

WELCOMING REMARKS

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It's a great pleasure to welcome you to the 1998 NATO Economics Colloquium. For over 25 years, this conference has brought together economic and political analysts to discuss the fundamental relationship between security and the economy. In fact, since we broadened its participation to include Partners, the Colloquium has become an integral part of our Cooperation activities. The high quality of the participants and the important subject matter have always ensured fruitful and lively discussions. I am sure that this year's session will be no different.

What is different is the venue. This is the first time that the NATO Economics Colloquium is taking place outside of Brussels. And I must say that it gives me particular pleasure that it is taking place here, in Ljubljana, for two main reasons. First, Slovenia has always had a strong relationship with NATO. This country was the first state of the former Yugoslavia to join the Partnership for Peace Programme and is an active participant. Slovenia also contributes to the Stabilization Force in Bosnia and is in the process of opening a Mission to NATO in Brussels.

The second reason why I am pleased that a Partner country is hosting this event is because it symbolises how much has changed in European relations in general and in NATO's study of economics in particular. For the first two decades of this programme, NATO economists gathered to discuss the strengths and weaknesses of the economies of the Soviet Bloc. Today, experts from across Europe are sitting together to analyse how best to support security through the economy, and vice versa. This really is a fundamental change in attitude.

It is also an illustration of the fundamental change in the accepted definition of security. During the Cold War, security was defined primarily in military terms – all the other facets of security were subordinate. That definition of security crumbled with the Berlin Wall. From 1991 onwards, NATO's Strategic Concept featured a broader definition of security which encompassed political, economic, social and environmental elements, as well as the defence dimension. NATO countries are not alone in widening their definition of security. In fact, earlier this year, the Russian Federation published its new National Security Concept in which sustaining a healthy economy is identified as the principal security challenge facing Russia today.

So, as you can see, this broader definition of security is shared across Europe, all the way to Moscow. And related closely to it is the concept of a security

architecture for Europe. There is a growing recognition that in facing challenges to our common security, we need institutions that mutually reinforce one another to provide a range of instruments at our disposal, reliable, workable instruments to promote security and stability across this continent.

NATO is playing an active role in building that architecture. Over the past years NATO has changed from a largely passive, defence-oriented Alliance into an active instrument of political change in Europe. The Alliance has developed close relationships with virtually every country in the Euro-Atlantic area, thereby creating a framework of common security. Let me briefly highlight the main features of this architecture. First: establishing a positive, cooperative working arrangement with Russia.

Russia, like NATO, recognises that Europe has entered a new security era, one which offers a unique opportunity for cooperation from one end of Europe to the other and across the Atlantic. That mutual recognition has found its expression in the NATO-Russia Founding Act which sets out a framework for consultation and cooperation on security issues. We have just marked the first anniversary of the Founding Act and the mechanism we have created to give it expression – the Permanent Joint Council. In that forum, NATO and Russia are consulting on a wide variety of security-related issues, including proliferation, peacekeeping in the Balkans, environmental protection and nuclear safety. After years of confrontation, the Alliance and Russia now discuss, consult and cooperate daily.

That cooperation is paying off. For example, at the Ministerial meeting in Luxembourg of the Permanent Joint Council, NATO and Russia issued a joint statement condemning the nuclear tests by India and Pakistan and urged both countries to take the steps necessary to repair some of the damage, to international relations and international regimes, that these tests have caused. The NATO-Russia statement was the first of its kind. But such mutual confidence does not just spring up overnight. It has to be built, patiently, through the many practical, cooperative activities established by the NATO-Russia Founding Act.

A second feature of the new Euro-Atlantic security architecture is the new, institutionalized security relationship between NATO and almost every other country in Europe. Today, 44 countries sit on the Euro-Atlantic Partnership Council where all of our countries come together to discuss substantive issues affecting our common security. The successful implementation of the current EAPC Action Plan is well underway. Consultations have focused on the political and security-related issues such as the situation in Kosovo, the coordination of the Stabilisation Force in Bosnia, and the prospects for regional security cooperation, in particular in Southeastern Europe and the Caucasus.

EAPC consultations have also taken place on international terrorism, defence-related environmental issues and proliferation of weapons of mass destruction. And most recently, in Luxembourg last month, Ministers welcomed the decision to create in Brussels a Euro-Atlantic Disaster Response Coordination Centre as

part of our enhanced practical cooperation in the field of international disaster relief. This Centre has, in fact, just opened for business.

We're also enhancing the Partnership for Peace Programme. We are now consulting on the development of a political-military framework for NATO-led PfP operations. This framework will provide for Partner participation in the planning of PfP operations and in the provision of political guidance for and oversight of NATO-led PfP operations.

To facilitate this deeper cooperation, eight Partnership Staff Elements, incorporating 38 officers from 13 Partner countries, have been created at military headquarters for Partner officers to serve in an international capacity, planning and implementing PfP activities alongside NATO officers. Seven Partner officers from five Partner countries have also been integrated into the Partnership Coordination Cell.

Have these steps made a difference? Well, as the saying goes, "the proof of the pudding is in the eating". The success of the Stabilization Force in Bosnia, and the Implementation Force before it, is testament to the solid working relationship that has been established between governments and militaries across the Euro-Atlantic area. Military forces from over 20 Partner countries – including Russia – are operating alongside NATO forces in implementing the Dayton accords. And it is in the implementation of Dayton that we see the importance of the "new" definition for security – the definition that gives due place to economic security. SFOR has done a superb job in implementing the military aspects of the Dayton agreement, but we still do not have a lasting peace. We will only see lasting peace in Bosnia-Herzegovina when the civilian aspects of the agreement have been implemented.

One of the key elements of that process is economic reconstruction. The European Union, the United Nations, the International Monetary Fund and a variety of other institutions are working to put in place the conditions for prosperity to take root. And we are starting to see the results. The economy is recovering and gaining momentum, particularly in the Federation. And, to further the economic integration between the former warring factions, a new single currency will soon be introduced for the entire country.

These measures are designed to give the parties in Bosnia a higher stake in peace than in war. SFOR is creating the stability necessary for that process to continue whilst supporting the work of the other organizations as much as possible. The recent decision by NATO Foreign and Defence Ministers to continue SFOR is another step towards the consolidation of the peace. It also signals our determination to get the job done.

Bosnia has made three things very clear. First, the decision on the part of NATO and our Partners to enter into practical, effective cooperation for peacekeeping and humanitarian purposes has borne fruit. Second, our new conception of security – which gives more weight to the economic aspects – is appropriate to the nature of today's security challenges. We will get closer to the goal of

lasting peace in Bosnia by working together, Allies and Partners, military and non-military organizations.

The final lesson of Bosnia is one we should not have had to learn again – the enduring value of the transatlantic link. When the war began, the Allies were divided over what to do and the crisis deepened. When we united, we ended the war. Bosnia reminded us that the security of North America and Europe is indivisible and that, when we work together, the transatlantic community can create an irresistible force for change.

Le troisième élément de la nouvelle architecture euro-atlantique est donc la relation transatlantique revitalisée. Une identité européenne de sécurité et de défense bien réelle est en train de prendre forme au sein de l'Alliance. Notre nouvelle structure de commandement renforcera la capacité des Alliés européens à conduire et commander des opérations. De nouvelles dispositions permettront aux Alliés européens d'utiliser les moyens de l'OTAN pour conduire des opérations au cas où les Alliés nord-américains ne souhaiteraient pas intervenir. L'OTAN et l'Union de l'Europe occidentale établissent actuellement des liens opérationnels plus forts. Ainsi, l'Europe sera à même d'apporter une contribution de plus en plus significative à la gestion de la sécurité.

L'émergence de l'Europe en tant que partenaire plus égal dans la gestion de la sécurité présente, me semble-t-il, un intérêt particulier dans le cadre d'une conférence comme celle-ci. La stabilité, la prospérité et la capacité militaire actuelles de l'Europe résultent directement de la convergence des orientations politiques, militaires et économiques mises en oeuvre au cours des quarante dernières années.

A la fin de la Seconde guerre mondiale, l'économie de l'Europe était en ruines. Les Etats-Unis ont réalisé que la stabilité de l'Europe occidentale dépendait de deux éléments – sécurité militaire et prospérité économique. Ils ont donc pris la décision de fournir une assistance économique immédiate, principalement par le biais du Plan Marshall, pour aider à remettre l'Europe sur pied; et d'assurer la sécurité militaire à long terme, laquelle était nécessaire pour permettre à ces semences économiques de germer. La sécurité fournie principalement par les Etats-Unis a permis aux gouvernements d'Europe occidentale de se concentrer sur les problèmes les plus pressants: la reconstruction économique et la réconciliation politique.

Cinq décennies plus tard, l'Europe apparaît plus stable, plus unie et donc plus forte qu'elle ne l'était avant la guerre. C'est la preuve de l'interdépendance des politiques économiques et de la sécurité.

Bien sûr, il n'est pas de succès sans nuances. Aujourd'hui, le lien transatlantique se ressent de l'existence de nouvelles pressions – liées, là encore, aux décisions militaires et économiques. L'utilisation de technologies innovantes dans l'industrie de défense ne laissera-t-elle pas certains pays à la traîne? Le regroupement opéré dans l'industrie de défense américaine va-t-il pas éclipser les efforts accomplis dans le même sens par les pays européens? Ce sont là autant de

questions sur lesquelles il faut absolument se pencher, si l'Europe veut réellement devenir un partenaire égal des Etats-Unis.

Ce sont ces mêmes questions qui donnent aujourd'hui tout son intérêt au Colloque. Il est évident que l'Etat a un rôle important à jouer pour mettre en place le cadre de la stabilité et de la croissance économique. Il est tout aussi évident que l'Etat doit jouer un rôle dans la promotion de la réforme et de la restructuration de l'industrie, y compris l'industrie de défense.

For over 25 years, NATO has sponsored this Colloquium for one basic reason: economic policies and security are two sides of the same coin. Without effective economic policies, security will suffer. Without a sound security environment, investment and growth will suffer. That simple fact is even more true today than it was in the past. And, in an ever-more interdependent and globalizing world, it is essential that we address our common security issues together, Allies and Partners alike.