OPENING REMARKS

Ambassador Sergio Balanzino

Deputy Secretary General, NATO

Minister Bersheda,
Excellencies,
Ladies and Gentlemen,

It gives me great pleasure to welcome you to the 1999 NATO Economics Colloquium. For almost 30 years this Colloquium has provided us with first-rate information and analysis of pressing economic issues. And just as NATO has changed in order to remain in step with a changing world, so this Colloquium has evolved to adapt to the new demands of a new international environment.

Security and economics are linked. One cannot flourish without the other. Today, such statements seem self-evident, almost like platitudes. In my brief remarks this afternoon, however, I would like to make the point that the linkage between security and economics is not so new at all, and that NATO has acted in accordance with this logic from its very beginning half a century ago.

I would argue that from the very beginning in the late 1940s, the project of building Europe was a **twin project**: on the one hand, there was political and economic integration; on the other, there was security. This logic was embraced by European leaders, like de Gasperi, Adenauer and Monnet; and by American leaders like Truman, Acheson and Marshall. Hence, as President Truman put it, the Marshall Plan and the Washington Treaty were "two halves of the same walnut".

This strategy has brought spectacular dividends. The fact that NATO's 50th anniversary this year coincided with the launching of a European common currency testifies to the power of this twin project. Today, not only has Europe evolved towards ever-closer union, but America and Europe have become a tightly knit community, with a degree of co-operation and interdependence that exists nowhere else on this globe. The United States and the European Union enjoy the strongest economic relationship in the world.

The need for European integration and for linking security and economics still applies today. After all, for 40 years, the twin project of security and economic integration could only unfold in Europe's western half. Today, the nations in Europe's east are back on the political map, and they, too, want to become a full part of this unique project.

Nowhere is this more visible than in the complementary efforts by NATO and EU to project stability eastwards by offering membership to some, while

associating others. Again, we are talking about a twin project. The EU, through its association agreements, is giving many countries in Central and Eastern Europe new perspectives of economic growth and of political integration. NATO, through its enlargement process and through co-operative mechanisms such as the Partnership for Peace is establishing common approaches to security across the continent.

Both institutions have also developed special relations with those nations that cannot be integrated in the same way as others. For example, NATO and EU both have developed specific programmes to deal with Russia, as both act on the conviction that Russia, being a part of Europe, must be "in", not "out". And both institutions have developed links with their southern Mediterranean neighbours, to make sure that the Mediterranean plays its traditional role as a bridge, and does not become a new divide.

In short, both institutions are shaping the strategic environment in a similar way: by establishing co-operation as the key principle for the conduct of effective foreign, security and economic policies. Both institutions have opted for a strategy of engagement, against indifference and against re-nationalisation. They remain a twin project. Security and economics remain "two halves of the same walnut".

This logic must now be extended even further: to Europe's South-Eastern region. The tragedies happening in and around the former Yugoslavia remind us that there are parts of this continent that have not yet made the transition towards democracy and ethnic pluralism. The history of the collapse of the old Yugoslavia also shows the other side of the linkage between security and economic stability: not only does economic progress require a secure environment, a dwindling economy can also lead to political instability - and this political instability can even erupt into military conflict.

South-Eastern Europe thus requires **all** parts of the package: security, political stability, and sound economic perspectives. In Bosnia, we can already see that this combined approach works. NATO and its Partner countries provide the military stability that forms the indispensable basis for the political and economic reconstruction of this war-torn region. The OSCE has organised free elections. And the EU acts as a major donor and creates the economic incentives that will ultimately turn Bosnia-Herzegovina into a viable state.

In Kosovo, too, we can see a pattern emerge: security provided by NATO and Partner countries, and broad international engagement in order to create the political and economic conditions for reconstruction.

The European Union's Stability Pact focuses on three areas: democratisation and human rights; economic reconstruction, development and co-operation; and security issues. These are the areas in which nations and relevant organisations should concentrate and co-ordinate to achieve long-term stability and security in the region.

Through its South-Eastern Europe Initiative, NATO will play an important role in support of the Stability Pact, most actively in the security field. For example, we will work closely with our Partners in the Euro-Atlantic Partnership Council to develop additional practical ideas for regional co-operation in South-East Europe. We will use the Alliance's new Membership Action Plan to help aspirant countries from South-Eastern Europe to prepare their candidacies for NATO membership. And we will maintain the long-term goal of membership in EAPC and Partnership for Peace for Bosnia-Herzegovina, Croatia and, ultimately, for a democratic Yugoslavia.

Clearly, the interconnection of security and economics should not lead one to assume that we could devise one wholesale approach for the entire Euro-Atlantic area. Each region - indeed each nation - is unique, and thus requires a tailored approach. The focus of this year's Colloquium on developments in South-Eastern Europe, Russia, Ukraine, and in the southern Caucasus acknowledges this diversity. But, maybe, by acknowledging the differences we may also find the similarities.

Economics and security remain linked: let me stress once again this concept. During the years of the Cold War, the twin project of European integration and transatlantic security co-operation was a unique feature of the West. Since the end of the Cold War, this project is being extended to engage all nations throughout the Euro-Atlantic area.

Nowhere is the linkage between security and economics expressed more visibly than in the NATO Economics Colloquium. For almost three decades now, this forum provides the linchpin where security and economic considerations meet - and merged into providing us with new insights and new perspectives. Given this unique portfolio, it is only natural that the Colloquium has become a flagship of NATO's outreach and partnership activities. The high quality of analysis generated by these meetings has always been of great interest to Allies and Partners alike. Today's meeting will be no exception to this rule. It will help us in sharpening our focus on the crucial linkage between security and economics. In short, it will help us chart the way ahead into the 21st century.

I wish you a successful and stimulating conference.