



**EUROPEAN COMMISSION**

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President of the European Commission

## **Speech by President Barroso: "Global Europe, from the Atlantic to the Pacific"**

Stanford University

**Stanford, California, 1<sup>st</sup> May 2014**

Ladies and Gentlemen,

Thank you for your kind words of introduction.

It is an honour to be here today and have the opportunity to engage with you here in "the Farm" in such a prestigious University.

A university that currently houses 22 Nobel Prize winners; a university that turns ideas into reality, from Hewlett Packard to Cisco systems, and which creates and embraces new digital technology, with recent success stories including Youtube, Netflix, Paypal, LinkedIn, Yahoo! and Google.

Former US President Jimmy Carter was probably right – and learned it the hard way – when he said that things that come from California have the tendency to spread.

Stanford and California symbolise some of the issues I want to discuss with you today;

- The importance of healthy, vibrant economies, epitomised by the Golden State as the world's 8th largest economy;

- The need for a cosmopolitan world view grounded in our global interdependence; a good illustration of this is the fact that despite Stanford being geographically closer to Tokyo or Beijing than to Brussels or Athens, it is part of - what I would call - a transatlantic knowledge community;

- Our modern day challenges, such as climate change, and competing world views that pose serious questions about how we defend our democracies, the way we lead our lives and promote the values we believe, the way we keep blowing the wind of freedom to quote this university's motto.

It is in this context that I would like to offer a personal take – having served as President of the European Commission for almost ten years now – on how I see Europe's global role; its vision; on the major challenges that we face and on what sort of partner we are to you and your fellow Americans.

## Globalisation and interdependence

A few words about the context. Much has been said about the radical changes that the world has gone through in the past decades. However, unlike some scholars who characterised it as the end of history, I think these latest decades have been, if anything, an acceleration of history.

The figures speak for themselves. In the 20th century we witnessed a 4-fold growth in global population and a 40-fold increase in economic output. It took thousands of years - from prehistory to 1960 - for mankind to reach 3 billion people. But then it took only 39 years - until 1999 - to add the next 3 billion. And now it has taken just 12 more years to move from 6 to 7 billion. It took 155 years for Britain to double its GDP per capita, 50 years for the US, and only 15 years for China.

We saw a world structure that in just three decades has moved from a bipolar system under the Cold War to arguably a unipolar, multi-polar and now perhaps apolar world. Some have even called it a flat world – meaning that fluidity has replaced structure, with no state able to dominate or dictate.

A new globalised system that does not provide any better guarantee of peace and prosperity, but simply a new context in which these objectives must be defended.

And despite all the talk about the decay of west and the rise of the rest, I am firmly convinced that the West in general, and the European Union particularly, is best equipped to address fully this new context and the new challenges.

## Where Europe comes from

To understand why I believe so, one must know where Europe is coming from.

Europe has been on a sixty, nearly seventy, year journey since it was reborn from the ashes of war and destruction. It is an unfinished journey of peace and prosperity, under constant scrutiny; a unique project.

It is neither a superstate nor an international organisation. It is a sui generis project composed of sovereign states who willingly decided to pool their sovereignty in order to address better their common problems. Looking back and pausing for a moment, it is amazing to observe the foresight of Europe's founding fathers, who embarked in a process that many said would put in question the recent, and hardly fought, independence of its Member States.

The modernity and cosmopolitan thinking that were at the origin of the European Union can be seen by the fact that more than six decades ago these people understood that sovereignty is not about anachronistic views of legal competences, but about the ability to make a real difference in people's lives and deliver what they expect.

And the realisation that States are no longer capable of fulfilling these expectations by themselves, but that they need to cooperate and act together. That seeking self-sufficiency is impossible and self-defeating, but that common institutions, like the European Commission, which I have the honour to preside for almost 10 years, need to be created and entrusted with the necessary power to seek the common good.

This was the true originality behind the European project and these features have become even more relevant over the decades and in the age of globalisation.

In fact Europe has been a small laboratory of globalisation, an incubator of international cooperation and multi-layered governance for several decades. And I am glad to say that it has been a very successful experiment.

From a vision outlined by Winston Churchill and Jean Monnet during the Second World War, the European Union has grown from 6 countries in 1957 to 28 in 2014; from 168 million people to 507 million; from 14.2% of the world's GDP in 1956 to 23% today. Europe represents a €12.6 trillion economy, the largest in the world. Only the United States is in the same league, worth €11.3 trillion, while even China remains considerably smaller, at €4.6 trillion.

But Europe is not a finished project. On the contrary it is work in progress. As Robert Schuman one of its founding fathers said: "Europe will not be conjured up at a stroke or by an overall design; it will be attained by concrete achievements generating a community of interest."

Europe is thus a permanently unfinished painting to which we continue to add strokes of paint because its main aim is always to evolve, adapt and reform with the reality around it.

### Adapting to the crisis

And recently Europe had to evolve dramatically because reality forced it to. This change came about with the economic and financial crisis initiated with the collapse of the Lehman Brothers back in 2008, and that has caused me many sleepless nights.

The crisis did not start in Europe, but due to the interconnectedness of the financial markets, it also hit Europe hard and revealed serious flaws in the way some countries were running their economies, living beyond their means and lacking the competitiveness required in a globalised world.

As Herbert Hoover, a former student of this University, who became US President and in that capacity had to face the beginnings of the Great Depression, put it: "Blessed are the young for they shall inherit the national debt". This was the prevailing logic of the pre-crisis times in many places.

The crisis also demonstrated that our economic interdependence inside Europe, especially the euro area, did not have the necessary framework to handle these emergencies and prevent unsound policies.

So we had to adapt and reform as we have done many times in the European Union. We had to be both firemen and architects. Put out the fire and complete the house at the same time. And this is what we did.

We have put in place a more extensive system of economic and budgetary governance to ensure Member States stick to their financial commitments, and make our economies converge and be more competitive. For instance, now Member States' national budgets are sent to Brussels before being formally approved at national level.

We created a European Stability Mechanism worth of 1 trillion USD to help Member States in need. In turn our Member States went through important reforms to put their finances in order and modernise their economies to ensure smart, sustainable and inclusive growth, not artificial debt fuelled growth; and we also introduced reforms at the EU level to deepen our single market.

We have created a "Banking Union", by integrating the supervision, regulation and resolution of our banks. Before the crisis, our banks were already cross border but the control remained national. Now the control is exercised at European level through the European Central Bank and there are common rules for banks so that we avoid having to use taxpayers' money to rescue them.

We have now returned to growth after some painful but necessary reforms and some incredible economic transformations in countries such as Ireland, who successfully exited an assistance program last year; and my home country, Portugal, which is about to do the same and has now the highest growth rates in the Eurozone; and Greece, which was so severely hit by the crisis but has managed to turn around its economy and achieved last year a primary surplus.

So whereas doomsayers predicted the demise of the European Union and the euro; 6 years on from the outset of the financial crisis, the euro has enlarged to 18 members and remains the second largest currency in the world after the Greenback.

It has not been easy. Progress within the European Union does not necessarily go as fast as some people would like. But that is inevitable in a system that does – and absolutely must – rely on the will of national governments and citizens to work together, rather than impose its will.

For those who criticise its slowness, I can say that Europe advances at the pace of a governance system that - unlike any other - needs to bring 28 democracies together at the same time.

We turned a corner but a lot remains to be done. We need now to focus on fighting unemployment. The crisis will not be over until this challenge is dealt with.

Global Europe

Ladies and Gentlemen,

The major achievement of the last few years in Europe was not just to have been able to weather the storm but to have done so while remaining open to the world. This was one of my main tasks at the helm of the European Commission. To keep Europe strong, united and open.

As you know, in times of crisis, the siren's calls for protectionism and self-retrenchment are louder. Populist forces have emerged criticising our immigration policies, our economic openness, our global outlook. But to put in cause our open regionalism model is to put in cause the very existence of the European Union.

This is why I am proud that in these last years we have not only managed to avoid decreasing, and have actually increased, our cooperation with our global partners.

Five very concrete examples:

First, we have been at the origin of the G20 process to coordinate the international response to economic and financial crisis. I remember well speaking with the former US President George W. Bush in Camp David together with the former French President Sarkozy to argue for the creation of such a forum. And since its creation, we have been leading the efforts to coordinate the economic policies of the major economies, to regulate the financial markets, to improve transparency and to fight tax evasion.

Second, we have remained at the forefront of the further opening of world trade. Every day, Europe exports hundreds of millions of euros' worth of goods and imports hundreds of millions more. Europe is the world's largest exporter of manufactured goods and services, and is itself the biggest export market for around 80 countries. Together, the European Union's 28 members account for 19% of world imports and exports. We have a web of agreements, either finalized or under negotiations, covering all the continents, whilst we also remain very committed to the multilateral trade agenda, from the implementation of the Bali Agreement to the completion of the Doha round.

Third, we also take very seriously our responsibility towards those most in need. The world is not yet as fair as it should be.

As long as children across the world won't have the same opportunities to be fed, to get education and to receive healthcare, just because of where they were born, our job as political leaders will be incomplete.

This is why even in times of crisis and fiscal consolidation, the European Union and its Member States continue to be the world's largest aid donor, providing more than half of the Official Development Assistance (ODA). EU collective ODA increased from €55.3 billion in 2012 to €56.5 billion in 2013 to help deliver the Millennium Development Goals and lay the foundations for a stronger global development agenda. That is both a human imperative and a matter of strategic intelligence.

Fourth, the European Union remains at the forefront of the world's fight against climate change. The risks for mankind if we fail to act would be devastating. We cannot fail future generations by ducking this defining challenge of our time.

Science has been launching several red alerts. The figures speak for themselves. Half of all human CO<sub>2</sub> emissions between 1750 and 2010 have occurred in the last 40 years. Between 2000 and 2010, global emissions of greenhouse gases increased by the equivalent of 10 billion tons of carbon dioxide (CO<sub>2</sub>).

We do not have to go far to see the destructive forces of climate change or environmental disasters, and the heavy toll they take from our communities and economies. This should compel us to work even harder towards a legally binding, global climate agreement in Paris in 2015, applicable to all parties.

I praise the leading role that the state of California has been taking in the US to promote this agenda. We need everyone on board for a global deal, from the US to China. 2015 is a rendez-vous not to be missed. Any delay could lead to a climate change crisis with a far greater impact than the economic crisis we have just faced.

This is why the European Union will remain vigorously at the forefront of global climate action. The European Commission recently tabled an ambitious climate and energy framework for 2030, with the binding objective of reducing our greenhouse gas emissions by 40% in 2030, from 1990 levels. This builds on our current target of a 20% reduction in 2020, which we are on track to achieve. So our global leadership is backed up by domestic deeds. I hope that all other major emitters – and mind you, Europe stands for only 11% of global emissions - will show the same level of ambition and commitment in this critical phase of the global climate talks.

Fifth, we are stepping up our involvement throughout the world in promoting peace and stability. We created a new European Action Service, a European diplomacy, that has allowed us to develop a comprehensive approach to international crises, using the various tools at our disposal, from civilian-military missions, such as in Mali or in the Central African Republic, to aid and trade measures.

Off the coast of Somalia, we have successfully tackled piracy, defended global trade routes and helped build democratic structures and support the country's economic development.

In Afghanistan, we have worked closely with NATO to train police forces and an effective judicial system. In Iran, we have played a leading role in achieving a breakthrough in ensuring the peaceful nature of the Iranian nuclear programme; and in the South Mediterranean we have supported political and economic reforms on the back of the Arab Awakening.

We successfully mediated the historical normalisation process between Serbia and Kosovo. The perspective of joining the European Union, our own power of attraction, is thus helping to heal the scars of the Balkan Wars.

And these very days we have been sparing no effort to address what I believe is the biggest threat to Europe's stability and security since the fall of the Berlin Wall: the situation in Ukraine.

The current events started with the people of Ukraine expressing a clear wish to take their future into their own hands and come closer to the European Union, through an Agreement which would give them political association and economic integration.

Unfortunately instead of accepting the sovereign choices of Ukraine, Russia decided to interfere, to destabilize and to occupy part of the territory of a neighbouring country in a gesture that we hoped was long buried in history books.

We cannot accept nor condone this type of behavior. This is why we were quick in reacting together with our G7 partners in making clear that these actions carry a political, diplomatic and economic cost. And we also stand ready to support Ukraine in becoming a democratic, prosperous and independent country.

But this is not just an issue for Europe, the US or the G7 group. It should concern the rest of the world as well, as it is a direct threat to international law and to international peace.

EU-US relations: values matter more than ever

This brings me to the final part of my conversation with you today, the relations between Europe and the US. They matter more than ever, because they are grounded in a shared world view.

Because the apolar world which I referred to at the start, does not mean an amoral world; and the flattening of the distances worldwide has not provoked a flattening of our political and societal differences.

The values shared between the United States of America and the European Union - peace, democracy, rule of law, respect for human rights and solidarity represent our principal anchor, our moral compass, that should guide us in our daily actions.

This is why working together is not an option but an obligation. When Europe and the US stand together, the chances for a more prosperous, fairer and safer world are greater. This is what history taught us. This is what current events demonstrate.

I was therefore very proud to have the chance of launching last year with President Obama the foundations of what I hope will be another pillar of our relationship: the Transatlantic Trade and Investment Partnership.

Our economic relationship is already the strongest bond in the world ever, accounting for nearly half of global GDP and almost one third of world trade. A phenomenal 2.7 billion dollars' worth of trade flows between the two of us on a daily basis. Over 3.7 trillion dollars is invested across the Atlantic, creating powerful links between companies and researchers, creating business and employment opportunities on a scale that remains incomparable.

The prospect of an agreement that can further unleash this potential is excellent news for jobs and growth on the two sides of the Atlantic and for the rest of the world economy.

Agreement on TTIP can help us shape globalisation, with a common set of rules, with high environmental and social standards, with better regulatory cooperation to reduce the costs of bureaucracy on our small, medium and large businesses.

Of course, there will be areas of difficulty, but overcoming these and finding compromises will send a powerful signal to the world that we believe that these deals can be win-win; that we mean business together, and that we are willing to go further in deepening our partnership.

Because the cost of failure and the benefits of success are too great.

For Ladies and Gentlemen,

Whilst – on both sides - we will continue to work openly with partners across the world, because this is in our common DNA, European instincts will always look westwards, across the Pond, to deal with global problems together.

I see no contradiction or incompatibility between our common investment in the Atlantic and US and California's natural and understandable attention towards the Pacific. These are two sides of the same coin: our joint sheer interest in shaping the world economy and global relations in line with our common values and strategic interests. In fact the stronger we are in the Atlantic, the more capable we will be to influence developments in the Pacific.

And California and Stanford despite being geographically in the shores of the Pacific, for the values they represent, will always remain front and centre of our Transatlantic relationship.

Thank you.