade, primarily within the framework of the OEEC, but the politics of the Messina conference and the dialogue between the Six was truly foreign to our two nations.

The jewel in the crown, to be sure, had won its independence, but the winds of change had not really swept away the grandeur of a world painted in pink. The so-called Continent was seen by many as a messy place to which it was better to keep a healthy distance.

And we Swedes believed that it was the self-perceived goodness and wisdom of our policy of neutrality that had kept us from being dragged into the European civil wars of the century. With prejudices going back to the Thirty Years War, we looked down on the Six as much too Catholic and probably too conservative for our progressive taste.

But still the Six went ahead, climbed the steps of the Capitol, signed the Treaty of Rome - with its commitment to an "ever closer union between the peoples of Europe" - and started a peaceful revolution in not only European but global affairs as well.

The rest - as the Americans say - is history. And it’s a history that our two countries, not without certain hesitations, and with sounds of foot-dragging still occasionally being heard, have since found it to be in our interest to join.

Harold Macmillan took that solid step of true statesmanship in 1961, although it was to take until 1973 before you were finally able to join. And for my country it took much longer. I had the honour of signing our Treaty of Accession on the island of Corfu in Greece on Midsummer’s Day 1994, paving the way for our accession in 1995.

By then we were already in the midst of that truly remarkable European transformation that we are still to a very large extent in the middle of.

One of the more memorable phrases of modern European history is the one uttered by the then Foreign Secretary Lord Grey as he looked out over Horse Guards Parade in August 1914, noting that the lights were going out all over Europe and wondering whether they would come back on in his lifetime.

They did not.

After that war came revolutions, depressions and totalitarian temptations of both the red and the black and brown variety. And soon a new war started, with consequences even more horrible and even more devastating.

It was after the end of that war that Winston Churchill in 1946 took the lectern at the University of Zurich and made his famous call for some kind of United States of Europe, in order to overcome the divisions that had led to all the wars.

It was a vision as daring as it was inspiring - although he saw his Empire outside of it. And it was that vision that carried the Six forward to the Treaty of Rome.

But although some sort of peace had by then returned to the western part of Europe, the lights were still out in other parts of our continent.

It was not until the wall came down in Berlin and a city, a country and a continent could start to come together again that the lights all over Europe could come back on.

Since then we have seen something of a new European revolution.

With the conclusion of the fifth enlargement, 10 nations with 100 million citizens, from the Gulf of Finland in the North down towards the Bosphorus in the South, have been brought into our Union, creating a new belt of peace and bubbling prosperity in an area that history has otherwise reserved for instability and rivalry.

Today, we can proudly claim that Europe has never been as free, never been as secure and never been as prosperous as it is today. And never really means never - never in its entire history.

Numerous factors have contributed to this. The security guarantee that the Atlantic Alliance has provided has undoubtably been of major importance.

But I would still argue that the transformation we have witnessed during the past decade would not have been possible without the magnetism of the European Union and the model for modern societies that its many different rules and regulations provided.

This is a fact disputed by few today.

In Sweden, I find that even those who still claim that they oppose our country’s membership of the Union have welcomed the success that the entry of all the others into it has been for us all. And I suspect that individuals of the same species can also be found here in the British Isles.
I think we can safely say, that of all that European integration has accomplished in the close to 50 years that have passed since the signing of the Treaty of Rome, this will perhaps stand out as its single most important achievement.

There is thus ample cause for celebration as we look back on the half a century of the Treaty of Rome. And this also includes the nations that were not there from the beginning. It has been a force for both peace and prosperity probably well beyond even the most daring dreams of its original signatories.

The European Union of today is not only the major force for peace and prosperity in our part of the world. Coming earlier today from a meeting in Nuremberg between the foreign ministers of the Union and those of the countries of south-east Asia in the ASEAN group, I can testify directly to the growing presence and influence the European Union is having on the wider global stage.

To some extent this is a function of its economic weight. Its economy is now the largest integrated economy in the world. It is by far the largest trading power on the planet - larger than the second and the third put together. It is the biggest market for more than 130 nations around the world. It provides the largest amount of ODA to the developing countries. And a fact worth noting for both Swedes and the British is that the value of the euros in circulation in the world today exceeds the value of the dollars.

We certainly have our problems - but we should not overlook the weight and importance that we have in the global economy. Others don't.

But increasingly it is also a matter of political influence.

Not because of the number of combat brigades or carrier battle groups, but because of the model that it provides of democratic nations integrating peacefully, trying to promote reconciliation and conflict resolution, strengthening different multilateral institutions.

As we celebrate the half-century that has passed, and note its remarkable achievements, we must of course focus primarily on the tasks ahead. To look - but we do try to chart the course of the policies we want to follow, and we must try to anticipate the challenges we will have to handle.

Put in the simplest possible terms, the European Union is about the promotion of peace and prosperity - in our own countries, on our own tip of the vast Eurasian landmass and in the wider world.

And to continue in the simplest possible terms, the promotion of peace requires us to continue to unite, while the promotion of prosperity requires us to be able to compete.

I would argue that in the years ahead we must intensify our efforts in both these respects.

Regarding our efforts to promote peace, what worries me today is the combination of the weakening soft power of Europe and the increasing tensions that we see more or less all around us.

Wherever we look - from Kabul to Khartoum - we see tensions building up. Not only the obvious risks of political conflict, terrorism or nuclear proliferation. But also the perhaps even more dangerous risk of our sliding into a true Huntingtonian 'clash of civilisations'.

I would argue that what is needed is a profound strengthening of the soft power of Europe. We need the hard power as well, but at the end of the day peace is built by thoughts and by ballots more than by tanks and by bullets.

A critical part of the soft power of Europe lies in the continued process of enlargement - a Europe that remains open to those in our part of the world wishing to share their sovereignty with us, accept the rule of law and commit to the building of open, secular and free societies together.

But we all know that there are those who want to slow down or perhaps even stop the process altogether. Just across the Channel, there is talk of defining the borders of Europe.

But let us be clear: drawing big lines on big maps of the East of Europe risks being a dangerous process. We should know that such a process will have profound effects in those areas or nations that fear ending up on the other side of those lines.

We could easily see forces of atavistic nationalism or submission to other masters taking over when the light of European integration - however faint or distant - is put out.

If that happens, the lines on the maps will certainly not protect us from the consequences of what happens beyond them.

Our strategic focus in terms of enlargement is now shifting towards the approximately 100 million people of the Western Balkans and Turkey.

And how these processes are handled in the years to come will have profound implications for the future of Europe.

In my opinion, we have a moral obligation to seek the European integration of the countries of the Western Balkans, and although conditionality remains the key to progress, we must do our utmost to help them meet those conditions.

And it should be crystal clear that we have a profound strategic interest in the eventual membership of Turkey in the European Union.

It would be the culmination of a long process of European modernisation for the country, and it would have a decisively positive impact on the prospects for stability in the entire region of the Eastern Mediterranean and the Black Sea.

It would also add important elements of economic dynamism, demographic vigour and cultural diversity that can only enrich our common European efforts.

But our tasks extend beyond this.
To the east of the present boundary of the European Union live another 200 million Europeans - Ukrainians and Russians, but also Belarusians, Moldovans and the hundred or so different peoples of the Caucasus.

Today, there is something of a soft war going on for the future of the East of Europe. The mighty fortress by the Moscow River has its own concept of strictly controlled so-called democracy, while others see their future in more open economies and open societies following the model that has proved a success in the rest of Europe.

It will take time for the different nations of this vast area to clearly define how they want to see their future, and the task is naturally primarily one for them.

However, it is important that our doors remain open to all true democracies in Europe, that we are ready to generously extend our structures of integration to whoever is interested and ready, and that we continue to adhere to our values of freedom and democracy for everyone.

The task of building a new order of peace and prosperity in Europe after the lights started to come on again in all of Europe is by no means over - perhaps we have come half of the way by now.

But as we continue with these important undertakings, it is obvious that it will increasingly be the wider global tasks that will dominate. We must be better at promoting peace in wider areas, and we must be better at competing as globalisation continues to accelerate.

We are now at the beginning of the third phase of globalisation.

The first phase of globalisation was the one coloured by Europe that came to such an abrupt end in August 1914. The second was the more geographically limited phase - affecting mainly Western Europe, North America and Japan - that came to be dominated primarily by the strong expansion of the American economy.

Of course to a considerable extent, it is still this phase that colours our world.

But it is above all the return of Asia that defines this, the third wave of genuine globalisation.

Its roots lie in the beginning of the reforms in China in 1978, in the collapse of the Soviet system around 1989 and in the beginning of India's emergence in 1991 from the paleosocialism that had curtailed its potential until then.

Despite what we see as the so obvious importance of the liberation of Europe, it is the return of Asia that will come to dominate the picture.

I say 'return' because we so easily forget that during the millennium preceding the first European wave of globalisation, it was the economies of Asia that accounted for approximately three fifths of the total global economy.

The European expansion and - later - the rise of America fundamentally changed this. Half a century ago, the Asian economies were down to about a fifth of the global economy.

But after their strong expansion in recent decades, they have already reached a level of around two fifths. In all probability, we will see the day when Asia is once again home to three fifths of the global economy.

I do not think that we are always fully aware of the power of the economic transformation that the world - and we ourselves - are currently experiencing.

In actual fact, never before has the global economy grown and changed so vigorously and rapidly as is the case at present.

The figures speak for themselves.

Global economic growth is at record levels, and now encompasses a far larger part of the world than ever before.

Even more important is that in the past decade we have seen how the annual increase in trade has been at least double that of production, which means that the integration of the global economy is advancing very rapidly.

But integration is driven even more by capital and investment flows than by trade. And if, in somewhat simplified terms, it can be said that trade is increasing at least twice as rapidly as growth, investment flows are increasing at least twice as rapidly as trade.

This is not just about globalisation - it is about accelerating globalisation.

The latest giant container vessel - the Danish Emma Maersk - loads up to 14 000 containers. Some 2 per cent of the world's entire production is being handled, at any one time, by package delivery company UPS. With around 60 million visitors a year, Ikea's Mega shopping mall, outside Moscow, is the most visited shopping mall in the world.

I remember how, at the very beginning of the 1990s, I got one of the very first GSM telephones that were then starting to be manufactured. Today, almost one third of the world's population has a GSM subscription, and this number is growing by 1 000 every minute.

It goes without saying that all this shows what is basically an exceptionally positive development.


Within a quarter of a century, this new middle class in the developing countries will more than treble. Then, more than 90 per cent of the world's middle class will be living in countries that, not so long ago, we called developing countries.

This will create better fundamental conditions, both for open societies and for open economies. And since we believe that Immanuel Kant was basically correct in his little essay on 'eternal peace', this should also create better conditions for peace and stability.

But at the same time as this is happening, we see the forces that are trying to bring it all to a halt strengthening their efforts. And while doing our utmost to facilitate this globalisation with all the benefits it will bring, we must be mindful of the tensions that are there and the dangers that must always be confronted.

In a sense, this is all familiar ground.

When Karl Popper wrote about the open society and its enemies, he spoke about the "strain of civilisation" and the retreat by some into the perceived security of old and closed tribal attitudes.

Now, an open world is at stake, and again we are feeling the strains of civilisation, and again we are hearing the
siren songs of tribalism.

The forces that want to see more closed societies, a closed Europe and a world in which walls of distrust are raised again must absolutely not be underestimated. We see them constantly in the distrust towards that which is different, the fear of that which is unfamiliar and the calls that try to entice us to seek security in the closed communities that are ultimately defined by distrust towards those who are not willing, not able or not allowed to join in.

And here it is easy to see that old divisions between domestic and foreign policies don't really apply any longer. A straight line runs through our policy, from our work for openness in the school playground in our suburbs, through our belief in an open Europe, to our conviction that the forces of free trade and globalisation create the conditions for a better world.

It is a vision of open societies, of an open Europe and an open world that must guide us in the years ahead.

In the past - before the great European transformation - it was the issue of the Soviet Union that had a tendency to dominate our days. Without in any way playing down the concerns that we must have over the present direction of Russian politics - though this is a threat primarily to Russia itself - I believe it is obvious that a key issue in the decades ahead will be our relations with the wider Muslim world.

The wider Muslim world is obviously our neighbour if we look at the big maps of the big world, but increasingly it is also our neighbour in the small world of our local grocery store or across the street. Again, we see the lines between domestic and foreign affairs becoming increasingly blurred.

We have an obvious interest in Europe playing a role in overcoming the different divisions that are now plaguing the wider Muslim world, and that sometimes also tend to be seen as part of a confrontation between the ideas of the West and the ideas of that world.

To oversimplify again, it could be said that if in the past our efforts were focused on the conflicts and issues that converged in and around the divided city of Berlin, today and tomorrow our efforts ought to be focused on the conflicts and issues that converge in and around the city of Jerusalem.

In a sense these can be seen as part of the broader set of issues confronting us in the wider post-Ottoman space - from BiH in Bosnia in the north-west to Basra down by the Gulf in the south-east. Here, old issues have a tendency to create new problems, be they those of the future viability of a more independent Kosovo, the unresolved issue of Cyprus or the acute tensions that we have seen exploding in the old lands of Mesopotamia in recent years.

None of these issues have a purely military solution - if anyone ever believed that. All these issues require major efforts at reconciliation and political conflict resolution. And none of them are more important and urgent than the issues centred on Jerusalem.

Another wall to climb in order to reach a better future.

If we are trying to look half a century into the future, failure to solve these issues simply cannot be an option. The consequences would simply be far too horrendous - perhaps primarily for the state of Israel, but then for the entire region and certainly for us Europeans and our increasingly close relationship with the wider Muslim world.

This being the case, we should certainly put efforts to address these issues at the very top of our agenda for the very beginning of the next half-century of the European Union.

Whichever of the great global challenges we are discussing - climate change, international terrorism, migration pressures, new infectious diseases - it is increasingly obvious that there simply are no national solutions available.

And it is one of the hopeful signs of the present European picture that this is increasingly understood by the general public as well. In opinion polls about Europe, the urge for a stronger European voice on global affairs consistently comes out, and does so emphatically in virtually every country.

National policies are increasingly for national consumption - it is the common European policies that are there to handle the global challenges that increasingly are affecting our citizens.

Thus, it is obvious that we must continue to unite in order to become an even stronger force for peace in a part of the world that will need it even more, as well as in confronting all the other challenges ahead.

But it should be equally obvious that we as Europeans must increase our ability to compete if we are to be able not only to preserve our present prosperity, but also to increase it further and spread it to even more citizens within and outside our Union.

But although I have my own strong views on this, these are not issues primarily for a Minister for Foreign Affairs, and accordingly I prefer to leave them for another time.

Peace is my profession. And the European Union has been, is and in the future will be an even more important instrument for achieving that peace in ever larger parts of our world.

That should be a central part of our vision for the coming half-century.

Contact
Christian Carlsson
Statement by Minister for Foreign Affairs Carl Bildt

Let me start by fully associating myself with the remarks just made by Minister Steinmeier on behalf of the European Union.

The protection and promotion of human rights is one of the central duties of the international community in our time. Not only is it a question of protecting individual human beings - their life, their freedom, their future - but it is also important in promoting peace and stability across the globe.

We know all too well from the bitter lessons of history that regimes that violate the rights of their citizens are often the regimes that threaten the international system - its peace, its stability - as well.

For that reason also, it should be evident that our protection of any individual anywhere is protection of all individuals everywhere.

The past decade and a half has seen important progress in respect for human rights and commitment to democracy and the rule of law - but in recent years the pace of progress seems to be slowing down. This must be a cause for concern.

And it is not only that the pace of improvements is slowing down. We see massive abuses continuing which we have difficulties addressing adequately. And we are also seeing new restrictions being imposed when freedom seeks new ways - I’m thinking of the different restrictions on the use of the Internet being imposed by authoritarian regimes.

All of this only underlines the crucial importance of the work of the Human Rights Council.

But as it addresses the different issues of human rights throughout the world, it must be acutely aware that it itself is being closely watched. It is up to the Council itself through its actions to disprove those who fear that it will not live up to the high expectations placed on it.

And this can only be done by vigorously and objectively addressing all the different human rights challenges of today.

It is all too obvious that there are many human rights violations in addition to the obvious ones in the occupied Palestinian territories.

Of particular concern is the situation in Darfur in Sudan. The fact that the Government of Sudan blocked the entry of the fact-finding mission must not prevent the Council from addressing this issue with the utmost seriousness. It must remain a priority for the Council.

But there are - unfortunately - numerous other issues that merit attention. The situations in countries like Burma, DPRK, Belarus, Cuba, Uzbekistan and Iran are among those that very clearly need to be addressed by this Council.

It is also highly important to move forward with the work to abandon the death penalty all over the world. It is a brutal and vindictive travesty of justice which clearly does not belong in any modern system. It contravenes the very notion of human rights.

Still, we see it widely applied even today. Widely in Iran and much too much in Iraq. But more than 80 per cent of the total number of executions in the world today take place in China, where a shockingly high number of crimes can lead to the death penalty. This is certainly not in the Olympic spirit.

The risk of inadequate legal processes leading to the execution of innocent persons is particularly high in repressive regimes where the rule of law does not apply. But even in democratic and law-based societies, errors and discriminatory practices can never be fully ruled out.

The right of life must never be violated and the death penalty must be universally abolished.

Extrajudicial, summary and arbitrary executions also continue to be a problem in many parts of the world. I am particularly concerned by the situation in Sri Lanka. I call on the Council to adopt a draft resolution urging the government of Sri Lanka to broaden the investigation into the increasing number of extrajudicial killings and disappearances, and to draw upon the office of the High Commissioner to aid the government of Sri Lanka to ensure that the investigation meets international standards.

It is important that the Council shapes its work in the best possible way in order to achieve real results where it counts - in the reality of those in vulnerable situations.

We should spend less time arguing about new legal instruments. Instead we must devote our full attention to implementing the commitments we have already made.

We need to ensure full implementation of human rights. This must include civil and political rights as well as economic, social and cultural rights. Without discrimination, be it on the basis of gender, sexual orientation or race.

This is - of course - a huge task. And it can only be measured in one way: improvement on the ground. In areas ridden by conflict and poverty. In courtrooms and prisons. In homes, classrooms, hospitals and workplaces.
In the working conditions of NGOs.

And it is in this context we wish to see the Human Rights Council. It should promote implementation of HR instruments, constantly remind governments of their obligations and support them in their efforts to comply. It should follow up on how States live up to their promises.

The first year is obviously crucial for the shaping of the Human Rights Council - and thus for its future standing in the international system.

We need to find consensus on many important issues.

We need to make sure that we preserve and strengthen the system of special procedures. Country-specific mandates have proven indispensable as the "eyes and ears" of the international community.

We need to shape an efficient mechanism for Universal Periodic Review. We must agree on an effective complaint mechanism and find new ways to use the expert function.

Building a new institution must be done by consensus. But the common objective must always be in sight. At the end of the day a fair and functioning Human Rights Council is in the interest of everybody.

Contact
Christian Carlsson
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Madam Speaker,

Members of the Riksdag Annie Johansson, Magdalena Streijffert, Jan Ertzborn, Mehmet Kaplan and Hans Linde have all asked questions that touch upon different aspects of the Israeli-Palestinian conflict. I have chosen to reply to these five interpellations together.

There is cause for serious concern about the situation in the broader Middle East region, as there is about the absence of both peace and a peace process worthy of the name between Israel and the Palestinians.

Fifteen years ago almost to the day, the conference assembled in Madrid that lit a beacon of hope for peace in this conflict. Back then, while there was concern, there was also a hope that time would work in favour of reconciliation and peace.

The developments since then have involved both deep disappointment and tangible progress. Today, in this situation of great concern, it is clear that we can no longer assume that time is working in favour of peace and reconciliation. Once again, we are seeing the emergence of forces that over time could threaten the very foundations of the peace we are looking for.

A lasting peace can only build on the existence of two states within secure and recognised borders. Both parties are responsible for the conflict and its resolution.

We all know today's Israel as a vigorous democracy, a dynamic economy and a genuinely open society. The Government wants in various ways to broaden and strengthen the ties between Sweden and Israel.

People in Israel today realise that the occupation that has been going on since 1967 will in time pose a threat, not least to Israel itself. Israel cannot be secure as long as the country is surrounded by areas of occupation, desperation and escalating extremism.

That Israel now fully subscribes to the efforts to build a Palestinian state is important and welcome. Prime Minister Olmert has also recently declared that the goal is no longer unilateral withdrawals but withdrawals based on agreements.

We have had cause for profound reservations, from the perspective both of international law and humanitarian concern, against important aspects of the policy pursued by Israel over a number of years. This applies particularly to the illegal settlement policy and the routing of the separation barrier on occupied land and its impact. We have stressed time and again that the occupation must cease.

Given this background, there is reason to note the changes in Israel's stated intentions that we feel have been evident especially in recent months. It goes without saying that these must be followed by changes to the policies pursued. It is therefore deeply disturbing to learn of new and expanded settlements.

It is hardly possible to build a state under occupation. Nonetheless, we should note that free and democratic presidential and legislative assembly elections have been conducted in the West Bank and Gaza in recent years. These elections met high democratic standards and created a basis for continued Palestinian state-building.

The outcome of the election to the legislative assembly represented a significant success for Hamas. It is well known that this is a movement that is also responsible for terrorism and is therefore on the EU terrorist list. Its success in the election, however, can hardly be attributed to its implacable approach towards the state of Israel.

Despite the difficulties this has entailed - the EU countries have agreed not to have contact with a terrorist organisation - the European Union and Sweden have continued to provide extensive and increasing humanitarian assistance to the occupied territories.

Sweden's support to the Palestinians in 2006 amounted to approximately SEK 680 million, an increase of 25 per cent on 2005. Total support from the EU also increased by 25 per cent and now amounts to EUR 680 million. This has been made possible by the Temporary International Mechanism (TIM) established by the EU in 2006.

One of the main reasons for the serious humanitarian situation is the dramatically curtailed freedom of movement of the Palestinians, and of international humanitarian organisations. The European Union and Sweden are working actively to persuade the parties to implement the important Agreement on Movement and Access of 2005.

Political developments have also led to increased tension in the Palestinian territories and we have every reason to be deeply concerned about the possible consequences if these developments continue. If Palestinian state-building is threatened, peace is also threatened.

In this context, the European Union has made it clear that it is prepared to cooperate with a legitimate Palestinian government whose policies reflect the demands placed jointly by the EU, the USA, Russia and the UN for recognition of existing agreements and the existence of the state of Israel. Such a government would bring new opportunities for state-building and for a peace process.
It is also crucial, and goes without saying, that every form of terrorism or use of violence to solve internal problems must be categorically rejected. The parties must respect the ceasefire in Gaza and as soon as possible this should be extended to the West Bank.

The coming months may see some new opportunities for a possible peace process. In addition to the factors I have mentioned, it is worth also drawing attention to the significance of the sensitive situation in Lebanon.

Here, I am convinced that the European Union must play a stronger role than it has in the past, and Sweden is doing all it can to ensure this. We also want to intensify the traditionally good relations that we have enjoyed both with Israel and the Palestinians. We welcome a clearer US involvement in this issue.

I also believe that we can do more than we have done so far to prepare for the massive amount of support of varying types that will be required when Palestinian state-building begins to take shape. We will be discussing further initiatives in this direction.

Madam Speaker,

The situation in the Middle East is bleak - but not without hope. The task of the European Union and Sweden is to make the most of the signs we see of a will for dialogue and to support the parties in continuing on this path. This will continue to be a guiding principle for the Government’s Middle East policy.

Jan Ertsborn raises the question of financial compensation to Palestinians whose homes and land have been confiscated as a result of the separation barrier. In its opinion on the legality of the barrier, the International Court of Justice has established the right to such compensation. And recently a register of damage caused by the separation barrier was set up via a UN General Assembly resolution, supported by all EU member states. According to local human rights organisations we have been in touch with, many Palestinians have applied for, and been granted, financial compensation by the Israeli authorities. On the other hand, for different reasons, many have chosen not to seek compensation.

Annie Johansson has asked me how I intend to respond to the oppression of the Palestinian people by neighbouring states. I assume that this question refers to the situation of the large numbers of Palestinian refugees now living in neighbouring countries. UN Security Council Resolution 242 states that the refugee problem must be resolved through a "just settlement". Pending such a settlement, which must be achieved in direct negotiations between the parties, the UN body for Palestinian refugees, UNRWA, is responsible for the humanitarian needs of these refugees. In 2006 Sweden's support to UNRWA amounted to SEK 230 million, which makes Sweden one of UNRWA's largest donors.
Esteemed Members of Parliament,

It is truly a great honour for me - and for my country - to be invited to address you here on this very special day.

Yesterday I participated in the ceremony outside Seimas and was deeply touched by the very dedicated atmosphere.

Like all of you I very vividly remember those dramatic days 16 years ago.

I was in Stockholm that night.

Some of us had been actively engaged in doing what we could to support the peaceful demise of the Soviet Union and its empire.

We had watched as tensions had been building up during the preceding months, weeks and days.

Your determination was beyond doubt. Your cry for freedom had been heard all over Europe - indeed all over the world.

But pressure on you from Moscow had been building up. Ultimatums had been issued. New military forces had been sent to your country. Senior military commanders were heading towards here.

It was obvious that the darker forces were manoeuvring in order to maintain the old system and save the old empire.

There is little doubt that the attempt to reimpose a draconian Soviet order in Lithuania, Latvia and Estonia was planned and masterminded at the highest levels in Moscow.

We know for certain that it included the leadership of the military as well as the security institutions. And, in spite of all his denials, I remain fully convinced that President Gorbachov was at the very least aware of what was being prepared.

There were distinct limits to his perestroika. The aim had been to reform the Soviet Union. When that failed the darker forces moved in order to try to restore it.

And when that so spectacularly failed the entire system and empire had to be removed.

It was then that a truly new era for Europe took its beginning.

The battle for the TV tower in Vilnius in the early morning hours of January 13, 1991, as well as the popular protection of this very building, was one of the decisive battles of our modern times.

Some of you who are here saw your dear ones lose their lives during that night.

As we remember and honour them, we should remember the wider importance of the ultimate sacrifice they made.

Had the forces of Soviet reaction succeeded during those hours and days here in Vilnius, they might well have succeeded in Riga and Tallinn in the following days as well, and they had with certainty moved earlier and more decisively in Moscow as well.

Our common history would have been written differently.

But it was when the images of the heroism by the TV tower of Vilnius were broadcast across the world that it all failed.

They had the machines of destruction and oppression. But you had the ideals of freedom, the dreams of independence and the determination to protect your democracy.

Against this, tanks in the long run can do little.

I remember sitting with friends from Estonia, Latvia and Lithuania glued to a TV screen in Stockholm with the phones constantly ringing.

We were actively preparing also for the worst - there were plans for the legitimacy of your elected governments to be carried forward by your representatives in Stockholm and elsewhere.

Luckily, those plans never had to be put into operation.

Instead, we saw the dawn of a new era in European history.

16 years is not a very long time - but the changes that we have seen during these years have been truly remarkable.

Where there was previously a zone of occupation, deprivation and despair throughout Europe - through the heart of Europe from the Baltic to the Black Sea - we now see a new belt of freedom, peace and prosperity.

Ten nations and approximately 100 million people from the Gulf of Finland down towards the Bosphorous have integrated in the rule of the law, the democratic governance and the open and competitive economies that
are at the core of the European Union.

And this has been made possible by the extension of the Atlantic institutions of security to cover these nations. The significance of that is obvious also to those of us not part of these institutions and structures.

It's a truly new Europe that is emerging. Step by step.

And the work goes on.

In March we will celebrate that 50 years - half a century - have passed since the signing of the Treaty of Rome. Back then it was only six nations in the West of Europe trying to revive the dream of the old Carolingian Empire.

Since then waves of enlargements have added to the Union in immeasurable ways.

Great Britain with its traditions of open global trade and links across the Atlantic entered in the early 1970's. The renewed democracies of Greece and the Iberian Peninsula entered in the early and mid 1980's, thus anchoring the Union even more firmly in the Mediterranean world.

And then the victory in the battle for the TV tower here in Vilnius paved the way for the enlargements we have seen since.

In 1995 Sweden, Finland and Austria could enter. And then the momentous enlargement concluded only days ago with Romania and Bulgaria entering our Union.

But we are only half the way - perhaps - towards building a new order of peace and prosperity in our part of the world.

You can measure it in different ways, but in one way the very geographic centre of Europe is located just a short distance from us here in Vilnius.

16 years ago your country was far outside Europe as defined by the boundaries of the European Union.

Today you are inside - but close to its Eastern boundary.

Our vision must be that one day you would be truly in the heart of a Europe fully free, fully democratic and fully committed to the principles of integration between free nations.

More immediately, the process of further enlargement of our European Union is now centred on the 100 million peoples of Southeastern Europe - the Western Balkans and Turkey.

There is little doubt that this will take time. We must not underestimate the challenges to overcome. But none of us can doubt its profound importance.

To overcome the bitter political divisions of the Balkan Peninsula in order to truly secure its peace. To overcome the divisions between cultures and religions that might otherwise cloud all of our future prospects.

There are those that want to draw the borders of Europe and declare that the peoples and nations beyond those lines should never be able to join our Union and our integration.

In my opinion, drawing big lines on big maps of the East of Europe would be profoundly dangerous. Vilnius is not a place where I need to explain why.

The dream of European integration has already gone far beyond the original aspirations of bringing together the areas of the old empire of Charlemagne.

Now, we must also focus on those nations and regions that were once part of that commonwealth between the Baltic and Black Seas of which your Vilnius was one of the centres.

That they are Europeans is beyond doubt. Kiev is a city with a longer European history than Stockholm. And Minsk is even closer to Vilnius than Riga.

I believe it will be increasingly important for all of Europe - but perhaps particularly for countries like ours - to concentrate attention on how we should develop the European integration and transformation policies towards these vast countries and areas.

We must do what we can to keep the hope of freedom and democracy and dignity alive in Belarus. Its peoples have the same right to freedom and democracy as all other Europeans. That your role here is of particular importance is obvious.

We must as nations and as a Union do more in order to help Ukraine with its complex transition and step-by-step entry into the structures of European integration and cooperation. Our nations must remain committed to keeping this important task on the agenda of the European Union.

And beyond this, we must always be ready to engage with the processes of positive change in Russia. Also Russia is part of our Europe. Tolstoy and Pushkin were certainly not Asian writers and poets. The cultural and human richness of Russia is an integral part of the cultural and human richness of all of Europe.

We must always be firm in upholding the values of human rights, democracy and the rule of the law so central to our European undertaking.

And we have no reason whatsoever to remain silent when we see these values increasingly under threat in the Russia of today. To remain silent would be to betray the European destiny also of Russia.

And neither do we have any reason to remain silent when we see language of threats being used against small nations - as was recently the case with Georgia.

Also this is a case of defending the values of Europe.

Here, by the geographic centre of Europe, we must keep alive the vision of a Europe truly whole, truly free, truly democratic and truly dynamic.

Your ties of history stretch from near the Black Sea to the shores of the Baltic Sea. Your country has seen armies marching past on their way to Moscow - or on their way to Paris or Berlin. Also it has seen the ideas of
the Reformation battle with the ideas of the Counter-Reformation. You have been the scene of some of the very worst of the immense tragedies of the Holocaust.

You have been at the centre of Europe for centuries - and have every prospect of being so in the future to an even higher degree.

16 years ago one of the most decisive battles of modern European history was fought and won with the ideas of freedom here in Vilnius.

And what has been achieved in bringing Europe together since then is truly of historic importance.

But our work must go on. Our vision must be kept alive. Our ideas of freedom and democracy are still firing the hopes and the dreams of millions of people in those parts of our Europe where these values are still under threat.

We salute what was achieved that historic day here in Vilnius.

We should be proud of what has been achieved since then.

But we must remain committed towards carrying our ideals onwards.

Your city is now firmly a part of a democratic Europe.

But it should not be on its periphery.

Our dream is that you should be at its centre.

Contact

Christian Carlsson
Speech by Carl Bildt at the Madrid+15 conference on the Middle East

Excellencies, Ladies and Gentlemen,

15 years ago here in Madrid a light of hope was lit for the world and the Middle East.

Momentous changes, and deliberate diplomacy, brought the prospect of peace to the ancient lands of Abraham.

The years since then have certainly been difficult. The light of hope has often been seen as fading - sometimes as faltering altogether.

When we gather here it is to discuss the lessons learnt from these 15 years - but to do so in order to be able to start moving forward again.

It is not difficult to see the problems we are facing in the region. They are certainly not restricted to the absence of peace - or to the absence of a peace process - between Israel and the Palestinians.

The Iranian issue can be neglected by no one. And we all have a profound interest in the stability and political progress of an Iraq trying to build a fully fledged and stable democracy. Economic, political and social issues are pressing across the region.

But there is little doubt that the Israeli-Palestinian conflict is of particular importance. Peace here would facilitate progress throughout the region and across its entire agenda of major challenges.

In broad terms, we all know what the solution one day will have to be.

Two states living side by side in peace and security within internationally recognised borders. Indeed, there is now a universal commitment to the principle of a two-state solution.

I am convinced that the longer we delay starting to move decisively forward, the greater are the risks that the challenges one day may seem insurmountable.

There was once perhaps a belief that time was working in favour of peace. That is far less certain today. There might be forces building up across the region that one day could challenge the very foundations upon which peace will have to rest.

Indeed, Kofi Annan recently cautioned that tensions are “near the breaking point”. A report from the EU Institute for Security Studies - looking at the prospect for the decades ahead - even warned of what it called the risks of “a systematic breakdown” of the entire region.

Time, then, is of the essence. To wait and do nothing might well be just waiting for things to get even worse.

The long-term security of Israel will be a function not only of the reconciliation between it and the Arab world but also of the viability of the future Palestinian state. There is no way in which Israel can be secure if surrounded by areas under occupation, with populations living in anger and despair sometimes opting for extremism.

The first imperative for moving forward is to avoid going backwards.

Palestine must not renege on agreements and understandings reached in the past, nor on its own commitment to building a state based on democracy and the rule of law. The renunciation of all forms of terrorism, as well as the use of violence to settle internal disputes, is fundamental.

Israel must truly honour in deeds, not only in words, its commitment to stop new settlements on occupied lands and to abolish those established in violation of international law. This applies throughout Palestinian territories, not excluding East Jerusalem. The end of occupation is a necessity for Israel itself - and policies must be conducted accordingly.

The second imperative is to start moving forward.

The cease-fire in Gaza must be extended to the West Bank. The freedom of movement in the occupied territories must be dramatically improved. Prisoners must be released. Economic relations must be normalised. Security cooperation must be strengthened. The political dialogue must be deepened.

Nothing of this should be impossible. All of this is urgent.

The third imperative must be to move through these urgent steps towards peace. Not only towards a peace process - time might simply not be there given the forces that might be building up - but towards peace itself.

The essence of that peace will be the building of a Palestinian state with internationally recognised borders, contiguous territory and a viable economy. Nothing else will bring peace to the region. We are talking about a territory that - Gaza aside - will soon have a population density higher than Bangladesh.

The 1967 borders constitute the basis for any agreement that must be concluded. And Israel must understand that no other nation in the world - except Palestine itself - has a more fundamental interest in the viability and stability and democracy of that state of Palestine than Israel has.

Peace must come primarily from the region. We know that the basic outlines of the peace to come already today have broad public support in all the lands between the Jordan and the Mediterranean.

But we in the international community must and can help and assist. A revitalised Quartet is of the greatest importance in order to provide political leadership. And we in the European Union are ready to play a significantly more important role.

We Europeans face mounting strategic challenges in our near abroad. From Kabul to Khartoum we feel the tremors of rising tensions. Clouds are gathering also on our immediate Eastern horizon. Signs of escalating fracture in Africa are increasing.

We need far more of a concerted strategic debate on the challenges ahead.

And we need more of a clear policy to help in addressing them.

But nowhere is this more important than when it comes to the conflict we will be discussing here in Madrid, today and in the days to come.

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But nowhere is this more important than when it comes to the conflict we will be discussing here in Madrid, today and in the days to come.
Let us bring back the light of hope.
Thank you!

Contact
Christian Carlsson