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JAMES B. STEINBERG
REMARKS BEFORE EUROPEAN INSTITUTE
MAYFLOWER HOTEL
WASHINGTON, D.C.
JANUARY 15, 1998

[acknowledgments]

If you look at recent newspaper headlines, you might assume the European-American relationship is a relic of the Cold War, producing more friction than friendship. "Europeans Charge Arrogance on Issues from NATO to Jobs," "Fight Looms Over Foreign Policy," "US and France: A Study in Rancor."

It is true that we live in a time of geopolitical reorientation. Through NAFTA, the United States has consolidated trade and deepened our relationship with Canada and Mexico. Through APEC and ARF we have strengthened our engagement in the Asia-Pacific community. Europe is also pursuing new global markets, investing heavily in Central Asia, competing with us in South America and the Pacific Rim. Once in a while, it’s healthy to step back and ask: Is the Euro-Atlantic Community a has-been? Are Europeans right when they look across the Atlantic and see a hegemon wearing Mickey Mouse ears? In the wake of the Cold War, is our common agenda powerful enough to unite the United States and Europe?

The answer to that last question, of course, is an emphatic yes. From the beginning of his administration, President Clinton has demonstrated the importance he attaches to transatlantic relations, and has probably devoted more personal attention and diplomatic capital to the
relationship than any President since Kennedy. He initiated the New Transatlantic Agenda, a framework to move forward together on a broad range of diplomatic, economic and trade issues and resolve our differences. The NTA is becoming a reality, spawning the path-breaking Mutual Recognition Agreement affecting 40 billion dollars in trade.

He has encouraged Europe's aspirations, supported military command reforms that increased the proportion of European flag officers, and proposed mechanisms from Combined Joint Task Forces to European use of NATO assets that will help foster a European security and defense identity.

Rather than take the easy road by focusing on the considerable gains in our relationship, I'd like to take this chance to talk with you about the stresses and strains on U.S.-European relations, a relationship which is vital for both the U.S. and Europe.

The time is right to be forward-looking, to take a serious and critical look at where we are in adapting our old relationship to new demands. The Berlin Wall came down in 1989, but at the beginning of 1998, we are still witnessing historic change. It's less dramatic, but still comparable to the late 1940s when so much of our foreign policy architecture was built. Now, as then, Europe and the U.S. are centrally involved in reshaping global economic, political and security institutions. Together, we are providing the ideas, the resources and the energy to implement a broad agenda of change. Without our common efforts, there is little prospect that any of us—or the world—can master the challenge of the next century. But as the headlines I cited made clear, this is not a time for complacency.
We have a pressing agenda: to bring Europe's new democracies into the security and defense architecture that has guaranteed our transatlantic security and prosperity. We can deter rogue states who threaten the security of the international community. We can be a force for peace from Northern Ireland to Bosnia to the Middle East. We can assure productive jobs for our workers at home, and help those left behind reap the benefits of the global economy. We can help Asia find the path back to financial stability. And we can and must stand together against the new transnational threats that affect all of us, from the proliferation of weapons of mass destruction to terrorism to cyber-crime to global warming.

I don't think anyone would dispute that these are shared goals. The problem more often is our inability to find complementary approaches to these shared goals. Too often, we seem to work at cross-purposes. We all know the issues that have divided us recently: investments in Iran's energy sector, the role of economic sanctions to pressure rogue states, the environment, trade issues from biotechnology to audio-visuals. The complexity of these issues is matched only by the strength of opinion about the right policy approaches.

It helps to take a wider perspective, seeing the problems as small stumbling blocks alongside the large building blocks already in place.

The proof of our ability to find a common path to meet the changing international environment is our effort to adapt our security relationship to the 21st century. The bedrock of this security is NATO. Just as the alliance served a pivotal role in the Cold War, so it now underpins Europe's
best hopes for a continent that is democratic, undivided and at peace. If we can successfully navigate NATO’s enlargement, strengthen partnerships with Russia and Ukraine, and intensify our cooperation with all states of Europe through the Partnership for Peace and the Euro-Atlantic Council, we will lay the basis for a generation of peace to come.

True, a perception that U.S. leadership is heavy-handed rankles some. But it is easy to forget the cries of alarm at the perception that the U.S. would abandon our leadership and retreat into isolation. The fact is, our recent leadership has advanced the larger cause of an integrated Europe. Tomorrow we will witness the signing of the Baltic Charter, providing a framework to integrate Lithuania, Latvia and Estonia into a larger community. In the coming weeks, the President will ask the Senate to ratify treaty changes that will make Poland, Hungary and the Czech Republic NATO members. And the Partnership for Peace continues to bring together countries as far apart as Canada and Uzbekistan to plan for our common security with new tasks of peacekeeping, emergency evacuation and humanitarian relief.

Elsewhere in Europe, American leadership is making a difference. The President has named superbly qualified Americans to address some of Europe’s oldest problems. Dick Holbrooke is working with the EU to find a solution to the still-unresolved Cyprus problem. In Northern Ireland, George Mitchell is leading the all-party talks that give us the best chance for lasting peace since the start of The Troubles. And the United States, Europe, Russia and others are hard at work on the ground in Bosnia, where the road to a lasting peace is long, but clearly demarcated. Our common determination offers the best—perhaps the only—prospect to bring peace in these areas of conflict. These are all real accomplishments.
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We live in a time of geopolitical reorientation. Through NAFTA, the United States has consolidated trade with Canada and Mexico. Although our largest economic partnership and most balanced trade relationship is with Europe, we have a tendency to see ourselves as part of an Asia-Pacific community. Europe is also pursuing new global markets, investing heavily in Central Asia, competing with us in South America and the Pacific Rim. Once in a while, it's healthy to step back and ask: Is the Euro-Atlantic Community a has-been? Are Europeans right when they look across the Atlantic and see a hegemon wearing Mickey Mouse ears? In the wake of the Cold War, is our common agenda powerful enough to unite the United States and Europe?

The answer to that last question, of course, is an emphatic yes. President Clinton has argued this from the beginning of his administration, and has probably devoted more personal attention and diplomatic capital to the relationship than any President since Kennedy. He initiated the New

President Clinton has demonstrated the importance he attaches to transatlantic relations.
Transatlantic Agenda, a framework to move forward together on a broad range of diplomatic, economic and trade issues and resolve our differences. The NTA is becoming a reality, spawning Mutual Trade Agreements and 40 billion dollars in trade.

Far from resisting a greater European role in security issues, he has encouraged Europe's aspirations and proposed mechanisms from the Combined Joint Task Force to European use of NATO assets that will help foster a European security identity. He also supports the European Security Defense Initiative.

Rather than take the easy road by focusing on the considerable acquis in our relationship, I'd like to take this chance to talk with you about the stresses and strains on U.S.-European relations.

Ours is, after all, the core international relationship for both the US and Europe, and the entire world responds to the example we set working together while pursuing our independent agendas.

The time is right to be visionary, to take a serious and critical look at where we are in adapting our old relationship to new demands. The Berlin Wall came down in 1989, but at the beginning of 1998, we are still witnessing historic change. It's less dramatic; but still comparable to the late 1940s when so much of our foreign policy architecture was built. Now, as then, Europe and the U.S. are centrally involved in reshaping our economic, political and security institutions.

Together, are providing the ideas, the resources and the energy to implement a broad agenda of change.
We can bring Europe’s new democracies into the security and defense architecture that has guaranteed our own security and prosperity. We can isolate rogue states who threaten the security of the international community. We can be a force for peace from Northern Ireland to Bosnia to the Middle East. We can help those left behind reap the benefits of the global economy. We can help Asia find the path back to financial stability. And we can and must stand together against the new transnational threats that affect all of us, from the proliferation of weapons of mass destruction to terrorism to cyber-crime to global warming.

I don’t think anyone would dispute that these are shared goals. The problem is our inability to find complementary approaches to these shared goals. Too often, we work at cross-purposes.

We all know the issues that have divided us recently: French and Russian energy investment in Iran, use of economic sanctions to compel change (Helms-Barton and IL34), the environment, the role of the role of GMOs. The complexity of these issues is matched only by the strength of opinion about the right response.

It helps to take a wider perspective, seeing the problems as small stumbling blocks alongside the large building blocks already in place.

Our greatest success is the alliance we have built to ensure our common security. The bedrock of this security is NATO. Just as NATO served a pivotal role in the Cold War, so it now underpins Europe’s best hopes for a continent that is democratic, undivided and at peace. If we can successfully navigate NATO’s enlargement, strengthen its partnerships with Russia and Ukraine, and intensify our cooperation with all states of Europe through the Partnership for

changing international environment is an effort to adapt our security relationships to the 21st century.
Peace and the Euro-Atlantic Council, then we will lay the basis for a generation of peace to come.

True, U.S. leadership of the alliance rankles some. But the fact is, our recent leadership has advanced the larger cause of an integrated Europe. Tomorrow we will witness the signing of the Baltic Charter, providing a framework to integrate Lithuania, Latvia and Estonia into the larger European community. In the coming weeks, the President will ask the Senate to approve NATO’s invitation to Poland, Hungary and the Czech Republic. And the Partnership for Peace continues to bring together countries as far apart as Canada and Uzbekistan to plan for our common security with new tasks of peacekeeping, emergency evacuation and humanitarian relief.

Elsewhere in Europe, American leadership is making a difference. The President has named superbly qualified Americans to address some of Europe’s oldest problems. Dick Holbrooke is working with the EU in dealing with persistent Greek-Turkish tensions and the still-unresolved Cyprus problem. In Northern Ireland, George Mitchell is leading the all-party talks that give us the best chance for lasting peace since the start of The Troubles. And the United States, Europe and Russia are together in Bosnia, where the road to a lasting peace is long, but clearly demarcated. These are all real accomplishments.

We may not always get the balance exactly right, but Americans welcome European responsibility. We are prepared to see our allies—indeed, we encourage our allies to take a greater role in everything from police support in Bosnia to investing now in defense capabilities.
for the next century to co-leadership in diplomatic efforts like the Minsk group, resolving
tensions in the Trans-Caucasus region. We also support the creation of institutions like the
OSCE, and Europe’s vital contributions to UN peacekeeping around the world.

And we recognize that leadership has its responsibilities, and for all our efforts, we do not always
live up to them. In fact, Europe’s support for the UN is crucial at the moment, given the
unfortunate refusal of Congress to pay our arrears. We recognize this a serious situation
undermining confidence in American leadership, and we are working hard to repair the problem.
The administration is committed to a strong UN, as are the American people. But we also need
your help to ensure that Secretary-General Annan continues to make necessary reforms, and that
UN budget is shared fairly and responsibly.

Alongside the security community linking the United States to Europe, there is an obvious
economic community, which is in great shape. You know the numbers as well as I do, but
they’re worth repeating. Over a trillion dollars of good and services flow back and
forth without significant barriers. There’s another $650 billion in combined investment. This
results in fourteen million jobs on both sides of the Atlantic. And our economic policies have
forcefully converged. We’re locked in a dead heat for who has lower budget deficits and
inflation. We have a deep stake in each other’s prosperity.

But we cannot afford to rest with the status quo, and there is a growing recognition on both sides
of the Atlantic that opportunities exist for moving forward even more boldly. The administration
has taken one step after another to promote these opportunities, from the Uruguay Round in 1993
to the New Transatlantic Agenda in December 1995, to the Information Technology Agreement and the Financial Services Agreement. These initiatives are yielding concrete results. To cite just the NTA, the Mutual Recognition Agreements concluded under the aegis of the NTA last year eliminated redundant standards on almost $50 billion of two-way trade—everything from computers to jet-skis. We are securing European participation in the Korean Energy Development Organization. We have a promising Trans-Atlantic Business Dialogue. And we have mechanisms to solve emerging trade disputes before they become serious.

**Next steps?**

Our economic partnership also has ramifications that go beyond the Euro-American community.

The cooperation between the G-7 countries is helping to mitigate the effects of the recent Asian financial crisis. As major creditors to the IMF and the World Bank, we have a strong interest in working closely to ensure that new micro- and macro-economic policies are effective in Asia.

The U.S. welcomes the European Union’s initiatives to improve its economic performance through deeper integration. We have the same interest in the creation of a single currency that we have with respect to any major development in Europe. When Europe prospers, so does the United States. It will strongly serve the entire Euro-Atlantic Community to make sure a single currency starts off right.

A strong European Union, working in tandem with and adapting NATO alliance, can be a powerful vehicle for bringing Europe’s new democracies into a stable family of nations. No one can force seamless integration by edict. But time and time again, we have watched nations bring about necessary, often painful reforms because of the incentive of participating in our economic
and security systems. This is the best way to secure progress, and we hope the EU will continue on its path of integrating all of Europe.

True, there are areas where we have questions about the EU's economic and trade policies. Many of them relate to agriculture. The CAP continues to consume a huge amount of EU resources, close to 60 per cent of the budget. This strikes us as an anachronistic relic of the protectionist policies that are defended as promoting European culture, especially in the audio-visual sphere. We understand the need to preserve Europe's cultural identity, but we reject protectionism as a means to that end. Europe's distinct national cultures have not suffered from joining the EU, and the free flow of information is a foundation of our shared tradition. I don't think a few episodes of "Baywatch" and "Beverly Hills 90210" will mark the decline and fall of western civilization—any more so than reading European newspapers online corrupts American readers. The trend of the future is away from barriers, not towards them.

Outside the large traditional framework of our security and economic relationships, there are a host of emerging transnational threats posed by global warming, terrorism, cyber-crime, drug trafficking and rogue states. Through the NTA and our law enforcement cooperation, we are
starting to find a common approach, but these are daunting problems that will demand intensified efforts in the future.

While treating these new problems, we have often differed on tactics, dangerously muddying the waters. Let me begin with the environment. The European Union feels the United States is moving too slowly, but I think you will agree the President has made climate change a very high priority, and acted on that conviction. As a result, we were able to show flexibility and reach a historic accord in Kyoto. Now the common challenge before Europe and the United States is to secure meaningful commitments from developing nations to do their part to achieve Kyoto’s goals. Without Europe’s help in securing these commitments, it will be very difficult to persuade Congress to follow the President’s initiative.

We can also show better co-leadership anticipating the new kinds of crimes looming ahead in the next century. We have made progress through the summit of the eight… taking new steps to increase airline security… to protect our infrastructures… to fight cyber-crime… and most important, to promote nuclear safety. We are encouraged that Prime Minister Blair has identified law enforcement as a major topic for the Birmingham summit. But we were disappointed by tepid European support for the U.S.-sponsored International Law Academy (ILEA) in Budapest.

Full integration in the Euro-Atlantic community means that all of our police forces have the confidence to work together against the transnational threats. It is vital that the emerging democracies enjoy the rule of law during their transitional period. And we will have terrible difficulty if the U.S. and E.U. are not able to work together to address the problem of encryption.
which otherwise can stymie our law enforcement effectiveness. Unless we solve the encryption problem, those complications will infect the entire spectrum of transnational threats.

But the gravest and most immediate challenge before us is to find more common ground dealing with rogue states. We have started to fall into a troubling pattern of behavior. It's the old routine of "good cop, bad cop." This pattern, whereby Europe provides the carrot and the U.S. is left holding the stick, is unhealthy for both sides. Increasingly, the United States uses political and economic pressure to deal with a problem regime, while our European partners insist on dialogue, so as not to isolate the offending state. This divergence compromises the effectiveness of our efforts. Secretary Albright put it well recently when she observed that Europeans are irritated by our willingness to reach for the trigger, while we are irritated by their willingness to reach for the contracts. While we all believe that dialogue and engagement are the preferred course, dialogue cannot be an excuse for inaction when countries like Iraq fail to live up to s. c. resolutions and other important weapons threats.

We need to devise clear rules for dealing with states that support terrorism and pursue weapons of mass destruction. Our position is clear: we think we should stand tough against regimes that flout the rules of international behavior. We know this is an area where the EU questions us.

But in cases where normal diplomacy and dialogue have not fundamentally changed the behavior of regimes like Iran, Iraq and Libya, we would like to think that most EU nations find sanctions preferable to the force of arms. We continue to believe that Europe has skewed the balance between "criticism" and "dialogue."

We appreciate the limits of unilateral U.S. policy, but Europe has to see the risks attached to the failure to be firm in facing these threats. I don't need to restate our opposition to investment in
Iran, which directly finances activities that promote instability in a volatile region. In geographic terms, this poses a more direct threat to Europe than it does to the United States, though ultimately it threatens all of us. Khatami's speech offers promise, but we are well advised to calibrate changes in our own policies based on Iran's actions rather than its words.

At the same time we oppose terrorism, we need to encourage and respond to moderation where we see it. The expansion of the EU is an internal European concern, but we hope the EU will provide Turkey with a workable pre-accession strategy that will help to insure that Turkey remains integrated with the West. We agree that this will require Turkey to improve its human rights record, but note that it is vital that it remain anchored to Europe. An integrated Turkey is a step toward stability in a dangerous neighborhood.

The coming year offers an opportunity to bridge gulfs between the EU and the United States.

The UK has a double responsibility this year, presiding over both the EU-15 and the G-8, and we look forward to a productive six months ahead. We could not agree more with the sentiment expressed by Prime Minister Blair: “strong in Europe, strong with the U.S. There is no choice between the two. Stronger with one means stronger with the other.” When he visits here in two weeks, we look forward to exploring specific steps that will reinforce US-EU relations.

There will always be new challenges before the Euro-Atlantic Community, and nerves will fray now and again. But our mutual respect and mutual interests will ensure that we weather the inevitable storms. The partnership we built fifty years ago is durable and offers enormous promise in addressing the global issues we face as we enter the 21st century.
Tony Wayne  Dep Ass't
Mahe Gour  Ass't Sec & Manager
JAMES B. STEINBERG
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It's true that we live in a time of geopolitical reorientation. Through NAFTA, the United States has consolidated trade with Canada and Mexico, and we increasingly see ourselves as part of an Asia-Pacific community. Europe is also pursuing new global relationships, investing heavily in Central Asia, competing with us in South America and Asia. Once in a while, it's healthy to step back and ask: Is the Euro-Atlantic Community a has-been? Are Europeans right when they look across the Atlantic and see a hegemon wearing Mickey Mouse ears? In the wake of the Cold War, is there anything that truly unites the United States and Europe?

The answer of course, is an emphatic yes. President Clinton has argued this from the beginning of his administration, and has probably done more to reinvigorate the relationship than any President since Kennedy. He has tirelessly promoted the New Transatlantic Agenda, he has...
in one political, economic and trade relationship.

NITA...

which is a framework for the mutual adjustment of economic policies and to resolve conflicts on a broad range of trade issues and to resolve conflicts on different
encouraged the ESDI, and he continues to invite European partnership in the great challenges facing our common interests.

But I'd like to take this chance to talk with you about the stresses and strains on the Euro-Atlantic Community, and think about ways we can better manage our relationship. It is, after all, the core international relationship for both the US and Europe, and the entire world responds to our ability to get along, even as we pursue our independent identities.

The time is right to be prescriptive, to adapt our old relationship to new demands. At the beginning of 1998, we are witnessing historic change; less dramatic, but still comparable to the late 1940s when so much of our foreign policy architecture was built. Now, as then, Europe and the U.S. must be key players in the period of construction. Together, we can enrich each other with free-flowing ideas and products. We can bring Europe's new democracies into the security and economic architecture that has guaranteed our own security and prosperity. We can isolate rogue states who choose to threaten the security of the international community. We can be a force for peace from Northern Ireland to Bosnia to the Middle East. We can raise the standard of living in the third world, and help bring those left behind into the global economy. We can help manage financial recovery in Asia. And we can and must stand together against the new transnational threats that affect all of us, from the proliferation of weapons of mass destruction to terrorism to cyber-crime to global warming.

I don't think anyone would dispute that these are shared goals. The problem is in our inability to find complementary approaches to these shared goals. Too often, we work at cross-purposes.
We all know the issues that have divided us recently: French and Russian energy investment in Iran, use of economic sanctions to compel change (Helms-Burton and ILSA), climate change, \textit{and} GMOs, to list some of the more recent difficulties. Each of these issues is complicated, and we all have strong opinions about the right response. It helps to take a wider perspective, seeing the problems as small stumbling blocks alongside the large building blocks already in place.

Our greatest success story is our common security. The bedrock of this security is NATO. Just as it protected European values during the Cold War, so it now underpins Europe's best hopes for the future. If we can successfully negotiate NATO's enlargement, strengthen its partnerships and extend its cooperation with Russia, Ukraine and the Baltics, then we will lay the basis for a generation of peace to come.

True, U.S. leadership of the alliance rankles some NATO members, and we have unresolved tensions related to the costs of NATO enlargement. But the fact is, our recent leadership has advanced the larger cause of an integrated Europe. We are about to see three Warsaw Pact countries brought into the alliance (1). Tomorrow we will witness the signing of the Baltic Charter, providing a framework to integrate Lithuania, Latvia and Estonia into the larger European community. And the Partnership for Peace has allowed countries that were formerly on opposite sides of the Iron Curtain to work together against war.

Elsewhere in Europe, Americans are striving for stability. Dick Holbrooke is working with the EU and the parties towards a resolution of the Cyprus problem. The U.S. is doing all it can to /industry of peacetime.

The EU has tackled the refugee crisis, and has tried to prevent the spread of the turmoil...
support the current cease-fire in Northern Ireland. And the United States, Europe and Russia are together in Bosnia, where the road to peace is clearly demarcated, though somewhat slower than we originally anticipated. Europe is stronger today than it was a year ago. These are all real accomplishments.

We may not always get the balance exactly right, but Americans welcome European responsibility. We support a vigorous European partnership with us in NATO, and we encourage the ESDI. We also support the creation of virtual institutions like the OSCE, and Europe’s vital contributions to UN peacekeeping around the world.

And we recognize that leadership has its responsibilities, and for all our efforts, we do not always live up to them. In fact, Europe’s support for the UN is crucial at the moment, given the unfortunate refusal of Congress to pay our arrears. We recognize this a serious situation undermining confidence in American leadership, and we are working hard to repair the problem.

The administration is committed to a strong U.N., as are the American people. But we also need your help to ensure that Secretary-General Annan continues to make necessary reforms, and that the U.N. budget is shared fairly and responsibly.

Alongside the security community linking the United States to Europe, there is an obvious economic community, also in relatively good shape. You know the numbers as well as I do.

Over a trillion dollars of goods and services flow back and forth without significant barriers. This results in fourteen million jobs on both sides of the Atlantic and a convergence of economic policy. And there is a growing recognition on both sides of the Atlantic that opportunities exist.
for moving forward even more boldly. The administration has taken one step after another to promote these opportunities, from the Uruguay Round to the New Transatlantic Agenda and beyond. To ultimately refocus on trade agreement for F.S.A.

These initiatives are yielding real results that can make a difference in the lives of millions of people. To cite one example, the mutual press agreement concluded under the

Part of the rationale for creating the NTA was to institutionalize mechanisms to solve emerging trade disputes before they become serious. We also approve of initiatives to unfetter trans-Atlantic commerce, like the ITA and the Financial Services Agreement.

We support all efforts to build trade, both between the U.S. and Europe and within Europe itself.

And we welcome the European Union’s initiatives to improve its economic performance through deeper integration. We have the same interest in the creation of a single currency that we have with respect to any major development in Europe. When Europe prospers, so does the United States. It will strongly serve the entire Euro-Atlantic Community to make sure a single currency starts off right.

And clearly there is an important parallel between EU expansion and NATO enlargement. Like NATO, a strong European Union can be a powerful vehicle for bringing Europe’s new democracies into a stable family of nations. No one can force seamless integration by edict. But time and time again, we have watched nations bring about necessary, often painful reforms because of the incentive of participating in our economic and security systems. This is the best way to secure progress, and we hope the EU will continue on its path of integrating all of Europe.
In ADA is a framework in which to can cooperate.

These initiatives are yielding concrete results. Please join the ADA.

On the other side, participation of our support in KEDO (Korean Energy Development Org.) was thwarted by a growing tension dating or GDP sides of the Atlantic, the trenches, minus Italy.
The ramifications of this integration and of Euro-American partnership also extend to the rest of the world. The cooperation between the G-7 countries has helped mitigate the effects of the recent Asian financial crisis, and we will all be better off when Asia’s leaders, with our help, put their house in order. As major creditors to the IMF and the World Bank, we have a strong interest in working closely to ensure that new micro- and macro-economic policies are effective in Asia.

True, there are areas where we have questions about the EU’s economic and trade policies. Many of them relate to agriculture. The CAP continues to consume a huge amount of EU resources, and strikes us as an archaic relic of the proto-European integration project. There is no logic in carrying it over to your new members when they join. We share your food safety concerns, but we have trouble understanding objections to biotechnology innovations in the absence of any evidence of a public health threat.

We also have doubts concerning the use of protectionist policies that are defended as promoting European culture, especially in the audio-visual sphere. We understand the need to preserve Europe’s cultural identity, but we reject protectionism as a means to that end. Europe’s vibrant and distinct cultures have not suffered from joining the EU, and the free flow of information is a foundation of our shared tradition. I don’t think a few episodes of “Baywatch” and “Starsky and Hutch” will mark the decline and fall of western civilization—any more so than reading European newspapers online corrupts American readers. The trend of the future is away from barriers, not towards them.

[Signature]
Outside the large traditional frame of our security and economic relationships, there are a host of new challenges that will confront the Euro-American Community in the 21st century. These problems impinge on both security and economic concerns, but we have yet to fully figure out their place in the broader relationship. These are where many of our disputes lie. The time to solve these problems is now, before they get bigger. We need to thoughtfully address the best way to protect the environment. And we need to think hard about better ways of dealing with transnational threats posed by terrorists, cyber-criminals, drug traffickers and rogue states.

While treating these new problems, we have often differed on tactics, dangerously muddying the waters and losing sight of the overall strength of our relationship. Let me begin with the environment. The European Union feels the United States is moving too slowly, but we are making efforts to find common ground. There are reasons for our different pace, but I think you will agree the President has made climate change a very high priority. We were able to show flexibility and reach a historic accord in Kyoto. Now the common challenge before Europe and the United States is to secure commitments from developing nations, and to show global leadership together. Without Europe's cooperation in securing these commitments, it will be very difficult to persuade Congress to follow the President's initiative.

We can also show better co-leadership anticipating the new kinds of crimes looming ahead in the next century. We have made progress through the summit of the eight... taking new steps to increase airline security... to protect our infrastructures... to fight cyber-crime... and most important, to promote nuclear safety. We are encouraged that Prime Minister Blair has identified
law enforcement as a major topic for the Birmingham summit. But we were disappointed by tepid European support for the U.S.-sponsored International Law Academy (ILEA) in Budapest. Full integration in the Euro-Atlantic community means that all of our police forces have the confidence to work together against the transnational threats. And it is vital that the emerging democracies enjoy the rule of law during their transitional period. Finally, our biggest problem: the rogue states. This is the gravest challenge before the European Community, and it requires our immediate attention. We are beginning to notice a troubling pattern of behavior. It’s the old routine of “good cop, bad cop.” Increasingly, when the United States uses tough political and economic policies to deal with a problem regime, our European partners insist on dialogue, compromising our negotiating position and undercutting the economic sanctions we have carefully crafted. Secretary Albright put it well in Brussels recently when she observed that Europeans are irritated by our willingness to reach for the trigger, while we are irritated by their willingness to reach for the contracts. We are falling into a predictable pattern where Europe provides the carrot and we’re left holding the stick.

This arrangement is unhealthy for both sides, and for our ability to manage other international challenges, now and in the future. We need to devise clear rules for dealing with rogue states, rules that we all understand, and that achieve our common objective of containing leaders who threaten the community. And once these rules are devised, we absolutely have to play by them. Our position is clear: we think we should all stand tough together against regimes that flout the rules of international behavior. We know this is an area where the EU questions us.

But surely most EU nations find sanctions preferable to outright warfare, and normal diplomacy in cases when normal diplomacy has failed. We must insist that changes in behavior be proof of a commitment, not just a thin veils of a new facade. Most EU nations find sanctions preferable to the brute force of arms.
has produced no improvement in the behavior of regimes like Iraq, Iran and Libya, states that pose direct threats to European and American security. We continue to believe that Europe has skewed the balance between “criticism” and “dialogue.”

In this, as in all of the problem areas, the United States welcomes European partnership—in fact, we require it if we are to succeed. We understand the limits of unilateral U.S. policy, but Europe has to see the risks attached to the failure to be firm and clear before these new challenges. And this is certainly true with old tensions as well. The world’s most difficult foreign policy problems have wide geopolitical implications and demand a team effort. Not only do we welcome European support for the Middle East peace process, but we need to think about a concerted response to spread of militant fundamentalism and the degree to which it is undermining stability in countries along Europe’s periphery, from Turkey to Egypt and Algeria.

I don’t need to restate our opposition to investment in Iran, but one of the chief reasons is the degree to which this investment directly finances activities that promote instability in a volatile region, which threatens Europe far more directly than it does the United States, though ultimately it threatens all of us. There have been encouraging developments in the last few weeks, but ultimately, Iran’s actions will speak louder than its words:

At the same time we oppose terrorism, we need to encourage and respond to moderation where we see it. The expansion of the EU is an internal European concern, but we hope that Europeans continue to include Turkey in discussions relating to the future of the continent. Turkey needs to
An integrated Turkey is a step toward stability in a dangerous neighborhood.

The coming year offers an opportunity to bridge gulfs between the EU and the United States. The UK has a double responsibility this year, presiding over both the EU-15 and the G-8, and we look forward to a productive first semester. And we could not agree more with the sentiment expressed by Prime Minister Blair: “strong in Europe, strong with the U.S. There is no choice between the two. Stronger with one means stronger with the other.” When he visits here in two weeks, one of the top issues on the agenda will be the improvement of US-EU relations.

We look forward to exploring specific steps that will reinforce the partnership we built fifty years ago is durable, and will weather more storms. By reexamining our needs and aspirations, we can strengthen the community for a new century. Once again, the mutual respect and mutual interests at the core of the relationship will give insight to other nations and regions struggling to redefine themselves, and ready to join the stable family of nations that we represent.

###

The partnership that has lasted 50 years as is durable and offers substantive promise in addressing the global issues we face as we enter the 21st century.
For Immediate Release December 5, 1997

FACT SHEET:

THE NEW TRANSATLANTIC AGENDA

The New Transatlantic Agenda (NTA), launched in December 1995, provides a framework for managing and enlarging U.S. cooperation with the EU, as a whole, through a regular consultative process involving the EU Presidency country and the European Commission. The NTA lays out an ambitious agenda for expanding cooperation on promoting peace and stability, democracy, and development around the world; responding to global challenges; contributing to the expansion of world trade and closer economic relations; and "building bridges" between Americans and Europeans.

A key element of the U.S.-EU worldwide partnership is intensified diplomatic cooperation. The U.S. and EU are, for example, working together to support reconstruction and reconciliation in Bosnia and to promote needed reform in Ukraine. The U.S. also is working with the EU to reinforce political and economic cooperation with Turkey and has encouraged dialogue among the parties in the Middle East Peace Process. The EU has joined the Korean Peninsula Energy Development Organization to help the U.S., Japan, and South Korea prevent North Korea from acquiring nuclear weapons technology. The U.S. and EU have worked closely to meet humanitarian needs in Africa.

The U.S. and EU have undertaken several new initiatives to expand cooperation on law enforcement, counternarcotics, environmental degradation, and health issues. Consultations have spurred development of a successful joint counternarcotics program in the Caribbean, planned exchanges of law enforcement officials, and an initiative to combat trafficking in women in central Europe and the New Independent States. Consultations to fight organized crime have been intensified.

Joint U.S. and EU trade efforts are helping to reduce transatlantic barriers and support the multilateral trading
system. The U.S. and EU are working closely to conclude the WTO financial services negotiations and have concluded negotiations on a package of mutual recognition agreements on product testing, inspections, and other procedures, covering $50 billion in U.S.-EU trade. Work is underway to further deepen regulatory cooperation while assuring high standards of protection for consumers. The governments are cooperating closely with the Transatlantic Business Dialogue, a U.S.-European business partnership, to address a wide range of trade barriers important to the business community. The U.S. and EU are finalizing an initiative to combat sweatshop conditions around the globe.

A key part of the agenda is a fourth chapter dealing with "building bridges" between the different constituencies in the transatlantic community. Following up on the successful May 1997 "Bridging the Atlantic" conference, the U.S. and EU are working closely with NGOs to launch the Internet-based Transatlantic Information Exchange Service, a transatlantic digital library project linking the Library of Congress with key European and U.S. libraries, new parliamentary exchanges and electronic linkages, and new civil society initiatives in central Europe and the New Independent States. At the December 5, 1997, U.S.-EU Summit, the governments will sign the first U.S.-EU agreement to promote cooperation between scientists and scientific institutions.

# # #
From: Widmer, Edward L.
Sent: Tuesday, January 13, 1998 4:08 PM
To: @NSA - Natl Security Advisor; @PLANNING - Strat Plan & Comm; @EUROPE - European Affairs
Subject: JS speech [UNCLASSIFIED]

Please substitute this version (with Blinken changes) for the one I sent at noon.

Tx,
Ted

steinberg.doc

6-9375
JAMES B. STEINBERG
REMARKS BEFORE EUROPEAN INSTITUTE
MAYFLOWER HOTEL
WASHINGTON, D.C.
JANUARY 15, 1998

[acknowledgments]

If you look at recent newspaper headlines, you might assume the European-American relationship is a relic of the Cold War, producing more friction than friendship. “Europeans Charge Arrogance on Issues from NATO to Jobs,” “Fight Looms Over Foreign Policy,” “US and France: A Study in Rancor.”

It’s true that we live in a time of geopolitical reorientation. Through NAFTA, the United States has consolidated trade with Canada and Mexico, and we increasingly see ourselves as part of a transpacific community. Europe is also pursuing new global relationships, investing heavily in Central Asia, competing with us in South America and Africa. Once in a while, it’s healthy to step back and ask: Is the Euro-Atlantic Community a fantasy? Are Europeans right when they look across the Atlantic and see an enormous hegemon wearing Mickey Mouse ears? In the wake of the Cold War, is there anything that truly unites the United States and Europe?

The answer of course, is an emphatic yes. President Clinton has argued this from the beginning of his administration, and has probably done more to reinvigorate the relationship than any President since Kennedy. But I’d like to take this chance to talk with you about the stresses and strains on the Euro-Atlantic Community, and think about ways we can better manage our relationships.
relationship. It is, after all, the core relationship of all foreign policy, and the entire world responds to our ability to get along, even as we pursue our independent identities.

The time is right to be prescriptively, to adapt our old relationship to new demands. At the beginning of 1998, we are witnessing historic change, less dramatic, but still comparable to the late 1940s when so much of our foreign policy architecture was built. Now, as then, Europe and the U.S. must be key players in the period of construction. Together, we can enrich each other with free-flowing ideas and products. We can bring Europe’s new democracies into the security and economic architecture that has guaranteed our own security and prosperity. We can isolate rogue states who choose to flout the will of the international community. We can be a force for peace from Northern Ireland to Bosnia to the Middle East. We can raise the standard of living in the third world, and help bring those left behind into the global economy. And we can and must stand together against the new transnational threats that affect all of us, from the proliferation of weapons of mass destruction to terrorism to cyber-crime to global warming.

I don’t think anyone would dispute that these are shared goals. The problem is in our inability to find complementary approaches to these shared goals. Too often, we work at cross-purposes. We all know the issues that have divided us recently: French and Russian energy investment in Iran, reluctance to sustain a tough policy on Iraq, use of economic sanctions to compel change (Helms-Burton and ILSA), NATO funding, to list some of the more recent headlines. Each of these issues is complicated, and we all have strong opinions about the right response. It helps to take a wider perspective, seeing the problems as small stumbling blocks alongside the large building blocks already in place.
Our greatest success story is our common security. The bedrock of this security is NATO. Just as it protected European values during the Cold War, so it now underpins Europe's best hopes for the future. If we can successfully negotiate NATO's enlargement, strengthen its partnerships and extend its cooperation with Russia, Ukraine and the Baltics, then we will lay the basis for a generation of peace to come.

True, U.S. leadership of the alliance rankles some NATO members, and we have unresolved tensions related to the costs of NATO enlargement. But the fact is, our recent leadership has been effective. Because the U.S. led the push for enlargement, we are about to see three Warsaw Pact countries fully re-integrated into the fabric of Europe. Soon there will be more. Tomorrow we will witness the signing of the Baltic Charter, providing a framework to integrate Lithuania, Latvia and Estonia into the larger European community.

Elsewhere in Europe, we are working hard for stability. Dick Holbrooke is working with the EU and the parties towards a resolution of the Cyprus problem. The U.S. has helped to secure the current cease-fire in Northern Ireland. And the United States, Europe and Russia are together in Bosnia, where the road to peace is clearly demarcated, though somewhat slower than we originally anticipated. Europe is stronger today than it was a year ago. These are all real accomplishments.

The alternative to strong U.S. leadership is the absence of leadership, which is far more serious—as many of our European friends have been the first to argue. But just because the U.S. intends to provide strong leadership is no reason for Europe to reject co-leadership, in both
military and economic matters. The best way to fight hegemony is for everybody to be
hegemonic at the same time, or at least to express themselves clearly, and support their words
with firm commitments. We may not always get the balance exactly right, but Americans
welcome European responsibility. We support a vigorous European partnership with us in
NATO, and we encourage the ESDI. We also support the creation of virtual institutions like the
OSCE, and Europe's vital contributions to UN peacekeeping around the world.

In fact, Europe's support for the UN is crucial at the moment, given the unfortunate refusal of
Congress to pay our arrears. We recognize this a serious situation undermining confidence in
American leadership, and we are working hard to repair the problem. The administration is
committed to a strong U.N., as are the American people. But we also need your help to ensure
that the Secretary General Annan continues to make necessary reforms, and that U.N. budget is
shared fairly and responsibly.

Alongside the security community linking the United States to Europe, there is an obvious
economic community, also in relatively good shape. You know the numbers as well as I do.
Over a trillion dollars of good and services flow back and forth without significant barriers. This
results in an almost incalculable number of jobs in all of our countries and a convergence of
economic policy. And there is a growing recognition on both sides of the Atlantic that
opportunities exist for moving forward even more boldly. The administration has taken one step
after another to promote these opportunities, from the Uruguay Round to the New Transatlantic
Agenda and beyond.
We support all efforts to build trade, both between the U.S. and Europe and within Europe itself. And we welcome the European Union's initiatives to improve its economic performance through deeper integration. We have the same interest in the creation of a single currency that we have with respect to any major development in Europe. When Europe prospers, so does the United States. It will strongly serve the entire Euro-Atlantic Community to make sure a single currency starts off right.

And clearly there is an important parallel between EU expansion and NATO enlargement. Like NATO, a strong European Union can be a powerful vehicle for bringing Europe's new democracies into a stable family of nations. No one can force seamless integration by edict. But time and time again, we have watched nations bring about necessary, often painful reforms because of the incentive of participating in our economic and security systems. This is the best way to secure progress, and we hope the EU will continue on its path of integrating all of Europe.

The ramifications of this integration and of Euro-American partnership also extend to the rest of the world. The cooperation between the G-7 countries has been crucial in mitigating the effects of the recent Asian financial crisis, and we will all be better off when Asia's leaders, with our help, put their house in order.

True, there are areas where we have questions about the EU's economic and trade policies. Many of them relate to agriculture. The CAP continues to consume a huge amount of EU resources, and strikes us as an archaic relic of the proto-European integration project. There is more to be done.
absence of any evidence of a public health threat. We also have doubts concerning the use of protectionist policies that are defended as promoting European culture, especially in the audio-visual sphere. We understand the need to preserve Europe’s cultural identity, but we reject protectionism as a means to that end. Europe’s vibrant and distinct cultures have not suffered from joining the EU, and the free flow of information is a foundation of our shared tradition. I don’t think a few more episodes of “Baywatch” will mark the decline and fall of western civilization.

Outside the large traditional frame of our security and economic relationships, there are a host of new challenges that will confront the Euro-American Community in the 21st century. These problems impinge on both security and economic concerns, but we have yet to fully figure out their place in the broader relationship. These are where many of our disputes lie. The time to solve these problems is now, before they get bigger. We need to thoughtfully address the best way to prevent degradation of the environment. And we need to think hard about better ways of dealing with transnational threats posed by terrorists, cyber-criminals, drug traffickers and rogue states.

While treating these new problems, we have often differed on tactics, dangerously muddying the waters and losing sight of the overall strength of our relationship. Let me begin with the environment. The European Union feels the United States is moving too slowly, but we are
Charlotte Megger

a

EU white paper

with Member States

gut EU

the common interest

Member States

a joint control agent
making efforts to find common ground. There are reasons for our different pace, but I think you will agree the President has made climate change a very high priority. We were able to show flexibility and reach a historic accord in Kyoto. Now the common challenge before Europe and the United States is to secure commitments from developing nations, and to show global leadership together. Without Europe’s cooperation in securing these commitments, it will be very difficult to persuade Congress to follow the President’s initiative.

We can also show better co-leadership anticipating the new kinds of crimes looming ahead in the next century. We have made progress through the summit of the eight... taking new steps to increase airline security... to protect our infrastructures... to fight cyber-crime... and most important, to promote nuclear safety. We are encouraged that Prime Minister Blair has identified law enforcement as a major topic for the Birmingham summit. But we were disappointed by tepid European support for the U.S.-sponsored International Law Academy (ILEA) in Budapest. Full integration in the Euro-Atlantic community means that all of our police forces have the confidence to work together against the transnational threats. And it is vital that the emerging democracies enjoy the rule of law during their transitional period.

Finally, our biggest problem: the rogue states. This is the gravest challenge before the Euro-American Community, and it requires our immediate attention. We are beginning to notice a troubling pattern of behavior. It’s the old routine of “good cop, bad cop.” Increasingly, when the United States uses tough political and economic policies to deal with a problem regime, our European partners insist on dialogue, compromising our negotiating position and undercutting the economic sanctions we have carefully crafted. Secretary Albright put it well in Brussels
when she observed that Europeans are irritated by our willingness to reach for the trigger, while we are irritated by their willingness to reach for the contracts. We are falling into a predictable pattern where Europe provides the carrot and we’re left holding the stick.

This arrangement is unhealthy for both sides, and for our ability to manage other international challenges, now and in the future. We need to devise clear rules for dealing with rogue states. Clear rules that we all understand, and that achieve our common objective of containing leaders who threaten the community. And once these rules are devised, we absolutely have to play by them. Our position is clear: we think we should all stand tough together against regimes that flout the rules of international behavior. We know this is an area where the EU questions us.

But surely most EU nations find sanctions preferable to outright warfare, and normal diplomacy has produced no improvement in the behavior of regimes like Iraq, Iran and Libya, states that pose direct threats to European and American security. We continue to believe that Europe has skewed the balance between “criticism” and “dialogue.”

In this, as in all of the problem areas, the United States welcomes European co-leadership—in fact, we require it if we are to succeed. We understand the limits of U.S. unilateralism, but Europe has to see the risks attached to the failure to be firm and clear before these new challenges. And this is certainly true with old tensions as well. The world’s most difficult foreign policy problems have wide geopolitical implications, and demand a team effort. Not only do we welcome European support for the Middle East peace process, but we need to think about a concerted response to spread of militant fundamentalism and the degree to which it is undermining stability in countries along Europe’s periphery, from Turkey to Egypt and Algeria.
I don't need to restate our opposition to investment in Iran, but one of the chief reasons is the degree to which this investment directly finances activities that promote instability in a volatile region, which threatens Europe far more directly than it does the United States, though ultimately it threatens all of us.

At the same time we oppose terrorism, we need to encourage and respond to moderation where we see it. The expansion of the EU is an internal European concern, but we hope that Europeans continue to include Turkey in discussions relating to the future of the continent.

I am certain that 1998 will bring its share of friction, inevitable in a relationship of this magnitude and complexity. But the United Kingdom has stated clearly that it seeks to bridge gulfs within the EU, and between the EU and the United States. The UK has a double responsibility this year, presiding over both the EU-15 and the G-8—and the new leadership of Tony Blair and Robin Cook give us a real chance to move beyond past disputes. We look forward to a productive first semester. We are also encouraged by the new partnership displayed by the UK and Germany in matters ranging from security to aeronautics. And we could not agree more with the sentiment expressed by Prime Minister Blair: "strong in Europe, strong with the U.S. There is no choice between the two. Stronger with one means stronger with the other."

When he visits here in two weeks, one of the top issues on the agenda will be the improvement of US-EU relations.

There will always be new challenges before the Euro-Atlantic Community, and friendships will fray now and then. But the partnership we built fifty years ago is durable, and will weather more
Turkey needs to improve its human rights record, but it is vital that it remains integrated into Europe. Turkey is a step toward stability in a dangerous neighborhood.
storms. By reexamining our needs and aspirations, we can strengthen the community for a new century. Once again, the mutual respect at the core of the relationship will give insight and inspiration to other nations and regions struggling to redefine themselves, and ready to join the stable family of nations that we represent.

Before closing, I will remind you again that no president has ever been as supportive of European solidarity as President Clinton. He welcomes Europe as a partner, an essential partner without whom the progress we envision will be impossible. The New Transatlantic Agenda makes it clear that there is such a thing as a Euro-Atlantic Community, and it's no fantasy. We learn from each other, we teach each other, and we occasionally admonish each other. In this way, we preserve our common security, we promote democracy, and the entire world profits from our interdependent independence. Let's keep it that way.

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JAMES B. STEINBERG
REMARKS BEFORE EUROPEAN INSTITUTE
MAYFLOWER HOTEL
WASHINGTON, D.C.
JANUARY 15, 1998

[acknowledgments]

If you look at recent newspaper headlines, you might assume the European-American relationship is a relic of the Cold War, producing more friction than friendship. “Europeans Charge Arrogance on Issues from NATO to Jobs,” “Fight Looms Over Foreign Policy,” “US and France: A Study in Rancor.”

It’s true that we live in a time of geopolitical reorientation. Through NAFTA, the United States has consolidated trade with Canada and Mexico, and we increasingly see ourselves as part of an Asia-Pacific community. Europe is also pursuing new global relationships, investing heavily in Central Asia, competing with us in South America and Asia. Once in a while, it’s healthy to step back and ask: Is the Euro-Atlantic Community a has-been? Are Europeans right when they look across the Atlantic and see a hegemon wearing Mickey Mouse ears? In the wake of the Cold War, is there anything that truly unites the United States and Europe?

The answer of course, is an emphatic yes. President Clinton has argued this from the beginning of his administration, and has probably done more to reinvigorate the relationship than any President since Kennedy. He has tirelessly promoted the New Transatlantic Agenda, he has
encouraged the ESDI, and he continues to invite European partnership in the great challenges facing our common interests.

But I'd like to take this chance to talk with you about the stresses and strains on the Euro-Atlantic Community, and think about ways we can better manage our relationship. It is, after all, the core international relationship for both the US and Europe, and the entire world responds to our ability to get along, even as we pursue our independent identities.

The time is right to be prescriptive, to adapt our old relationship to new demands. At the beginning of 1998, we are witnessing historic change; less dramatic, but still comparable to the late 1940s when so much of our foreign policy architecture was built. Now, as then, Europe and the U.S. must be key players in the period of construction. Together, we can enrich each other with free-flowing ideas and products. We can bring Europe's new democracies into the security and economic architecture that has guaranteed our own security and prosperity. We can isolate rogue states who choose to threaten the security of the international community. We can be a force for peace from Northern Ireland to Bosnia to the Middle East. We can raise the standard of living in the third world, and help bring those left behind into the global economy. We can manage financial recovery in Asia. And we can and must stand together against the new transnational threats that affect all of us, from the proliferation of weapons of mass destruction to terrorism to cyber-crime to global warming.

I don't think anyone would dispute that these are shared goals. The problem is in our inability to find complementary approaches to these shared goals. Too often, we work at cross-purposes.
We all know the issues that have divided us recently: French and Russian energy investment in Iran, use of economic sanctions to compel change (Helms-Burton and ILSA), climate change, NATO funding, GMOs, to list some of the more recent difficulties. Each of these issues is complicated, and we all have strong opinions about the right response. It helps to take a wider perspective, seeing the problems as small stumbling blocks alongside the large building blocks already in place.

Our greatest success story is our common security. The bedrock of this security is NATO. Just as it protected European values during the Cold War, so it now underpins Europe’s best hopes for the future. If we can successfully negotiate NATO’s enlargement, strengthen its partnerships and extend its cooperation with Russia, Ukraine and the Baltics, then we will lay the basis for a generation of peace to come.

True, U.S. leadership of the alliance rankles some NATO members, and we have unresolved tensions related to the costs of NATO enlargement. But the fact is, our recent leadership has advanced the larger cause of an integrated Europe. We are about to see three Warsaw Pact countries brought into the alliance into the alliance. Tomorrow we will witness the signing of the Baltic Charter, providing a framework to integrate Lithuania, Latvia and Estonia into the larger European community. And the Partnership for Peace has allowed countries that were formerly on opposite sides of the Iron Curtain to work together against war.

Elsewhere in Europe, Americans are striving for stability. Dick Holbrooke is working with the EU and the parties towards a resolution of the Cyprus problem. The U.S. is doing all it can to
support the current cease-fire in Northern Ireland. And the United States, Europe and Russia are together in Bosnia, where the road to peace is clearly demarcated, though somewhat slower than we originally anticipated. Europe is stronger today than it was a year ago. These are all real accomplishments.

We may not always get the balance exactly right, but Americans welcome European responsibility. We support a vigorous European partnership with us in NATO, and we encourage the ESDI. We also support the creation of virtual institutions like the OSCE, and Europe's vital contributions to UN peacekeeping around the world.

And we recognize that leadership has its responsibilities, and for all our efforts, we do not always live up to them. In fact, Europe's support for the UN is crucial at the moment, given the unfortunate refusal of Congress to pay our arrears. We recognize this a serious situation undermining confidence in American leadership, and we are working hard to repair the problem. The administration is committed to a strong U.N., as are the American people. But we also need your help to ensure that Secretary-General Annan continues to make necessary reforms, and that U.N. budget is shared fairly and responsibly.

Alongside the security community linking the United States to Europe, there is an obvious economic community, also in relatively good shape. You know the numbers as well as I do. Over a trillion dollars of good and services flow back and forth without significant barriers. This results in fourteen million jobs on both sides of the Atlantic and a convergence of economic policy. And there is a growing recognition on both sides of the Atlantic that opportunities exist
for moving forward even more boldly. The administration has taken one step after another to
promote these opportunities, from the Uruguay Round to the New Transatlantic Agenda and
beyond.

We support all efforts to build trade, both between the U.S. and Europe and within Europe itself.
Part of the rationale for creating the NTA was to institutionalize mechanisms to solve emerging
trade disputes before they become serious. We also approve of initiatives to unfetter trans-
Atlantic commerce, like the ITA and the Financial Services Agreement.

And we welcome the European Union’s initiatives to improve its economic performance through
deeper integration. We have the same interest in the creation of a single currency that we have
with respect to any major development in Europe. When Europe prospers, so does the United
States. It will strongly serve the entire Euro-Atlantic Community to make sure a single currency
starts off right.

And clearly there is an important parallel between EU expansion and NATO enlargement. Like
NATO, a strong European Union can be a powerful vehicle for bringing Europe’s new
democracies into a stable family of nations. No one can force seamless integration by edict. But
time and time again, we have watched nations bring about necessary, often painful reforms
because of the incentive of participating in our economic and security systems. This is the best
way to secure progress, and we hope the EU will continue on its path of integrating all of
Europe.
The ramifications of this integration and of Euro-American partnership also extend to the rest of the world. The cooperation between the G-7 countries has helped mitigate the effects of the recent Asian financial crisis, and we will all be better off when Asia’s leaders, with our help, put their house in order. As major creditors to the IMF and the World Bank, we have a strong interest in working closely to ensure that new micro- and macro-economic policies are effective in Asia.

True, there are areas where we have questions about the EU’s economic and trade policies. Many of them relate to agriculture. The CAP continues to consume a huge amount of EU resources, and strikes us as an archaic relic of the proto-European integration project. There is no logic in carrying it over to your new members when they join. We share your food safety concerns, but we have trouble understanding objections to biotechnology innovations in the absence of any evidence of a public health threat.

We also have doubts concerning the use of protectionist policies that are defended as promoting European culture, especially in the audio-visual sphere. We understand the need to preserve Europe’s cultural identity, but we reject protectionism as a means to that end. Europe’s vibrant and distinct cultures have not suffered from joining the EU, and the free flow of information is a foundation of our shared tradition. I don’t think a few episodes of “Baywatch” and “Starsky and Hutch” will mark the decline and fall of western civilization—any more so than reading European newspapers online corrupts American readers. The trend of the future is away from barriers, not towards them.
Outside the large traditional frame of our security and economic relationships, there are a host of new challenges that will confront the Euro-American Community in the 21st century. These problems impinge on both security and economic concerns, but we have yet to fully figure out their place in the broader relationship. These are where many of our disputes lie. The time to solve these problems is now, before they get bigger. We need to thoughtfully address the best way to protect the environment. And we need to think hard about better ways of dealing with transnational threats posed by terrorists, cyber-criminals, drug traffickers and rogue states.

While treating these new problems, we have often differed on tactics, dangerously muddying the waters and losing sight of the overall strength of our relationship. Let me begin with the environment. The European Union feels the United States is moving too slowly, but we are making efforts to find common ground. There are reasons for our different pace, but I think you will agree the President has made climate change a very high priority. We were able to show flexibility and reach a historic accord in Kyoto. Now the common challenge before Europe and the United States is to secure commitments from developing nations, and to show global leadership together. Without Europe's cooperation in securing these commitments, it will be very difficult to persuade Congress to follow the President's initiative.

We can also show better co-leadership anticipating the new kinds of crimes looming ahead in the next century. We have made progress through the summit of the eight... taking new steps to increase airline security... to protect our infrastructures... to fight cyber-crime... and most important, to promote nuclear safety. We are encouraged that Prime Minister Blair has identified
law enforcement as a major topic for the Birmingham summit. But we were disappointed by tepid European support for the U.S.-sponsored International Law Academy (ILEA) in Budapest. Full integration in the Euro-Atlantic community means that all of our police forces have the confidence to work together against the transnational threats. And it is vital that the emerging democracies enjoy the rule of law during their transitional period.

Finally, our biggest problem: the rogue states. This is the gravest challenge before the Euro-American Community, and it requires our immediate attention. We are beginning to notice a troubling pattern of behavior. It's the old routine of "good cop, bad cop." Increasingly, when the United States uses tough political and economic policies to deal with a problem regime, our European partners insist on dialogue, compromising our negotiating position and undercutting the economic sanctions we have carefully crafted. Secretary Albright put it well in Brussels when she observed that Europeans are irritated by our willingness to reach for the trigger, while we are irritated by their willingness to reach for the contracts. We are falling into a predictable pattern where Europe provides the carrot and we're left holding the stick.

This arrangement is unhealthy for both sides, and for our ability to manage other international challenges, now and in the future. We need to devise clear rules for dealing with rogue states. Clear rules that we all understand, and that achieve our common objective of containing leaders who threaten the community. And once these rules are devised, we absolutely have to play by them. Our position is clear: we think we should all stand tough together against regimes that flout the rules of international behavior. We know this is an area where the EU questions us. But surely most EU nations find sanctions preferable to outright warfare, and normal diplomacy
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In this, as in all of the problem areas, the United States welcomes European partnership—in fact, we require it if we are to succeed. We understand the limits of unilateral U.S. policy, but Europe has to see the risks attached to the failure to be firm and clear before these new challenges. And this is certainly true with old tensions as well. The world’s most difficult foreign policy problems have wide geopolitical implications, and demand a team effort. Not only do we welcome European support for the Middle East peace process, but we need to think about a concerted response to spread of militant fundamentalism and the degree to which it is undermining stability in countries along Europe’s periphery, from Turkey to Egypt and Algeria.

I don’t need to restate our opposition to investment in Iran, but one of the chief reasons is the degree to which this investment directly finances activities that promote instability in a volatile region, which threatens Europe far more directly than it does the United States, though ultimately it threatens all of us. There have been encouraging developments in the last few weeks, but ultimately, Iran’s actions will speak louder than its words.

At the same time we oppose terrorism, we need to encourage and respond to moderation where we see it. The expansion of the EU is an internal European concern, but we hope that Europeans continue to include Turkey in discussions relating to the future of the continent. Turkey needs to
improve its human rights record, but it is vital that it remain anchored to Europe. An integrated Turkey is a step toward stability in a dangerous neighborhood.

The coming year offers an opportunity to bridge gulfs between the EU and the United States. The UK has a double responsibility this year, presiding over both the EU-15 and the G-8, and we look forward to a productive first semester. And we could not agree more with the sentiment expressed by Prime Minister Blair: “strong in Europe, strong with the U.S. There is no choice between the two. Stronger with one means stronger with the other.” When he visits here in two weeks, one of the top issues on the agenda will be the improvement of US-EU relations.

There will always be new challenges before the Euro-Atlantic Community, and friendships will fray now and then. But the partnership we built fifty years ago is durable, and will weather more storms. By reexamining our needs and aspirations, we can strengthen the community for a new century. Once again, the mutual respect and mutual interests at the core of the relationship will give insight to other nations and regions struggling to redefine themselves, and ready to join the stable family of nations that we represent.

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