

**CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE**

WILL THE EU EVER BECOME A SUPERPOWER?

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THURSDAY, JULY 17, 2008

*Transcript by
Federal News Service
Washington, D.C.*

JESSICA T. MATHEWS: I'm very honored and pleased to welcome to the Carnegie Endowment Helsinki's foreign minister, Alexander Stubb. Finland only joined the Nordic Council and the United Nations in 1955, but, since then, it has cut a big swath in international diplomacy. The Helsinki Accords, of course, were born there in 1975 and in 1999, Finland became one of the founding members of the European Monetary Union.

In many ways, Minister Stubb's career mirrors his country's multilateral approach to foreign affairs and the enormous investment Europe has made over the years in a rapid expansion and effort to both govern and streamline itself. Before becoming foreign minister, he was a member of the European parliament and, before that, counselor in Finland's office, EU office, in Brussels. He has been as well as advisor to Romano Prodi during his presidency of the European Commission and was a member of the Finnish negotiating team in the efforts that led up the Nice Treaty.

He is, as well, as notable thinker and analyst and academic student of the union and of the political science of integration in addition to being a practitioner. He has written eight books on the subject and some 30 articles on very aspects of flexible integration and both the theory and practice of international governance.

The future of Europe is obviously a subject of some intense interest, as this audience is evidence, in Washington these days. And with the dramatic changes in the political landscape in key European countries and, of course, most spectacularly with the recent "no" vote in Ireland. The treaty was designed to give the EU a stronger and more coherent voice with the new presidency of the council for two-and-a-half years replacing the rotating six-months presidency and the creation of a new job combining the roles of the existing foreign affairs leader and the commissioner for external affairs, and many other efforts, many other measures that would streamline the union.

Americans watch all of this with a mixture, I would say, of awe and skepticism. As Europe struggles to forge a coherent entity out of an enlarging number of states under rules requiring what to us seems like an almost unimaginable unity, unanimity, and under conditions demanding ever greater and more immediate political accountability.

We see a union that's now 27 countries, half a billion people, and a preeminent global economic power. But there is still a good deal of question and indeed even hand-wringing since the Irish vote about the union's political future. And so we are really eager to hear the minister's provocative topic for today of "Will the EU Ever Become a Superpower?"

Before I turn this podium over to him, I want to just add that here at Carnegie, we've been evolving in our own way, enlarging in our own way. As the oldest foreign-policy think tank in the world, the endowment has made a habit over its 100-year history

of reinventing itself as circumstances in the world change and, most recently, two years ago, we became convinced of the need for Washington to broaden its lens on policy-making and that the way we could most contribute to that was to try to break the mold of American think tanks and to reinvent ourselves and attempt to become the first global think tank.

And so, building on 15 years of experience in Moscow, we have in the last few years opened and begun to build research offices in China, in the Middle East, and, of course, most recently, in Europe. Carnegie Europe is based in Brussels, but active by necessity in many European capitals and acts as a two-way forum to encourage collaboration and research, not on the so-called transatlantic agenda, but rather on the global issues that are of equal importance on both sides of the ocean.

Minister Stubb, everybody in this room understands, I think, the importance of the EU to world governance and the importance of U.S.-EU relations on so many of the issues that will confront the new American president. So we are excited to hear your views on how Europe – what the European part of that relationship is going to look like in the years ahead and we thank you for joining us.

(Applause.)

ALEXANDER STUBB: Thank you very much, Jessica, and thanks a lot for those kind words. I'm reminded of a story about Henry Kissinger. He was once at a seminar and he was introduced with the words, well, ladies and gentlemen, next, Henry Kissinger; he probably needs no introductions. And Henry Kissinger came up to the podium, he reflected for a short while, and he said, perhaps I don't need them, but I really like listening to them. (Laughter.) So you're very kind with those words.

I also look around and I've had a peak, preview at the participators list and I see that there are a lot of Europeans here, many embassies present and, of course, many Americans as well. So I'll try to speak to a Euro-American audience, if you will. And I'll start by telling you a little anecdote of my own experience in the European parliament. As you all know, in the European parliament, we're interpreted from 23 languages to 23 languages. So when you speak in the plenary in Finnish or another international worldwide language – (laughter) – you're always interpreted directly, simultaneously.

And sometimes you get a few rather funny stories. A few months back, I was listening to Jose Manuel Durão Barroso, the commission president, giving an eloquent speech. He usually speaks in either French or English, but this time around, he was doing it in Portuguese. And for a second, he put his paper on the side, and he said – started telling a joke. At that stage, I sort of switched onto the English channel and started to listen because, you know, jokes and interpretation don't always work very well.

But, fortunately, there was a very smart interpreter in the booth and she said, well, ladies and gentleman, the president is currently telling a joke. (Laughter.) Unfortunately,

I am unable to translate it, interpret it, but I would really appreciate it if you could all laugh now.” (Laughter.) So in that sense, I’m kind of glad that we don’t have interpretation here today.

It’s a great pleasure and privilege to be here today and come back to the States, in many ways. I’ve done my undergraduate work in Greenville, South Carolina, at Furman University. (Laughter.) It’s a wonderful place. And I’ve also spent a lot of time in the U.S. I’ve lost my American accent because I’m married to a Brit, in the spirit of true European integration. So I hope that my English will be comprehensible enough for you.

The title that I’ve chosen for today is: “Will the EU Ever Become a Superpower?” And I kind of want to start with a straw poll. Who thinks that the EU is or will become a superpower? Who says yes? (Pause.) And none of this depends on how you define it. (Laughter.) Okay, and who says that the EU is not and will not become a superpower in the traditional sense. It’s a bit of a timid 50-50, I’d say, along those lines. (Laughter.)

Okay, I’ll try to make the following case and I’ll do it through three points today and approximately 20 minutes, which leaves us ample time for Q&A. I have three theses today. The first one is that the EU is and is not a superpower. The second one is that the EU is strong and at the same time weak. And the third one is an attempt to try to suss out how the EU becomes a true superpower in the future.

Now, the first point I have is that the EU is and is not a superpower. And I’ll define first what I mean by superpower. For me, a superpower is a state with a leading position in the international system and an ability to project power on a worldwide scale. So a superpower is a state with a leading position in the international system and an ability to project power on a worldwide scale.

With this definition in mind, first, then, why is the EU not a superpower? And I’ll give you three reasons. One, the EU is not a state. The EU is more than an international organization, but less than a state. So therefore by definition it cannot be a superpower in today’s world. Two – and here comes the institutionalist in me – unfortunately, and I stress, unfortunately, the international system is still based on states, namely nation-states. And because the EU is not a state, it cannot be a superpower. And finally, thirdly, the EU does not necessarily want to project power worldwide. What it does do, it projects a soft power in its near abroad. So for those three reasons and with that background, I would argue that the EU is not a superpower.

However, my second point then is that, yes, it is a superpower. And this would be I guess the Andrew Moravchik argument, if you will. And what is my argument for this? Well, three again: one, it is the largest coalition or political union in the world. There is no system akin to it in the world. I sometimes follow the debate on NAFTA with a certain sense of amusement. I mean, for me, NAFTA is something that the European states did in 1952 to ’57. We’ve come quite, quite a way from that.

Two, the EU is the biggest, the biggest single market in the world. It is much bigger than the United States. It is, of course, much bigger than China and it is 15 times bigger than Russia. It is a common market where, at least in theory, even if some protectionists want to do it otherwise, there is free movement of people, free movement of money, free movement of goods, and free movement of services. In terms of world trade, we're bigger than the U.S., holding approximately 25 percent of it, whereas the U.S. is a bit beyond 20, but not beyond 25 – so the biggest market in the world.

And thirdly – and I admit that there is slight argument about this – the EU is the biggest donor of aid in the world, the EU and its member states. We don't have a common policy on aid, but over 55 percent of all world aid in the world comes from the EU. So against this background, I would argue that the EU is a superpower in trade and aid, but not necessarily in common foreign security policy or defense policy. So point number one today, the EU is and is not a superpower. And make no mince of it, I'd love it to be one. I am a true European federalist, one of the few that still exist – (laughter) – and I would like to see the EU becoming a superpower.

My second point today then – why is it powerful and, consequently, why is it weak? Well, the reason, I think, that the EU is powerful is that there was a system of institutions and common rules created by the founding fathers, by the six founding states, if you will, in 1952 and 1957, which was aiming to find common solutions to common problems. Many do not understand this, but EU law – where the EU has competence – stands above national law. And can you imagine, for instance, in the U.S., an organization imposing legally binding instruments on, for instance, on mobile communication networks or car rental service or environmental standards or even, in some cases, social rules? The answer to that is, no, but the EU has that.

EU law stands above national law. And you can really categorize it into three. One are what we call community policies or areas where the EU basically has exclusive competence. So if the EU has legislated on it, you can't do it. Competition – or what you would call, in the U.S., antitrust – is an example of it. Trade, where Peter Mandelson is our man in the WTO, who cares what we in Finland say about trade? Everyone knows that it's an exclusive competence of the EU.

Monetary policy – our interest rates are not done at home anymore; they're done in Frankfurt. And those unfortunate 12 countries who are still not yet in the euro, they set their interest rates within the snap of a finger when the ECP does its own, whether they like it or not. The Bank of England, with all due respect, is a lame duck in comparison. Fisheries is an area where the EU has exclusive competence. And I hate to bring up that example because it's probably the worst policy that we have – (laughter) – quite close to the one we have on agriculture, but, nevertheless, I'll mention it in any case. And customs is another one where we have a community, common policy.

Then, secondly, we have areas where we coordinate policy, if you will. Development, which I mentioned earlier, is one of them. Defense, to a certain extent, is one of them. Economic policy, depending a little bit on the area, and then what we call

justice and home affairs. That's where we coordinate, try to bring in and do things together.

And then we have what I call common policies, and mainly we have that in foreign policy and in, for instance, immigration. So we do a lot of things together therefore we are powerful. And there is, mind you, I think a wonderful correlation between areas which are initiated by the commission, decided upon in the council by a majority vote in co-decision with the European parliament which, by the way, is a powerhouse. It is a powerhouse in legislation and should be followed very carefully. But when are we weak then?

Well, I'd argue that we're weak for three reasons. One, some countries are still obsessed with what I call "nation-state nostalgia." They believe that the state is at the center of the system and, to a certain extent, of course, we have 27 players. But the state, in my mind, in the EU, is not at the center of the system anymore. Some of our – with all due respect – bigger states still have superpower nostalgia. We have no superpowers in the EU anymore. We have max, max, mid-sized powers, if you compare them to China, if you compare them to the U.S., if, for instance, you compare them to Russia.

The second problem that we have is what I call "navel-gazing," or an obsession with institutions. For the past 25 years, we have either prepared, negotiated, or ratified a treaty, starting with the Single European Act, moving on to Maastricht to Amsterdam, Nice, the Constitutional Treaty, come Lisbon Treaty – the Lisbon Treaty, come, I don't know what. We've been very focused on institutions, which is, of course, important when you enlarge, but, at the same time, sometimes it is taken away a bit from the real business that we're supposed to do.

The third reason that we are on occasion running into trouble is that we are involved in what I call a blame game. By blame game, I mean a similar game that you quite often see against Washington. In other words, everything that's bad comes from Brussels; everything that's good, it's thanks to the member states. And nothing could be I think further away from the truth. But when nation-states try to get short-term gains from foreign ministers' meetings or from European Council meetings, summits, you don't end up telling a good story.

I think the Commission President Barroso has said quite well that if you blame the EU on Monday, Tuesday, Wednesday, Thursday, Friday, and Saturday, and then you try to go to an EU church on Sunday and preach the positive message, people aren't going to listen to you. And that's the problem. All the credit is taken by the member states and none of it is given to Brussels.

So for these reasons I think we are still quite weak. Now, my final and third point, ladies and gentlemen, and I'll finish with this, is what should we then do in order to improve the current state of the union that we are in? I would recommend that we do the following things. The first one is that we approve and ratify the Lisbon Treaty as soon as possible. I fully realize the situation that we are in because of the Irish referendum and I

kind of call for everyone to be cool, calm, and collected about it. In other words, we should on one hand respect the Irish referendum and its result, but, at the same time, respect those countries who have already ratified the treaty or are in the process of doing it.

We need to bide time and try to come up with a creative solution I think by October this year. But that solution needs to come from the Irish themselves; it cannot be imposed. I know that I'm a bit of an EU nerd in the sense that I did my Ph.D. at the London School of Economics on flexible integration, in other words, the necessity for the union, for member states not to do all things at the same time: the euro, Schengen, and defense.

But all of this talk about a two-speed Europe – I simply don't buy it. It's been historically used as a type of a nuclear bomb. You can threaten with it, but never use it because it would be completely dysfunctional and I think legally impossible to create. So we need the Lisbon Treaty.

Secondly, I think we need, with it, an EU president. I'm dreaming of the day when the elections for the EU president are as hot as the elections for the American president – (laughter) – but I think we're quite far away from it, unless, of course, Bill Clinton runs for it. (Laughter.) I think we need a foreign minister. I think we need a foreign office or an external relations service and with it, of course, EU embassies. The EU already today has, the commission, the sixth most extensive network of embassies – and correct me if I'm wrong – in the world. And I think we need to use it.

Thirdly, we need to have a common defense, not of course detached from NATO, but certainly something linked to traditional security guarantees. Fourthly – and I'm sure my British and French friends are going to love this – we need to have one seat in the U.N. Security Council because I think the Security Council is a relic of the past. And relics of the past need to be respected, but, at the same time, transformed. If the EU strives to become a true superpower, there is absolutely no reason why it should not be represented with a single seat in, for instance, the U.N. Security Council or, say, the G8. If we want to be serious about it, I think we need to do it. Whether there is any realism in what I say, that's a completely different story. (Laughter.)

Then, finally, I think we need a change in the mood inside the European Union. Unfortunately, I'd say, since the Nice negotiations and with the constitutional dilemma that we're in, the mood in Europe has turned sour and I don't like it. I don't like it one bit. And something needs to be done about it. I don't have a magic solution, but we, the European states, including the European foreign ministers, need to understand that there is no alternative to European integration, not one alternative which can be seriously taken.

And before EU leaders start supporting and defending the European Union, what it has achieved and what it is in the process of accomplishing, I don't think we're going

to go very far. And I am – I'll say this – very, no, I'm extremely worried about the current mood that we have inside the European Union.

And this has, of course, repercussions on what could be called a new world order or a new international system; it has repercussions on EU-U.S. relations; and it has repercussions on EU-Russia, EU-China relations. And something needs to be done about it. And I think the window of opportunity is now because we have a new Russian administration – and unwritten book so far, but with some very positive signals.

We will have a new American administration and the transatlantic relationship has been going in the right direction for the past two to three years. And hopefully we will also have a Lisbon Treaty come next year. So ladies and gentlemen, these were my three arguments today: The EU is and is not a superpower, point number one; point number two, we have weaknesses, but also strengths; and then point number three, there is a lot still to be done in order for those strengths to be improved. And there is no alternative to European integration. Thank you very much.

(Applause.)

MS. MATHEWS: Well, I'll resist from starting because my guess is there's probably a lot of questions. Who would like to begin? (Pause.) All right, I won't resist.

This is a – this may sound flip. I don't mean it to be; I mean it to be very, very serious. But clearly, few people have given more thought both as an analyst, a thinker, and as a practitioner than you have to what a strongly integrated Europe would mean. So tell us why you believe so deeply that you would like Europe to – the EU to be a superpower. How would the world be different or better than it is today?

MR. STUBB: Sure. My starting point is that the EU is a soft power, as opposed to a hard power. And I think that in Europe, we have in the post-World War II era found what I could call, what I would call a magic formula. And that magic formula is linked to the traditional notion that economic interdependence leads to closer cooperation and closer cooperation and economic interdependence leads to a lasting peace.

It might be a relic of an idealist world, but I firmly believe that if that formula has worked quite well in Europe, it can work elsewhere. And I think to all of those who are, for instance in Europe, against enlargement or skeptical, for instance, of Turkish membership in the EU, I think they are perhaps misinterpreting the fundamental reason or the *raison d'être* of the European Union, and that is to try to promote peace, prosperity, security, stability, and democracy within its borders and the near abroad.

I mean, look, the EU won the Cold War without firing a shot, of course with the hardware of the U.S., no question about it. What happened after the end of the Cold War? Everyone from the Central European countries and from Eastern Europe rushed into both NATO and the EU, and now you have a whole bunch of new countries knocking at the door of the EU. Why are they doing that in the Western Balkans and in

Turkey, because the EU is a failure? No, because it's a success. And I think if it can project this formula of careful diplomacy, if you will, around the world, the world will be a better place.

So my argument is that the more countries move into a system of regional integration, the better off we are. Will the world be a completely different place? Not necessarily, but Western Europe has been an extremely peaceful place for the past 50 years, and I see no reason why other regions couldn't use the same model.

MS. MATHEWS: Yes?

Q: Harry Blaney. I've been working on European issues for nearly 50 years now, and it seems to me that you have a conundrum. On the one side, your view of the sourness of the European mood, I travel there very frequently and I find the same thing, whether it's in England or Belgium or France or wherever. And one element that I find is a sense of alienation, of frustration, and even among some in many of these countries, a feeling that the enlargement was not necessarily in the interest of what was described by the not-very-intelligent Bush administration as "Old Europe," and also a feeling of not being able to participate directly in the decision making of their lives. And I think that's partly reflected by the Lisbon Treaty vote in Ireland and the feeling of Brits and the reactions in France and elsewhere.

The other side is this, if you want to build therefore – and I am a person by the way who would personally be in favor of enlargement – if you want to build a Europe, is enlargement not maybe the problem in some ways? And if it is, then how do you deal with all the countries who want to join, some of which by the way whose regimes and societies are not what you might say are fully developed in terms of either economics or in, more importantly, in democracy, and at the same time deal with the fundamental issue, and that is that sourness, which if you do not overcome, you will not get what you want? Thank you.

MR. STUBB: Thanks. Are we taking many questions in a bunch or just one at a time? I mean, I'm –

MS. MATHEWS: Let's start this way and then if it looks like we're out of time.

MR. STUBB: Us Finns, we don't talk much, so I'm usually quite brief. You know what the difference is between an extrovert and an introvert Finn, don't you? Well, the introvert when he speaks to you looks at his own feet, and the extrovert when he speaks to you looks at your feet. (Laughter.) So we're trying to live by that. I don't know if Ambassador Pekka Lintu is of the same opinion, but probably not. He's quite good at looking you straight in the eye, so all right.

On the sour mood, I mean, I'll try to give you a dual answer. First of all, I don't think enlargement is part of the problem. I see it more or less as part of the solution, but the big problem is that we haven't been able to sell enlargement as the success that it

truly is. The first observation, and I belong to the category of these people who always said without institutional reform, enlargement can't take place; it will stagnate the system.

Well, it hasn't; look at the studies that Helen Wallace and many others have put down on the table. As a matter of fact, since 2004, we've never moved from commission initiative to decision by the European parliament at a faster rate than we are doing right now. And I think the quality of the decisions are no worse than what they used to be. What people are nostalgic and sad about is that they can't influence decisions as much as they used to, and this is what people are getting frustrated with. And by people, I mean the political elite.

Second observation, the sour mood, and I'm glad you've observed the same, I mean, it works a bit in pendulums. I mean, when the economy's good, everyone feels really elated about the EU and the euro is the greatest thing in the world and the greatest price stability that we've had. Then oil prices and food prices start going up and our interest rates go up; there was a while the euro wasn't that great after all. (Chuckles.) And we start criticizing the central bank, or some of us do; I don't, but I think we have a problem here.

I don't think we have a democratic deficit because we have the European parliament, because we have ministers in the council, and because we have commissioners that have been first of all nominated by the member state governments and then approved by the European parliament. We don't, I think, have a legitimacy deficit, but what we do have is a communications deficit. We are unable to communicate the good sides of what Europe does, and this is where the blame game comes into play.

I think we have a third problem here as well, and I don't know if it's a problem or not, but the EU is not a welfare state. It doesn't give you anything unless you're a farmer or come from a poor region, to put it a bit crudely. So it's very difficult to sort of fall in love with it, and I think Jacques Delors put it very well, he said you can't fall in love with the internal market. And I think he's right. The EU doesn't have redistributive power. It has regulatory power. And I mean, do you like people who give you money or force you to obey by rules, well probably the former not the latter. And the EU sets rules, common rules, but has a ridiculously small budget, which is around 1 percent of its GDP comparing to the national budget, which depending on the European country, balances between 30 and 50 percent of the GDP.

Just in monetary terms, I'll give you a simple example. The Finnish annual budget is approximately €44 billion. The EU budget is €25 billion; the difference is that the EU budget feeds 483 million people; the Finnish budget feeds 5.5 million people. I pay to the Finnish government approximately €8,000 a year; to the EU I pay about €300. So it's very different, when you're not dealing with those types of issues, it's difficult to relate to it. Do I get – well, okay. I get excited about the odometers of two- to three-wheeled motor vehicles, but Joe Six-Pack doesn't. (Chuckles.) And that's why the alienation issue will always be there, until the EU starts touching you on the skin. And

I'm not sure I want that. So in that sense, we are in a Catch 22 situation and I don't think the EU will ever become popular, I'm afraid.

MS. MATHEWS: Over here?

Q: My name is Hyun-jin Choi, Institute for Defense Analysis. Mr. Minister, thank you so much for lucid and stylized remarks, and I'd like to follow up on what you said earlier, coordination and cooperation policy on foreign affairs and defense issues. It is my understanding that the commission published a very detailed survey on public opinion of the EU's 27 member states. I am especially interested in, A, foreign affairs defense policy issues and, B, in energy issues. Sixty-four percent of the EU public believes foreign affairs and defense issues ought to be dealt with both EU and each member state.

However, Finland and Sweden and the U.K. believe that issue ought to press that with the national level, and second, energy issues, Finland and U.K., Austria and Czech Republic believe that issue also ought to be dealt with at the national level. My question is, why is this? As Finland integrates NATO and ISAF, how important is the concept of neutrality? You mentioned in U.S. and EU and Russia issues. As the EU as a whole is hugely dependent on petrol, especially natural gas issues, I'm trying to get your views on how you develop EU policy toward Russia in energy and security issues. Thank you very much.

MR. STUBB: Thanks a lot for that question. May I just make one initial remark, and I want to stress this; Finland is not a neutral country. I'll say it again: Finland is not a neutral country. The policy of neutrality has been dropped over 10 years ago. We moved into military non-alliance. From there, we moved into a country which does not have full membership in so-called military alliances, but we are not a neutral country. Finland is, for instance, fully engaged in the work of a European security and defense policy. We are 100 percent engaged in our common foreign security policy. And if any EU member state was in any which was threatened, militarily or otherwise, we would be fully engaged, just like all EU member states.

As far as NATO is concerned, we are probably as close to NATO as you can be without full membership. There are two key military operations that NATO is engaged in right now, one is K4 in Kosovo. Finland has 450 troops out of 16,000, and the other one is ISAF in Afghanistan, where we probably are not great on numbers, but we are there 120 strong in Northern Afghanistan. So I just want to stress that because it's a bit of a relic of the past. We do not sit on the fence; we have chosen our side.

Second observation on foreign affairs, I think you're absolutely right. If you ask the general public in Europe, should the EU be more engaged in foreign security policy and defense policy, the answer is yes; that's why, of course, it's rather paradoxical that the member states, all of us, are quite reluctant to pool that sovereignty among ourselves on the EU level. But I think we're moving very fast on that. You need three things in order to have a strong foreign policy. One, you need institutions, and I think we have

that. Two, you need money; I don't think we have that because the CFSB budget is tiny, around €168 million a year, I mean that's probably as much as the U.S. spends on defense in two seconds, throwing that off sort of the cuff but nevertheless. And the third thing you need is political will. And unfortunately, as I said, there is still some superpower nostalgia within the EU, so in that sense we have quite far to go.

Your final question, then, was on Russia and energy. Here, I think the EU and Russia need to start behaving toward each other like two superpowers do. I think our relationship is asymmetrical and it is for the following reasons. One, we are 15 times richer than Russia. Two, we spend seven times more on defense than Russia. And three, we have three times as much in terms of population than Russia, yet at the same time the Russians are often playing the EU like open cards. We saw it when we were trying to establish the Partnership and Cooperation Agreement, PCA. And the reason for it is that the Russians are very talented. They work very well around the energy issues.

We're completely dependent on Russian energy, close to 50 percent. But at the same time, we on the European side don't stress the fact that Russians are completely dependent on our energy markets and investments as well. So we need to start working a bit more seriously with the Russians and the energy issue. And of course, I would say that Russia right now is perhaps a little bit too focused in its economy on natural resources. And usually, when you put all of your eggs into one basket, you're going to run into trouble. So those three answers, brief.

MS. MATHEWS: Right here.

Q: Mr. Minister – (inaudible) – I'm from the Turkish embassy. Thank you very much for being with us today and thank you for your very interesting presentation. Mr. Minister, you've said that there is no alternative to European integration. And of course, enlargement process is part of this picture. And you said that you believe in the enlargement process. But there are skeptics about enlargement in the EU and especially in the aftermath of the refusal of the Lisbon Treaty in Ireland. The number of skeptics has got even bigger. So what do you think that – how do you think that the EU will cope with this issue inside with the Lisbon Treaty refused in Ireland to secure that the enlargement process or the enlargement perspective of the EU is taken intact in EU policies? Thank you.

MR. STUBB: Thanks. I'm glad you added policies so I don't have to talk about the institutions at all. But no, I think it's a very good question. It's of course a very relevant question. First of all, I belong to the category of people who are, as I said, pro-enlargement. You know, you have many categories here. You have those who want enlargement but no institutional change. You have those who want institutional change but no enlargement. And then, you have those like myself who want institutional change and enlargement. And then you have the U.K. Independence Party which wants neither.

But my take is that, of course, the situation that we are in with the Lisbon Treaty has been a hit to the enlargement process. But we need not make it that. I think the most

pressing enlargement issue is, of course, the Western Balkans and especially Croatia. And I hope that the issue of the Lisbon Treaty will have been solved before Croatia has finalized its accession negotiations and its accession has been ratified by all of the member states. So we're talking 2010ish.

Then, there's the big issue, I think, of Turkey, which is probably the hottest one in here. As someone who is very much pro-Turkey and could say they belong to a group of the friends of Turkey, if you will, I am very worried. I'm very worried about the latest development, not least of the judgment that we are awaiting from the judicial court concerning the AK Party and its officials.

I'm very worried about the reaction that we might get from the European Union side. Fortunately, we have a very sensible presidency, which can handle the situation, because we could be in a situation whereby those who really want to close the door for Turkey permanently will try to do that. We will have a group of countries, which will say, oh, well it doesn't really matter. We'll just keep the negotiating process going on. I belong somewhere in between these two.

A negative decision by the judicial court in Turkey, constitutional court in Turkey, will have repercussions for the negotiating process. And believe me, those repercussions will be greater than the ones we've had from the Lisbon Treaty. So I think that the Lisbon Treaty will not stop enlargement. And I guess I would be a little bit in disagreement here with the president of the European Council at this time, President Sarkozy. But I think it's also very important that the pressure is kept up that we get that treaty through.

MS. MATHEWS: Right there.

Q: I'm Mike Nelson with Georgetown University. Since we're at the Carnegie Endowment for International Peace, I thought I would ask a two-part question on war and peace. I work on Internet studies. And the Internet is clearly becoming a new battleground for cyber-warfare. Estonia was attacked and many of the largest banks and government institutions and newspapers were closed down for several days. I know Finland is very well aware of that threat and others in Europe are also looking at what happened there.

At the same time, the Internet is a new space for projecting soft power. And the EU has lots of that. I'd like your comments on how Finland and the EU can take action to prevent cyber-warfare in the future, and also how they might use the Internet to project soft power and foster peace around the world.

MR. STUBB: Sure. I only see a one-part question in that. But to a certain extent, I would say that you are asking the wrong person. The reason I say this is that I think NATO has been much more on the ball in this particular issue, especially cyber-warfare. After the issues that were revolved around the removal of the statue in Estonia

and the cyber-attack that took place at that time. And Toomas Ilves, the president of Estonia, has been quite adamant about this from the beginning.

And what we've now seen is NATO starting to take cyber-warfare very seriously, establishing an institute or an agency in Estonia to try to figure out ways in which you can actually prevent this. And we are lagging behind in the European Union in this particular issue. And I would argue that to a certain extent in Finland as well. So we're in the same boat on that.

We haven't been seriously attacked yet. Usually, you need a serious attack before you can start doing anything. But the way in which I see it, this is definitely one of what we would call the new threats in the world. And it will be something that we in Finland will have to look at very carefully and it will be something that we in the EU will have to look at very carefully. And it looks like we need to take some advice from the NATO side on this. But as a non-NATO member, I'm afraid I can't open the door more than that for you.

Q: What about projecting soft power –

MR. STUBB: Projecting soft power in the world in general.

Q: Over the Internet.

MR. STUBB: Yeah, I mean, over the Internet is – I mean, I haven't really looked at it from that perspective. I haven't thought that the Internet could be used as a means for projecting soft power through an EU institution, if you will, if that's what we're looking at. But what I do believe is that we have a generation shift inside the EU.

And this comes back to your question about a sour mood and what the EU means to the general public. I mean, we have three generations of people here. We have the likes of Kohl and Mitterand who understood why European integration was needed, because they had experienced World War II. Then, you had the generation of what I would call – I guess – immigrants to a certain extent, in other words, those who weren't born with the IT world, but realized that the EU was kind of a necessity if you will. But it was never something very comfortable.

And now, you have what I call the natives, the under-25s if you will who have experienced the IT world and who like to go on Microsoft Messenger and chat with their friend in Portugal or in India or wherever. And I think that's the generation that we need to kind of nurture on the soft power side. But to use it as a tool or a mean, I think it's a natural.

That's why, I was in Norway, just when I had started in this new post. And I guess I got some of the anti-Europeans a bit frustrated when I said, well, to be against the EU is a bit like being against the Internet. It's part of globalization. Whether you like it or not, you kind of have to adapt and work with it. And I'm sure the EU will have to do

the same with the Internet. But unfortunately, the EU is very slow in major administrative change and very slow in catching up as well.

MS. MATHEWS: Yes.

Q: I'm James Morris with the Washington Times. And basically, my question is just to make sure that I understand some of your points that you made, especially concerning European embassies. They would replace the embassies of the current individual member states? Yes?

MR. STUBB: No.

Q: Oh no, they would be in addition to?

MR. STUBB: I'll explain in a second.

Q: And then, a permanent EU seat on the U.N. Security Council, that would be in addition to Britain, France, or taking Britain and France off the Security Council? And thirdly, you mentioned what I guess you call the nuclear option, which you were referring to Ireland. And I think you were referring to some discussions about a multi-layered EU membership where some nations would have full membership, other nations who didn't agree with everything would have some lower-level membership. And you said, I believe, that's like threatening to use a nuclear bomb. You could never use it; but you could threaten it. Is that what you're referring to?

MR. STUBB: Yeah, good. Two first questions were good but painful. The third one I can manage. The question on the EU embassies, I think they would be in addition, not replacing. And my basic argument is that we are in the transitional period, I think, in world diplomacy in general. And especially, I'd say, that this concerns smaller states such as, for instance, Finland or say Belgium or Ireland, whereby we simply don't have the resources or means to be represented all around the world. Take our house, our foreign service or foreign office as an example. We have a staff of 2,674. I exclude myself from that. We have representations in 97 countries around the world, which is of course quite a lot for a country with a population of 5.5 million.

And the question then, is, well, can we or should we or is it useful to be represented to this extent all around the world? And my argument is that, yes, to a certain extent. But if you wanted to cut down a little bit, perhaps you could use the EU embassies. My big vision is of an EU embassy whereby you could have all the EU states somehow represented and reporting. But this needs to be good, open, and transparent reporting. Now, the value added of such a system for the FCO in the U.K. or for Quay d'Orsay or for the Auswertiges Amt might be a little bit limited. But trust me, the value added of such a reporting embassy network for smaller states would be very, very useful.

Second one, am I talking about a permanent seat whereby the U.K. and France would be replaced by the EU? In my federalist vision, yes. Do I see an iota of realism in

this proposal? The answer is no. Do I expect to get a kiss on both sides of the check from Bernard Kouchner and David Miliband when I see them on Tuesday? Probably not. But my argument is that if we want to be really serious about becoming a superpower and if we want to be truly represented in a way that a 21st century Europe should be represented, then I'd ask all of us to reflect, would it not be the best way to do it? Do we want to be nation-state focused or do we want to be regional integration/bloc focused? And my answer is, we should be bloc-focused.

The final point on multi-speed, yes, my argument was that, historically, if you look at when the issue has been raised – and I don't want to bore you with my Ph.D., but if you look at the language that we've had around the idea of not everyone doing everything at the same time, it always emerges when, one, there are problematic member states or situations; two, when we talk about money – in other words, creating a single currency – three, when we talk about defense; four, when we talk about justice and home affairs. We've always been very flexible. There are hundreds of cases inside the EU where not everyone is doing everything.

But to try to establish a system whereby you have, say, 12 countries, which are in the core of Europe and 15 countries that are not. It is virtually impossible because you can't have European parliamentarians representing only half of the union and the other half not or a commission, which doesn't represent exactly the same thing, or a voting system in the council, which is different. It's a bit like having a United States of America with senators having completely different jobs or congressmen having completely different jobs. You simply can't do it.

So that's why my argument is that it's a wonderful threat. But at the end of the day you will never use it. Or if you use it, you can say goodbye to the European Union as we know it.

MS. MATHEWS: Might I ask, if your dream came true of a European integrated defense, is there a role for NATO?

MR. STUBB: Definitely.

MS. MATHEWS: What?

MR. STUBB: It's definitely. I think first of all, you cannot see these two organizations as completely overlapping. I'll just give you one example. Out of 21 EU states – out of 27, 21 are NATO members. That's 95 percent of the EU population are members in NATO. So that, I think, already gives you a starting point where it's very difficult to conceive a system, which is different. I think NATO is the most important transatlantic forum that we have. And I say this as a non-NATO member. I think that's where the U.S. feels very much at ease with its European partners.

What I'm trying to say is that we need to take care of our own backyard. And therefore, special EU defense structures, which have to do with capability, which have to

do with intelligence, which have to do with planning, have to be established. But already, the fact that France is now coming back into NATO, if you will, indicates to me that NATO is not and will not become redundant, not even in the face of a European collective defense. I think both of these organizations are needed. And I think that they go hand in hand.

And that's why, for instance, when I met the secretary general of NATO only two weeks ago, I discussed with him and made the recommendation to the French presidency that we invite the secretary general of NATO to one of our foreign ministers' meetings to discuss how we can better improve the relationship between EU and NATO. For me, it's not an ideological question; it's a practical question. IF the EU and NATO cannot communicate together, we put our soldiers at risk, both in, for instance, Kosovo and in Afghanistan. So they need to work much more closely together and they are not going to make each other redundant.

MS. MATHEWS: Yes, go ahead.

Q: Hi, my name is Marina Naldi (sp) from Institute for Multicultural Diplomacy. And as you can hear from my accent, I am very European. I grew up in Belgium and my father is Italian and my mother is French. I've been traveling a bit all around the Europe. And going back to the subject of this conference, will EU ever become a superpower, what I understood from your explanation is that you consider possibility for having a single EU president and foreign minister, right? And my question is, considering the political situation of EU at the moment – and I'm relating that to the sour mood that you see in – personally, I believe that a sour mood comes more from internal problems, state problems, I'm giving you this for example of what I know. Belgium at the moment doesn't have a government.

MR. STUBB: And the mood is a bit sour?

Q: Yeah.

MR. STUBB: I've lived there for 10 years and I still have my house. It's for sale, by the way.

(Laughter.)

Q: You know, I mean, how do you want to have a EU president when we can't even have a president in Brussels and the country is splitting up? Sarkozy is considering a selective immigration while we are talking about integrating people. He wants to decide that who has a master can come in. Italy – let's not even talk about the situation in Italy where now they are fingerprinting Roma people. So if I take every country individually, I see many steps backwards. And my feeling is that it's not only a sour mood against Europe. It's more a sour mood against the political situation of the countries state by state. And in that context, how can you ever hope to have harmonious situation on a Europe state level?

MR. STUBB: I think you took the words out of my mouth. In my current position, I can't speak as freely as you just did. But I must admit that I'm not very far away from your analysis. But perhaps my answer is that precisely for the reasons that you just outlined, we need a president. We need a foreign minister. We need common policies. We need common rules. We need common institutions. But the problem is that our leaders of today, I guess including myself, don't understand that. They don't understand that the way forward is not through a nation state but through the European Union.

The problem is that we are now in a situation where I think the nation state itself feels very pressurized, from above, the EU side, but then also from below. I think Belgium is – I'm not using the word wonderful example but an example of a country which has a strong linguistic divide between the Flemish and the Walloonian side. There are other countries where you see strong regionalization such, for instance, as Spain with Catalonia among others.

You see the debate that we've had around the independence of Kosovo. You see the German Laender wanting increasing power. And funnily enough, the country that is mostly opposed to federalism is moving towards a federation itself; namely, the United Kingdom. So you have a lot of these underlying currents and trends right now. And if you're trying to say that first you have to solve your problems at home before you can do them on the European level, I guess I agree with you. But what I'm trying to say is that let's not let the domestic problems destroy a very good project.

MS. MATHEWS: Anyone else? Yes.

Q: I'm James Goodby, former ambassador to Finland. And I wanted to ask you about another topic related to the EU – I'm sorry – a topic related to the EU, which is how do you see the future of the OSCE, particularly the human dimension, Russia's attitude toward the role that they see the OSCE now playing, which is not to their liking. Do you have any special ideas on how to reconcile these differences, and anything else about what you think might happen in the future? The Russians, I gather, are talking now about some sort of another mechanism for security in the 21st century Europe.

MR. STUBB: No, thanks, Ambassador Goodby.

For those of you who don't know, Finland is now the chairman of the OSCE, the Organization for Security and Cooperation in Europe. And I myself came to take that chairmanship a bit sort of behind the corner, and it's a bit – a new thing for me because, as I said earlier, and born-and-bred EU nerd.

Now, the way in which I see the OSCE, and the awakening that I've had with the organization, is the following: On one hand – and I'm simplifying – you have an organization with a global reach, called the UN; 192 members, out of which a slender majority are composed of democratic states. On the other extreme, you have regional

organization in the form of the European Union which, to a certain extent, is an exclusive club which entails or embraces the European continent and, of course, the British Isles. Smack in between these two, you have the OSCE, with 56 members reaching from Vancouver – Canucks is a good team, by the way – to Vladivostok. It's the only organization which provides a security umbrella, if you will, for the Northern Hemisphere. It has three key baskets: political security, human rights, rule-of-law democracy, and then economic and environmental. I think all of those baskets are valid. And if the organization didn't exist, I think it would have to be reinvented.

At the same time, and having said that, I do believe that that organization needs a fundamental revamp. And the revamp, in my mind, is to focus on two or three key issues. One is conflict management, and there you have three – or one main area, if you will, the Caucasus: Georgia, in other words, Abkhazia, Southern Ossetia, Transnistria, Moldova, if you will. Then, you have what I would call post-conflict management, and that would be the Western Balkans, where its presence is still quite strong. And then finally, you have a third task, which is democratic transition and transformation, and that you need – in five countries that I've just visited in Central Asia; in other words, Tajikistan, Uzbekistan, Turkmenistan, Kyrgyzstan and Kazakhstan – so it finds its place.

But the problem we have is that I think the Americans actually like the OSCE. They think it still has a role. Western Europeans are sort of a bit, oh, come on, wasn't that the thing that Finland did in 1975, right; I mean, who cares, kind of. But then, if you go to Caucasia, if you go to the Caucasus, if you go to Central Asia and if you go to Russia, people know what the OSCE is, people know what the OSCE does.

Now, how do I look up on Medvedev's latest initiatives? Well, he's had two. The first one was, I think, a loose idea in a speech about the new European security umbrella. I think he just wanted to test it and there wasn't really substance behind it. And now, on Tuesday he gave a speech, which I haven't read yet, to his ambassadors, which puts a bit sort of beef around the bones, if you will. Now, I'm inquisitive; I'm positive of the fact that the Russians have come up with a constructive idea as opposed to, for instance, criticizing NATO. I want to have a look at it very carefully, but to me there cannot and there should not be any kind of a European security organization without the United States. That's my take, and the OSCE is not without the United States.

MS. MATHEWS: There was a – yes.

Q: Question: My name is Anna Widen (sp). I come from the Brookings Institution. At the heart of the trans-Atlantic relation, there is the question of willingness of Europe to commit troops, by individual countries and by the EU. So this is something that has come up lately in Afghanistan and will come up further on. So how do you – what's your take on that one?

MR. STUBB: That depends on where you commit the troops, I think. Now, the way in which I see it is – well, I can only take our own case, Finland, because of course,

in terms of committing the troops, and if you take it per capita, we are a superpower, you could say. In other words, we've committed troops inside the EU for, for instance, the so-called battle group. We have committed troops in NATO, 450 to Kosovo to K4, and then 120 to ISAF. We've committed troops through the U.N. in, for instance – and the EU in, for instance, Chad. And if you look at our peacekeeping around the world, if you will, or crisis management, it's very vast.

Yeah, the commitment is there. And do we count heads? Yes, we do. But the way in which I see it is that the role of NATO has changed, and it's changed fundamentally. I'm not saying that the U.N. is outsourcing its peacekeeping, but NATO is doing a wonderful job in it. And I think it's much easier for non-NATO members to commit troops to NATO once it works under U.N. mandates, if you will. But I think that there's also a fundamental change in the defense structures of many of the countries.

And I detected perhaps a slight Norwegian kind of direction – accent Swedish? Okay, you know how the defense structures in Sweden have changed. I mean, you are now only focused on really crisis management around the world. The downsizing of your military has been – how would I say – rather interesting. So there's a change in that field, as well. The Norwegians are doing a slightly different approach to it. In Finland, some would say we have a ridiculously strong or numerous military, with a capability of gathering 350,000 men and women, basically, overnight. So we are all looking at the action of our troops in different ways, but I think commitment is the key. But my argument is that we should always commit through multilateral organizations, such as the EU, U.N., or NATO.

MS. MATHEWS: Yes, in the middle there.

Q: Lotti Vasily (ph), University of Cambridge.

I have a question concerning possible future organizations. You've talked a lot about the OSCE and the EU, and there's been a lot of talk, both in Washington, D.C., and elsewhere, about possible concert – a league of democracies. And how would you see an EU response to this and then secondly, a Finnish response?

MR. STUBB: Yeah. That's a very – I mean, we reflected – I mean, my policy advisor, Yuri Adavon (ph) is here; my political director, Ben Vierdos (ph) is here. And we reflected a lot upon this, and we're looking at it with an open mind. I mean, if you look at myself as having first been an institutionalist idealist and then, become a bit closer to the realist school, I would argue that I'm not a neo-con – (chuckles) – if you will. And yet, interestingly enough, you know, one could argue that this whole idea of a league of democracies comes from that side of the sphere. But I'm actually quite appealed by it. I'm quite appealed by it.

Now, how it would structure, and how you then define what an actual democracy is and who you give membership to is a completely different ball game. But I think this could be an idea that we could have a look at. And I think if you look at the McCain

campaign right now, there is, of course, clear support for the idea. And if you look at the Obama campaign as well, you know, there is a slight opening. So if both U.S. presidential candidates are starting to talk about a concert of democracies, if you will, it's an idea which has to be taken seriously.

Would the EU be up for it? Of course, we're in the business of promoting democracy. That's what we're all about. You don't become a member of the club unless you are a democracy. How would Finland approach the question? Well, yeah, same thing; quite positively. But we'd have to have a look what it looks like, but unfortunately a lot of people, you know, immediately categorize a concert of democracies as oh my goodness, is that some kind of a Robert Kagan idea; we must be against it, therefore.

But no, I think it's part and parcel of the bigger debate. I really like the last issue of the Economist, which dealt a lot with the different international organizations. And my thesis is pretty similar to what the newspaper was promoting, and that was the idea that we really need to have a fundamental look at the international system that we have. That means a revamp of the U.N. Security Council; that means re-looking at the IMF, the World Bank. It means re-looking at what the OSCE is all about and the future of the OSCE. It also means a re-look at what the future of the EU is. The world is a very different place since 1989, and I think the international system needs to reflect it.

MS. MATHEWS: Well, I would just like to thank – on behalf of all of us – and thank you for kind of lifting our eyes up towards a distant horizon and, perhaps, also reminding us of how far, step by painful step, this process has moved. We look forward to getting progress reports from you on progress towards this incredible dream.

MR. STUBB: Thanks a lot, Jessica, and thank you very much for coming here, as well. I know that luncheon speeches can sometimes be a little bit tedious, but you have certainly made it not tedious at all, and that's because of you and the questions that you posed.

And you know, in Finland, we believe in full transparency, not only in saunas but otherwise as well. And I have a very simple email: Alexander.Stubb@foreman.fi so if you want to bounce any ideas, if you have any comments or questions, please go ahead and pop them in my direction. There's also a homepage which I have, alexstubb.com; unfortunately, I've been a bit too focused in the Finnish language in my blog, but I'll promise to start writing a bit more in English as well. So thank you very much for coming. I really appreciate it.

MS. MATHEWS: Thank you and thank you.

(Applause.)

(END)