



Embassy Series
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Her Excellency Ritva Koukku-Ronde
Ambassador of Finland to the United States

The European Union: Present Challenges

Maxine Isaacs: Good evening everyone and welcome. Thank you for joining us this evening for our Embassy Series event with Ambassador Ritva Koukku-Ronde of Finland, the first Finnish woman to serve as Ambassador to the United States, as fate would have it. The ambassador will speak about "The European Union: Present Challenges." I'm Maxine Isaacs, the chair of the Women's Foreign Policy Group, which promotes women's leadership and voices on the pressing international issues of the day. On behalf of the Women's Foreign Policy Group and its board members who are here with us tonight, Gail Leftwich Kitch and Theresa Loar, and our president—our incomparable president, Patricia Ellis—I want to thank the ambassador very much for her warm hospitality and for having us here tonight, and for opening your doors to the Women's Foreign Policy Group. This event is part of our Embassy Series, which is one of the most popular kinds of events that we do, for those of you who aren't familiar with us yet. We work very closely with the diplomatic community, especially the women ambassadors, and we're so pleased to see so many of you here tonight.

If you aren't too shy, if you wouldn't mind raising your hands just so that we can acknowledge you, the ambassadors and the diplomats—thank you for joining us tonight. I also want to recognize a member of our Corporate Advisory Council from CH2M Hill. In addition to our Embassy Series event, every year we hold a wonderful event celebrating women ambassadors. Last year it was hosted by the Bulgarian ambassador and this year it will be hosted by the ambassador of Liechtenstein on June 7th. We have some other exciting events coming up that I'd like to mention. A Beyond the Headlines lunch on US-Russian relations coming up with Celeste Wallander, who is deputy assistant secretary of defense, and that will be on April 4th. We're going to have a luncheon on April 20th with Michelle Bachelet, executive director of UN Women, and that is a lunch in which we celebrate women leaders. And we have an Author Series event with a board member, Diana Negroponte.

So it's now my great pleasure to introduce you to the ambassador, Ritva Koukku-Ronde, who has had an impressive career over three decades with the Finnish foreign ministry. Her last post before coming to Washington was as under-secretary of state for global development issues. Her full bio is in your program book and I hope you will read about this very impressive person. It's also my pleasure to introduce our moderator, Howard Schneider. He's *The Washington Post* international economics correspondent. He's been traveling extensively in Europe this year and has covered the crisis with the Euro, and was previously the bureau chief for Egypt and Israel for *The Post*. The ambassador will make her remarks and then Howard Schneider will join her for conversation on "The European Union: Present Challenges." Ambassador, thank you so much. [Applause.]

Ambassador Koukku-Ronde: Thank you very much for the kind introduction. Distinguished guests, your excellencies, and also the spouses of ambassadors—I know there are several here. First of all, allow me to welcome you all to the Embassy of Finland. We like to advertise the fact that this building is the first embassy in the United States of America to receive the US green building council LEED certification. In other words, welcome to the first truly green embassy building in Washington, DC. [Applause.]

I must here say that the Dutch Embassy is now the second green embassy. But I still say that they have LEED silver, we have LEED gold, so we aren't really having a competition here. But I think this building serves us well, not only because it is a showcase for Finland's environment, but also because of the architecture. This architecture reflects, I think, very much about Finnish values. It's modern, it's transparent, it's open, and most of all, I think it is very modest outside. If you are driving or passing by, you hardly see it. We believe here, and those who are working here, and I hope you agree, that it is very sophisticated inside. But coming to today's subject—the European Union and present challenges.

I was thinking that I'm talking 40% about the economy and then 60% on foreign policy and foreign security policy. Why do I do this? I think we have had less about foreign and security policy. We have been overwhelmed—and rightly so—about economic issues. Europe has experienced one of its most difficult crises for decades. We are unfortunately not out of the woods yet, but I think that the situation looks much calmer than still some months ago. This is thanks to the decisive and persevering action by the European Union. The EU is often criticized for its slow and inefficient decision-making system. I think it looks really awful on the outside, and believe me, it looks even worse inside. [Laughter.] But it is useful to remember that the development of European integration has often happened through crisis. It's kind of muddling through from one crisis to the other.

In my view, the European Union has during the last year demonstrated that it is capable of making tough decisions. The process often takes longer and is perhaps messier than we would wish. But I would argue that the so-called "six pack legislation" and the recent fiscal compact are proof of the EU's capacity to act. The necessary rules are now in place. We just need to make sure that the implementation will take place efficiently. The governments of Italy and Spain have shown real leadership in taking tough but necessary decisions to cut spending and making domestic reforms to boost the economy. The situation in Greece remains very difficult. I'm very pleased that the negotiations with the private investors led to a result and the EU and IMF have agreed on the new support packages. Unfortunately times will continue to be very challenging in Greece for a long time, and more painful reforms need to be made. But here again, the positive is that Greece has committed to the implementation of its economic reform program and I think very much that Greece should be given time to implement these reforms.

We have experienced the debt crisis and severe crisis of the Euro zone, but it has also been a crisis of growth. The European economy is stuck with low growth at the moment. In order to promote growth we need to regain confidence, and in order to create confidence, austerity measures are necessary. A month ago, 12 EU prime ministers, including the Finnish prime minister, wrote a letter focusing on a plan for growth in Europe. The plan consists of eight priorities of how to strengthen growth. The principles deal with developing the single market further, creating a truly digital single market by 2015, delivering a genuine internal market in energy, redoubling efforts in innovation, working decisively towards open global markets, reducing the burden of EU regulations and promoting well-functioning labor markets, and building a dynamic financial services sector.

Finland has done quite well, actually, in economic terms. And furthermore the Baltic Sea region is an economically very dynamic area at the moment. Finland is one of four countries in the Euro zone that has retained its AAA rating for credit. Actually last week I was just visiting Finland and I experienced myself the planning. The government took new austerity and stimulus measures in planning the budget frames for 2013 and 2015. So there will be bad times for public spending in some respects, but at the same time stimulus in infrastructure research and stimulating the small- and medium-sized companies, start-ups, to mention some of the easiest cutting of the taxation.

Internal political developments and economic matters are currently setting European foreign policy more strongly perhaps than ever before. We are facing a double challenge of political insularity, or the internal challenges, as well as fiscal austerity, the economic challenge. And neither of the two can be solved quickly. At the global level, emerging powers have increased their political weight. At the EU

regional level, the construction of the EU's post-Lisbon foreign policy, including the European Union external action service, is institutionally challenging. The economic crisis threatens to overshadow everything else. Furthermore, there are signs of a shift in the balance among the EU institutions towards more intergovernmentalism at the expense of the community method. From the Finnish point of view, this is a real challenge, both in terms of democracy and in terms of the legitimacy of the European Union. And I would like to emphasize very much that promoting peace and stability still lies at the core of the European Union's activities. The recent economic turbulence has not changed the fact that the European Union is a success story. The EU has been the most successful peace project in world history. It has been able to impress new member states and to increase prospective. We have been able to create the world's largest internal market.

And I can tell that since Finland joined the European Union in 1995, we have been gaining a lot in being a member. What is the potential of the European Union's common foreign and security policy then? The main task ahead of us is to beef up the EU's external policy. The Union must build upon its strengths and its record as a regional and global actor. The EU is not a military superpower and will not—and should not—become one. But this does not mean that we cannot make an impact in the world. Our strengths become visible when we open up the scope and work with a broader vision in mind. The idea about the EU as a soft or normative power is still valid. The power of attraction has shown its strength in our neighborhood. In the western Balkans, Croatia is becoming a member state, and the membership prospective has helped Serbia to reform. Of course, I have to mention that to remain attractive, the key task is to restore the legitimacy and viability of our economic and social model. Only by putting our own house in order can we seriously and credibly hope for others to follow.

But our influence already extends beyond mere attraction. The EU is the world's largest donor of development assistance. By the way, together with the US, we are covering 80% of the global development aid. The EU is the largest economy in the world if you are counting GNP—28%. The US is 22-23%, China 10%, Japan 9%, Russia 3%. So still, when you are combining the European Union countries, we are making a big part of this. The EU is at the forefront of tackling some of the major global challenges, for instance climate change or comprehensive sustainable development. All these are long-term investments in global security.

Europeans have carried their share of the responsibility in crisis management as well. Civilian crisis management has been one of the Union's undeniable successes. Successful completed crisis management operations include places like Aceh or Chad. Currently, the EU is carrying out three military and ten civilian crisis management operations, for instance in Somalia, Afghanistan, and Kosovo. The whole region attracted by the Arab Awakening will be a crucial test for the European Union. We are in a unique position to help and assist post-revolution development—not by marketing or forcing our own political systems, but by demonstrating the power of democracy and free expression. The EU also has a variety of tools at its disposal for responding to different phases of the conflict—diplomatic means, peace mediations, trade policy, human rights policy, development assistance, and humanitarian aid. Something we have started to look at more closely is how to fill in the most obvious strategies in the EU's political military operational capability. There is actually a continuing need for a comprehensive approach that mobilizes the different tools to form a coherent and effective strategy and to achieve the objective. I would argue that the EU's common defense and security policy is an essential element for such a comprehensive approach in the future. That's what we need, an operational headquarters to make better use of existing resources in crisis management. By pooling and sharing, European countries can make savings in armaments and especially in improving defense capabilities. And we are of course very much looking forward to enhancing EU-NATO cooperation and to a mutually reinforcing partnership between these two organizations. Let me conclude by emphasizing the importance of a strong EU and US partnership in building a more secure, democratic, and prosperous world. We are already cooperating on a wide array of issues—for instance, strengthening our cooperation on conflict prevention and crisis response, increasing economic growth and integration in the Middle East and North Africa, as well as addressing the violent and volatile situation in the region, enhancing cooperation of economic, political, security and human rights issues

in the Asia-Pacific region, continuing our common efforts in Afghanistan and Pakistan, reaffirming our commitment to remain leading donors of development assistance, etc., etc. I could continue very long.

Europe and the United States share a number of very fundamental values. In order to overcome the global challenges, we need to intensify the degree of close cooperation and coordination even further. I think these are some of the issues we can continue discussing. Thank you very much for your attention. [Applause.]

Mr. Schneider: Well thanks for those remarks, Ambassador, and thank you for hosting us here. There was some concern about rain, and I thought that with this view it doesn't matter—raining, snowing, it's always going to have its beauty here. Too bad there wasn't really much of a winter here—otherwise, I'm sure it would have been lovely here. I want to sort of take off on architecture. You mentioned architecture in your speech in reference to this building here, and I wanted to sort of pose an architectural question about Europe. The finance minister will be meeting in Copenhagen this weekend to talk about further enhancing the European stability mechanism, building up the firewalls, as they call them, in order to get ahead of the financial crisis once and for all. Having followed this for a couple years, it's been really interesting to watch. There's not been some fully-formed plan that sprang out like this building did from an architect's mind, but rather bit by bit they've been adding rules. I'm wondering if you think this is the last addition to the house that's going to be coming this weekend. Can we seal off that part of the crisis?

Ambassador Koukku-Ronde: I think this European integration is a never-ending story, I would put it in that way. I think there has been a lot of dramatizing of some of the issues. We have 27 countries, soon 28, different parliaments, different governments, and different decision-making procedures. And it takes some time to get our common positions. And these sorts of decisions that we are making are always compromises and they are never perfect, but they are good enough, I would say. Of course, we all hope that the next set of meetings—and I think the meetings that have already taken place, have been able to calm the market. There has definitely been more trust in the European Union's capacity for making decisions and being serious in solving this economic crisis. I think at the moment we have a very good agenda going forward to implement the agreement. We are very much looking forward to implementing the chop-and-grow agreement, which we have been doing. And if we see that we need further measures then we will do that as well. Of course, I know that Commissioner Rehn has been very active in the past few days in Greece. For instance, we are very much cooperating with Greece. I think also from Finland there are some experts from the ministry of finance and from some of the other countries to be of assistance in some of the fields. So here we are jointly trying to solve the necessary issues. I think, at this moment, we are very much looking at—there is a very positive feeling that we are able to do this.

Mr. Schneider: Let me ask you a little more about Finland's perspective on that, because perhaps we're sometimes getting around the bend on this a little bit. As one of the smaller states—maybe one of the smaller tiers in the Euro zone—Finland for example has had some qualms about some of the steps, that's no secret. It's partly to keep its own AAA rating, to keep its own economy on track, but it has been a little bit suspicious about writing an open check to the Euro zone, which is understandable. What I'm wondering is—do you feel your country's voice has been adequately heard within the process? Because there's so much focus on what Chancellor Merkel is saying, President Sarkozy is saying, it felt almost like, "Well, it's 17 people, so it should be democratic decision-making within a group of 17, but really it's a bilateral discussion, perhaps trilateral if you include the IMF." Sometimes the Greeks weren't even in the room when their country was being discussed. And if they weren't even in the room, it seems like, "Why would Finland? Why would anybody else be really privy to the core of the decision-making?" Do you feel adequately represented? Do you feel adequately represented in this process?

Ambassador Koukku-Ronde: Well, first of all, of course our main policy has always been that we want to be at the table where the decisions are made, since they are also affecting our country. That is

clear. And the European Union is a union organization where all the member states are equally participating at the table. If you are participating at the council meeting, everybody is sitting at the table and everybody can have a share. That is a sort of normal procedure. It has sometimes been a little bit annoying that some of the meetings we have had have not been prepared maybe in the most efficient manner—and there are several reasons for that. Very often, for instance, documents have not been prepared in a normal time table in normal procedure. But, at the same time, it has not hindered us participating. On the contrary, there is a feeling that, during this crisis, we have been able to say and to promote our interests and have a constructive part of the negotiations. But of course, in the longer run we are definitely a country who is respecting very much the agreed principles, how the preparations of the meetings or how the decisions are made. And we hope that we are able to return back to the norm in that sense, that things are prepared in due course and following the normal procedures.

Mr. Schneider: Let me ask you to sort of prognosticate, because one of the issues that has come up throughout this economic turmoil, and which you can't help but appreciate, is the level of anger that you see, for example, on the streets of Athens at various times. And whenever riots flare up, there's discussion about what this means for the future of Europe. Ultra-nationalist parties may take control in country X or country Y, or this country may rise and this one may fall, and the compact will fall apart, the Euro zone will fall apart... and yet, in election after election, it seems that, well, yes there are demonstrations, but I can't help but be struck by the fact that there seems to be a consensus emerging that the worst isn't happening. I'm just wondering about your thoughts on this politically. Do you think that some of the concerns about political tension pulling at the Euro zone are a little bit overstated?

Ambassador Koukku-Ronde: I think the difference between the journalist and the diplomat is that you want always to look at the drama. [Laughter.] And we always want to look at the optimistic and sort of positive things.

Mr. Schneider: Well, I wish I could say that sells newspapers, but that doesn't seem to be working. [Laughter.]

Ambassador Koukku-Ronde: I used to be a journalist before, so... of course, I think that is a legitimate concern. And I understand clearly and very well the concerns of the people in Athens or anywhere, as in my country as well, are that, when you have rough economic times, it means really rough times in the families as well, and it is definitely hitting most of the people. I think one of the issues which is very closely looked upon at the moment also by the EU side in Greece is that the reform is made in an acceptable manner, and that is one of the key issues. I remember when we had in Finland a very bad recession in the 1990s, and that was of course very difficult as well. Then you are counting a lot on the fact that the politicians are making wise decisions and leading the economic situation and that the investment climate is getting better so that the companies can really start to make economic progress. But I definitely think, at the moment, the issue is broader. It is very much, in my country at least, the issue of overall globalization. It is not just the issue in Europe or in the US, but it is a global issue and we must put a lot of attention actually on how we are coping in the longer run. And there, I really hope that the issues of the comprehensive way of looking at development, and sustainable development, in all angles that consider economic and social environment are taking this into consideration in a much firmer, more comprehensive way than we have so far. But I am optimistic and I would say that we see a sort of positive development now, and the markets have been calmed down in very many countries in Europe. And I see very serious work for making economic stimulus. It's not only my country, not only my government, that made very good decisions last week in boosting the economic growth and bringing the incentives, especially for small- and medium-sized companies, putting a lot into research and innovation, trying to push for employment, and especially the youth employment, as one of the target areas. That is happening all over now in Europe.

Mr. Schneider: Let me ask you about that point—of competitiveness and growth, because I don't know anyone who disagrees that that's not at the core of the solution for economies to get on track. And here's my question. There was an interesting discussion I was involved in today about, "Europe has

breathing space. The European Central Bank is an open spigot. The banks have borrowed what they need. There's at least a two to three year window here now for things to happen." And yet there's this remnant concern that the southern tier will not be able to compete, will not be able to do the internal depression of living standards needed for their economy to become competitive and needed for them to become globally relevant economies again. And, if that's the case, it does leave the other countries, the northern tier, really in the position of having to engage in a real no-holds-barred fiscal transfer union. In the United States, this happens seamlessly. Some states contribute more in taxes than they get back in federally-subsidized benefits, others are on the other side of that statement. Presumably that's not supposed to happen in the European Union, in the Euro zone, but it looks like it might. And do you think you're ready to take the next step and just acknowledge that you're going to help carry certain members of the Euro zone?

Ambassador Koukku-Ronde: Well of course it is up to Euro zone countries to take the agreed measures and implement them, and that is definitely the issue. That is the issue that we are all doing our best to do. Maybe I wouldn't use the division of "Northern European countries" and "Southern European countries." I wouldn't like to use any of this kind of categorization. I think it is much to speculate, and I think also underestimated very much, about this sense of solidarity amongst European Union countries to try to work jointly through this crisis. But of course the EU is still not a federally unified structure. It doesn't have a federal government. The parliament is completely different from a nation state parliament. We still have 27 different nation states that are having 27 different budgetary systems issues. So at the end of the day it is each country's responsibility to make the right decisions and right implementation.

Mr. Schneider: And you feel that with maintenance of a certain base level of sovereignty, the economics of this can be worked out?

Ambassador Koukku-Ronde: I am not an economist. I only read the stories, and I only get more confused when you are talking about austerity or stimulus methods, and in what order you are doing them, so I wouldn't dare to take any comments. I simply follow the issues. We feel in Finland that you have to take austerity measures, and then you have to try to build the growth as soon as you have a little bit of your house in order. It is very typical in Finland that we are hardly spending more than we afford. So that's why we are not that rich of a country—we don't take such risks.

Mr. Schneider: It sounds like you do have a bit of an economist in you. [*Laughter.*] Let me go to questions.

Patricia Ellis: Just a few questions to follow up. You mentioned Italy and Spain earlier—I'm just wondering if you could talk a little bit about how concerned you are about seeing Portugal, Spain, and Italy go through some of the same problems that Greece has been experiencing. The other question relates to trade. How important is the EU in helping to deter more problems in the region, and is it targeted towards China, India, Brazil? And lastly, the Arctic—that is your part of the world and you have an involvement in it, and do you think the EU has a role to play there?

Ambassador Koukku-Ronde: This was a comprehensive set of questions. [*Laughter.*]

Mr. Schneider: We can start out with the Arctic?

Ambassador Koukku-Ronde: Okay, I'll start out with the Arctic—actually the new Arctic Information Center will be Rovaniemi. So the EU has a strong look to the Arctic, and we are more than happy to host. By the way, this is a very nice center. I recommend very highly that you visit. Definitely, the Arctic area in general is an increasing area of interest politically, and of course economically. Of course, with climate change, we will have new opportunities and new ways of doing economically very profitable sort of roots, for instance. And that would be of great interest to various countries. Otherwise, are we concerned about the slow European economic growth? Of course we are concerned. And we are all

globally very concerned that our competitiveness is definitely in some areas much lower than it is compared to some of the emerging countries. So I think we have to look at where our needs are and where we can compete. In my country, and in the European Union also—I was mentioning about the digital market, for example—it is very important that we are getting a sort of common standard system in the EU. We are really about 10 years behind the US, and therefore our competitiveness has been troubling. But we are going to do something about that. We have some of the other issues also. But I think one of the challenges, and one of the interesting issues, could be to start the negotiations between the US and the EU for free trade. If you are thinking about the US and the EU's global GNP, it is more than 50%, and now trade is also very huge globally. There could be some sort of win-win situation and enormous economic positivity if we would liberalize the trade. There are too many obstacles still in the way and that some of the issues, we in Finland are very active in the EU, and I hope there is momentum to go forward in this. What was the other one?

Ms. Ellis: Portugal.

Ambassador Koukku-Ronde: Well, like I said, they have been taking very good standards of government reforms. We are of course following the situation carefully. I think the situation is very difficult, but it is under control.

Question: Sandy Baer, with Bloomberg Government. Madam Ambassador, thank you so much for your comments. What is your thinking about international development? You mentioned some of the challenges, but where do you think the challenges exist in the most severe case and where do you think we're going to find successes going forward?

Ambassador Koukku-Ronde: Challenging question. I think it would really be the billion dollar answer if I knew the answer. There are several issues, but I firmly believe that there won't be any sustainable development anywhere unless you have rule of law in the country, because if you have rule of law, then you create a platform for investment. Without economic growth, you cannot have any case for sustainable development. And of course you need, for investment and economic growth, you need the kind of environment where you have educated and healthy people. Therefore, it is very important that you work in all these aid areas. I feel, and I firmly believe myself, one of the greatest parameters, coming from the Nordic countries, is inequality. Because one of the key issues and key disturbances, in the economic area as well, is the inequality. Inequality is a challenging issue because at the moment you see very good development, in China for example, the number of really poor people has declined dramatically. They have been doing incredibly good work. But if you look at where the very poor are, it is primarily in Sub-Saharan Africa. Unfortunately, also, when you look at wealth distribution, the greatest inequalities are in Sub-Saharan Africa statistically.

Mr. Schneider: I have a question for you, because of course the decision facing us right now is the next leader of The World Bank. I know that's sort of a diplomatically ticklish question. Happy to hear who you'd like to endorse if you'd like to do that, but more broadly, I guess if you don't want to do that, do you feel, as a development professional, that The World Bank needs to reprioritize itself? Is everything fine and dandy over there, or do you think it should be re-tailored or changed at all, to fit the different circumstances, for example that countries like China are doing pretty well on their own and that there seems to be a sort of chronic poverty in other parts of the world?

Ambassador Koukku-Ronde: First of all, I think that President Zoellick has been doing wonderful work in The World Bank. He has been stimulating a lot of reforms. He has been promoting the openness and transparency, and helped to reform and show the results of how the money is spent. I think he should also be recognized for his work on gender equality. It has truly been remarkable. So I am actually very proud that he has been leading The World Bank. And of course we are looking for a new president who is a good candidate and we have been promoting the open procedures, so I am sure that we are getting the best candidates and I noticed that there are very good candidates. So we'll see what happens before too long. I think we are always there to look about the agenda and the

priorities and we are very satisfied with the president's priorities of The World Bank. They are very much focused on the power of education and creating positivity and investment positivity, so the priorities are very good. They remain for poverty and education and health issues, but at the same time the economic growth and creating economic possibilities as well as security, gender issues, etc. They are doing remarkable work and I think if we are counting the core funding and The World Bank institutions, we are giving our fair share.

Question: Thank you, Ambassador. Shelly Porges, head of the global entrepreneurship program at the State Department. You mentioned that Europe's problem, as it is in the United States, is growth, and you mentioned that the EU's agenda includes eight items, one of which is innovation. Can you speak to some specific policies of that the EU—and/or Finland in specific—set to promote innovation?

Ambassador Koukku-Ronde: There are, incidentally, several policies that support the process of R&D, that encourage companies promoting innovation at universities and organizations. Of course, we are all supported very much, depending on the country—there is of course great variety among the countries of the European Union—in my country, we give a lot of attention to research and innovation. Just a couple of years ago, we established a merger of three universities in Helsinki, merging the University of Technology, University of Art, and University of Commerce—and now we're hoping very much that they're coming up with bright new ideas for our economic problems. Some of them have been establishing their ideas in US market already. I am very energized, and it gives me enormous hope for Europe having that kind of innovation, that kind of motivation. I'm very confident—the world is full of smart people.

Mr. Schneider: I just want to mention a shared interest here. You mentioned Commissioner Rehn. In the last two weeks, we've had the US and the European Union join together in the World Trade Organization's complaints about China's rare earth mineral policies, you've had a steady stream of anti-dumping tariffs proposed by the Department of Commerce, you had the trade relationship from Europe talk about opening up a broad investigation of the impact that China's policies have had on European telecommunications sector, which I know relates to Finland since Nokia is among many companies going through substantial layoffs right now. So is it going to take a good old-fashioned trade war to sort out this relationship between Europe and China?

Ambassador Koukku-Ronde: I would say hopefully not. The first thing I would say from the legal point of view, when we have an agreement, whether it is partnering in an NGO, or whether it is opening up a dialogue, or whether it is UN commitment in sustainable development programs, or whether it is responsibility programs, I would very much hope that we would be able globally to have this kind of friendship and to use tools that we agreed on together. Because there are situations where we have unfair competition, because of course there are countries that don't follow the same rules, and depending on the region, labor is much more expensive in some other countries and in some countries it is very cheap. It is very costly first of all. We are following the labor laws, we are following the regulations, etc., so it is very hard to find areas where we can compete. All this free market has issues, but there is great support in creating the possibilities that other countries will follow.

Mr. Schneider: Good question on sustainability there, but let me go back to the audience.

Question: I'm Silvia Kofler, I'm minister counselor at the Delegation of the European Union to the United States, and I'd like to thank you not only as the ambassador of Finland but also of the European Union. I'd like to go back to something you mentioned in your speech, about a common foreign security policy and that the European Union is actually never going to be a military power, but we have already military capabilities. But I find it's very much underestimated when you talk about Europe as a security actor, people always talk about NATO, and not about our actions in Afghanistan, in Indonesia, all the actions that we have there. So I want to ask you what we as Europeans can do to raise the profile of that so that Americans stop thinking only of NATO but think also of European security.

Mr. Schneider: Great questions for the anniversary of the War of 1812. [Laughter.]

Ambassador Koukku-Ronde: I've believed for years that security issues are very comprehensive. It's not only military issues. It is the whole world, it's about the economy, it's about the jobs, about the environment, about the lack of water, and varies depending on the region. Therefore, we cannot point only to security issues. I'm inclined to say that the European Union has a unique set of tools on security and various methods. Most of the European Union countries are members of NATO, so they have also the very good cooperation with all the other non-European NATO countries necessary of course, and that is very considerable security as well. But, I think the problem in some respects also in the European Union security policy is that it is very difficult, and sometimes we lack support, because it can be very difficult to get everyone on board on some of the very sensitive foreign policy issues. We have not been able to act as all 27 EU countries strongly. Here again we have to do some homework, because when we agree on issues we have been very strong and we have been a very good partner with the US. And I don't see there any underestimation from the US side that we will be a critical partner and we have been a critical partner in those areas where we haven't been having a common stance. Take India, for example. We have several European Union countries participating in actions there and are probably agonizing very many people, but here again, we need to do our homework on some of the issues and get our community together.

Mr. Schneider: We can even think of Iran on that topic, since that seems to be an area on which many European countries have not been pulling in the same direction, and I think evidence that you have economic tools that needed to happen in this case, because oil was flowing to the European countries. Do you feel that the commitment there lags up to and until the US feels military action is necessary to stop acquisition of a bomb or do you think Europe is ready when the moment comes, if the moment comes?

Ambassador Koukku-Ronde: I would of course speculate on the issue, because I firmly believe—I wouldn't be here if I didn't believe in diplomacy—that we have to move forward with these things diplomatically on what we're trying to do in the area so long as we can. I could agree also that we have extremely close cooperation between the European Union and the US in Iran at the moment and one of the very important part is this cooperation. Furthermore, I would actually say that there are a lot of possibilities also for the European Union and the US to advance our common values of good governance, democracy, human rights, transparency, ending corruption, etc. all over the world, and that is the area where we have many opportunities.

Mr. Schneider: We have time for one more question.

Question: Ambassador Fatima Veiga from Cape Verde. Ambassador, thank you for your remarks. You have spoken one or two times about restoring democracy, restoring legitimacy, those kinds of things, in the EU. So I would like to know how that really impacts the economic situation internally, and in the states. And also, how it impacts the European Union becoming a regional and global power?

Ambassador Koukku-Ronde: I think the democratic rule in European countries is very much there in the sense that it has dictated these decisions and coming to the joint decision, but of course, as always, our whole parliament and the whole government has to stand for it. People in individual countries have to approve, and when we are having our own decision-making procedures, we can all come to the European Union and advocate our own position. And I say again, parliament has to make compromises so that states retain their own power. And then, in the European Union, there are institutions that are checking the legitimacy of the decisions of the European parliament, etc. So, it is a very long, but very democratic procedure, I would say. In the EU, we have delegated the power to the coalition in foreign security policy, we are always working on that, decisions are being made in foreign security policy. Again, we are going from established principles we have approved, so we are very confident in going forward. Because in the past, we were able to look to some of the other member states and at what kind of democratic legitimacy they had, and we were sort of learning from their mistakes. So every time

our ministers are called to the council meeting in Brussels, of course they have to support our government's position, but they have approval of the parliament already. And then whatever decisions they are making, they have to be responsible in front of the parliament as well. I think the role of the European Union, in a comprehensive way, is the total package of cooperation. We tend to have our neighbors as strategic partners. We have a very comprehensive transatlantic relationship, and I think we have a very good relationship with other countries as well, and US and Asian-Pacific countries. So the Union does not have global kind of interests further than it has had in very traditional way—cooperation with the partners and good country friendships.

Mr. Schneider: Well, thank you very much, Ambassador, and thank you to the Women's Foreign Policy Group for hosting this event. I appreciate your remarks—very candid and we learned a lot from them. Hopefully we can figure something out for this crisis that doesn't break the bank! [Applause.]

Ms. Ellis: Thanks for joining us everyone.