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Ambassador Kennard on U.S.-EU Relations: A New Page or a New Script?

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Introduction

Thank you, Hans, for the warm introduction and for the opportunity to meet, so early in my tenure, with this group of distinguished policy makers and opinion leaders.

I am delighted to be here representing the Administration of President Barack Obama as U.S. Ambassador to the European Union.

When Barack Obama telephoned me in December of 2006 to tell me that he had decided to run for President, my first question was why now, why so soon. He told me that he decided to run because he believed he had something special to offer the country -- that the country and the world are yearning for a new generation of American leadership. I came away from those early conversations absolutely convinced that he did indeed offer something extraordinary to the country and the world. And, of course, the whole world knows that now.

New Administration, New Diplomacy

President Obama's election signaled that Americans want a return to a more engaged, multilateral American diplomacy. The President campaigned on this promise, and he has

fulfilled that promise by launching American diplomacy into what the President calls a new era of engagement with the world.

And if you think about many of the President's top diplomatic priorities for his Administration, there is a meaningful alignment between many of his top priorities and those of the European Union – climate change, nuclear disarmament and nonproliferation, an engaged Middle East policy, more focus on development.

So we are at a unique moment in time for the Transatlantic relationship. Because we have a unique opportunity to reframe and reinvigorate the Transatlantic partnership and accomplish much together.

But I also believe we should all feel a great sense of urgency to seize this moment. Expectations are high, and if we do not show progress in our shared initiatives, we risk skepticism in our domestic politics, both in the U.S. and in Europe, about this new policy of engagement and multilateral cooperation.

Indeed, this is a challenge that the EU knows well because EU institutions have always been challenged to demonstrate – continually – the benefits of multilateral cooperation, often in the face of domestic skepticism. As Tip O'Neill once said, all politics is local. So just as Europeans will be judged on the benefits of a more integrated EU post-Lisbon, the Obama Administration will face, among other challenges this year, a "referendum" on the political viability of this new push for multilateralism.

We will be legitimately called upon by the American public to demonstrate the tangible benefits of a more engaged American diplomacy. Are our people safer? Are we confronting the dangers of terrorism more effectively? Are we contributing to a more equitable world? Are we better able to recover from the financial crisis through engaged diplomacy? Are we able promote economic growth and create jobs at home? Expectations are high, and the stakes are high.

Changes in how we do things

President Obama has four overarching foreign policy goals: non-proliferation and disarmament; the promotion of peace and security; the preservation of our planet; and a global economy that advances opportunity for all people. To work toward them, we also had to change the way we do things. The first was multilateral engagement. A second is leadership based on example, whether upholding the rule of law while fighting extremism, working for nuclear disarmament and non-proliferation by reducing U.S. nuclear stockpiles, or by dedicating resources and regulation at home to shrink America's large carbon footprint.

Shared Responsibility

As the U.S. redirects its foreign affairs goals and how we work to achieve them, President

Obama also believes that the United States must seek shared responsibility for what we want to achieve with our international partners.

There is no better-suited partner for that shared responsibility than the European Union. Not only because we have such meaningful alignment in the issues that we care about the most, but, in a broader sense, because we share a commonality of history, values and culture.

So I would like to talk about a few of the issues that I believe to be high on the Transatlantic agenda. For all of them, I am convinced that we have a unique moment to work together to achieve concrete progress.

The Transatlantic Economy

We can only accomplish our political goals if our economies are strong. We are fortunate that the Transatlantic marketplace remains the strongest in the world, and thanks to that strength, our economies have been drivers of growth elsewhere. Our joint GDP of \$32 trillion is slightly over half of global GDP. At this enormous scale, even a slight relative increase in U.S.-EU output, trade and investment translates directly into large absolute increases, with more jobs at home and ripple effects throughout the global economy.

We are both recovering from the worst global recession in 70 years. Growth is slowly returning, but it is fragile, and we still need to address many issues critical to our long-term recovery and prosperity, including how to create jobs and restore fiscal stability.

The financial crisis tested our abilities to work together at the Transatlantic and global levels and the efforts have been largely successful. Late in 2008 and in 2009, we worked to stabilize our financial markets and economies, to unblock our credit markets, enact stimulus packages to provide an economic jolt, and provide extra social support for those hardest-hit by the crisis. We held three G-20 summits to coordinate our crisis responses and to consider how to reform international financial supervision and regulation. These summits have institutionalized new global cooperation and have produced useful roadmaps for the way ahead.

Boosting the growth and vitality of our economies will depend also on greater Transatlantic trade and investment. I will be working closely with European officials – and with Washington – to look for concrete measures to further reduce trade and investment barriers and to open third country markets.

Most of you in this room are aware that, in 2007, we established the Transatlantic Economic Council -- the "TEC" -- to oversee collaborative efforts to remove barriers and strengthen the Transatlantic economy. President Obama has embraced the TEC. He is committed to it. Commission President Barroso and other EU leaders are, as well.

I am particularly interested in working on the Innovation Dialogue we announced at the

October TEC.

I was privileged to be a participant in the tech revolution in America – a revolution that literally catapulted the global economy from the Industrial to the Information Age – the migration from the Analog to the Digital Age. I had the privilege of serving as Chairman of the Federal Communications Commission as the Internet exploded in the U.S. and around the world. (By the way, I didn't plan it that way, I just got lucky.) And I was able to witness, firsthand, the role that government can play in fostering innovation. I saw firsthand the role that enlightened regulation can play in helping promising new technologies get off the ground – first with the Internet, but also with wireless and now broadband technologies. And as an investor, I have seen firsthand the importance of creating a regulatory environment that promotes capital formation and investment.

Conversely, I have seen firsthand the dangers of heavy-handed regulation in killing off promising new technologies in their infancy.

I am excited to have the opportunity to bring all of these concepts to our discussions in the TEC, particularly as we refocus the TEC on issues of innovation and growth.

Climate Change

The role of innovation will also be central to our discussions on climate change. Just as technology has shown the power to transform the way the world communicates, it will – and must – transform the way we power our economies.

A word or two about where we are on the global effort to combat climate change. Although the U.S. and the EU didn't get everything we hoped for in Copenhagen, we believe that the Copenhagen Accord represents a significant step forward. For the first time, all the major economies have made commitments to curb greenhouse gas emissions and report their actions and emissions in a transparent manner.

The Accord also establishes the 2-degree long-term goal and provides for landmark funding - including in the short-term -- to get funds flowing to countries that are the most threatened and least developed.

We must now operationalize the Accord as quickly as possible, while we continue to work toward a legally binding agreement. The EU and its leaders played an indispensable role in this process, and we will look for their leadership as we move to the next steps.

Meanwhile, the U.S. is moving ahead at home. U.S. legislation is essential to the binding agreement we want, but much is happening in the meantime. U.S. mayors have come together and set their own goals for their cities. The head of the U.S. Conference of Mayors was recently in Brussels to trade ideas with the Committee of the Regions.

Our states have been setting stricter standards for some time, and business associations

have done so voluntarily. The President has not waited for legislation to make progress. Through regulation, the U.S. Environmental Protection Agency has taken steps to reduce carbon emissions from power plants and motor vehicles. He is providing financial incentives to entrepreneurs and innovators to develop energy efficient technologies and to consumers to purchase them. Last week, the President announced that \$2.3 billion in tax credits will be awarded to American manufacturers of clean energy technologies -- companies that build wind turbines, and produce solar panels, and assemble cutting edge batteries. Overall, the President plans to invest up to \$66 billion in clean technologies and double our renewable generation capacity in the next three years.

Before I open this up for questions, I want to say a few words about our shared efforts to bring stability to very troubled parts of the world. As you know, these issues are pressing, and high on the Administration's agenda.

Middle East

On the Middle East, many of you are aware that Special Envoy George Mitchell was in town again this week – the third time in less than a year. We had meetings yesterday and will have more later today. The President remains determined to help bring about a final agreement between Israelis and Palestinians, and this visit is part of non-stop consultations to encourage the two parties to resume negotiations. Together and through the Quartet, the U.S. and EU must put our best strategies into place to make that happen.

In the meantime, it will be important to continue to provide assistance to the Palestinian Authority -- and the EU has been the largest provider of this assistance -- so that, as George Mitchell recently said on American television, when the Palestinian state is established as a result of meaningful political negotiations, there is, from the first day, the capacity to govern effectively.

Non-proliferation and Iran

In the area of non-proliferation, and with respect to Iran in particular, there is cause for optimism and also cause for concern. President Obama is committed to disarmament, and has taken unprecedented measures in that regard.

An important part of our efforts on this issue takes place here in Brussels. At the November U.S.-EU Summit in Washington, a new U.S.-EU declaration on non-proliferation and disarmament was presented, and we welcome a growing EU role in this area, especially in working with Russia.

But, one of the greatest challenges to the long-term goal of a world free of nuclear weapons is the immediate concern about Iran's nuclear program.

We all want a diplomatic solution to this problem. Starting with the early efforts of the

"EU-3," the EU has been a key player.

In President Obama's efforts to re-engage Iran, we have been clear about Iran's right to a civilian nuclear program. But Iran's extensive attempts to engage in clandestine and undeclared nuclear activities have only confirmed international suspicions about the nature of its nuclear program.

There are some very serious and meaningful incentives on the table that would seem to make it easy for Iran's government to choose cooperation. They can't be available forever, however.

After five UNSC resolutions that have not been heeded, what are our alternatives? And can we afford to fail with the resulting destabilization of the region?

Unity in determining next steps and on the use of sanctions will be imperative.

Afghanistan and Pakistan

President Obama calls Afghanistan and Pakistan "the epicenter of the violent extremism practiced by al Qaeda."

There has been much debate about the new U.S. strategy for the Afghanistan/Pakistan region and what the commitment of 30,000 new U.S. troops means.

Lack of European public support has been cited by some European leaders as the obstacle to further European engagement. Conventional wisdom says that an important reason was that European publics, for the most part, did not perceive that the situation in Afghanistan and Pakistan is a real threat.

It was a surprise, then, that the most recent opinion poll by the Pew Foundation indicated that in fact large majorities of Western Europeans indeed agreed that instability in Afghanistan and Pakistan posed a threat to Europeans' security. The same people, however, still did not support military participation in Afghanistan for their countries. If we agree, and European NATO Allies and ISAF partners certainly do, that, at this time, stability cannot be secured by civilian efforts alone, how can we address European reluctance?

In fact, the new U.S. strategy relies very broadly on civilian efforts, with agriculture as the top development priority. Helping Afghans create jobs will be critical in undermining extremists' appeals and for the sustainable growth in the region.

I can't tell you how much we appreciate the support of our European allies who have committed troops and other support to this effort. But we also realize that the months ahead will be difficult for all of us.

The U.S.-EU Partnership

So, to sum up, I am thrilled to be here in Brussels because there has never been a better time to reinvigorate the Transatlantic partnership. The election of Barack Obama was welcomed globally, but especially in Europe, where it was seen as a new opportunity to set things right with the Transatlantic relationship.

President Obama welcomes the Lisbon Treaty because it signals a stronger, more integrated Europe. I just returned from a meeting in Washington of all U.S. ambassadors in Europe and several members of the U.S. Cabinet. The view from the very highest levels of the U.S. government is that we need Europe more than ever.

So, an increasingly strong and confident EU is good for the U.S. and good for the world. Will we have differences? Yes. Do we have domestic issues that sometimes delay or constrain our ambitions? Of course. But, we would make a grave mistake to lose sight of the fact that our highest priorities are common priorities – today our interests are more aligned than ever -- and we have the best chance of achieving success when we are united.

We should all feel a great sense of urgency to seize this opportunity – together. It is our best hope of overcoming the most challenging problems we face in the world today.

If we ignore our challenges today, no number of fences or barriers or security checkpoints can bring our children peace of mind. No measure of personal financial planning can insulate them from the next global financial crisis. There will be no place for them to hide from the ravages of a warming planet. And if we do not seize this moment to use our partnership to push forward on our goals, we will all have missed a rare and special opportunity.

We must seize this moment – together. I am confident that we can and we will.

Thank you.

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