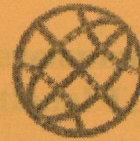


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**Saint Mary's
University**

**Canadian Centre
for Foreign Policy
Development**



**Centre canadien
pour le développement
de la politique étrangère**

Roundtable on American Foreign (Security and Trade) Policy

Friday, June 15, 2001, 9:00 AM to 5:00 PM

Board Room, McNally (Main) Building, Saint Mary's University

The purpose of this roundtable is to survey current thinking on recent changes in U.S. foreign policy and to reflect on their implications for international and Canadian politics. Although the focus will be on trade and security issues, the main objective is to identify broad patterns and themes of continuity and change and implications, challenges and opportunities for Canada and to identify key issues and themes to be considered at the roundtable.

Saint Mary's University

Department of Political Science

In Partnership with

The Canadian Center for Foreign Policy Development,

Department of Foreign Affairs and International Trade

Roundtable on American Foreign (Security and Trade) Policy

Friday, June 15, 2001

Saint Mary's University
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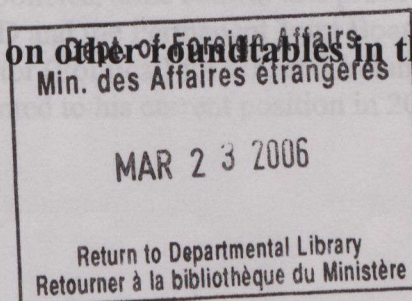
- **Conceptualizing U.S. Foreign Policy and the U.S. view of the world.** Realism, idealism, or neo-liberalism? Unilateralism, multilateralism, bilateralism, or isolationism?
- **The changing role and influence of American Institutions, Processes and Actors** - public opinion, the media, Congress, think-tanks, corporations, lobby groups, and others - in U.S. foreign policy formulation.
- **Defining and Defending U.S. National Interests and Foreign Policy Objectives** in security, economic, environment, human rights, and other issue areas and particular regions.
- **U.S. Foreign Policy Capacities and Resources.** Military and non-military sources of U.S. power and influence. The impact of domestic conditions, budgets, tax cuts, political will and other opportunities and constraints.
- **Changing world order(s)?** New and old relationships, alliances and adversaries. The role of international organizations, non-governmental organizations, and "middle powers".

Roundtable Co-ordinators:

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For information and reports on other roundtables in this series:
www.ecommons.net/ccfpd





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Department of Political Science

Roundtable Agenda

8:45 AM: Coffee, juice, muffins, etc. will be served

9:00AM: Opening Remarks:

Dr. Colin Dodds, President, Saint Mary's University
Chantale Walker, Center for Foreign Policy Development, DFAIT

9:15AM - 12:15 PM: The Formulation, Evolution and Implications of American National Security Strategy

Chair: Dr. Denis Stairs, Dalhousie University

Presenter: Dr. James Lindsay, Senior Fellow, Foreign Policy Studies Program, Brookings Institution

12:30 – 1:30PM: Lunch (in the McNally Board Room)

1:45 – 4:45 PM: The Formulation, Evolution and Implications of American International Trade Policy

Chair: Dr. Marc Doucet, Saint Mary's University

Presenter: Michael Dawson, Deputy Director (Political): United States General Relations Division, Department of Foreign Affairs and International Trade

4:45 PM: Closing Remarks: Dr. Leonard Preyra, Saint Mary's University

BIOGRAPHIES

James M. Lindsay

James M. Lindsay is a Senior Fellow in the Foreign Studies Program at the Brookings Institution, where his main research interests are national missile defense and the domestic politics of foreign policy. He is currently writing a book that examines how demographic, economic, and technological changes are likely to affect the evolution of American foreign policy over the next quarter century.

Before joining Brookings, Dr. Lindsay was a Professor of Political Science at the University of Iowa, where he was an award-winning instructor. In 1996-1997, he was Director for Global Issues and Multilateral Affairs on the staff of the National Security Council. His responsibilities there included UN reform, State Department reorganization, and funding for international affairs. He has also served as a consultant to the United States Commission on National Security/21st Century (Hart-Rudman Commission).

Dr. Lindsay has authored, co-authored, or edited ten books and more than forty journal articles and book chapters on various aspects of American foreign policy and international relations. His books include *Defending America: The Case for Limited National Missile Defense* (with Michael E. O'Hanlon), *Congress and the Politics of U.S. Foreign Policy*, and *Congress and Nuclear Weapons*. He has also contributed articles to the op-ed pages of several major newspapers, including the *New York Times* and the *Los Angeles Times*.

Dr. Lindsay holds an A.B. in Economics and Political Science (highest distinction, highest honors) from the University of Michigan and an M.A. M.Phil., and Ph.D. from Yale University.

Michael Dawson

Michael Dawson is the Deputy Director (Political) of the United States Relations Division of DFAIT.

Dr. Dawson received his M.A. and Ph.D. in European History from the University of Toronto. After joining the Foreign Service in 1977, he served from 1978 to 1981 in New Delhi as a junior political and consular officer. On reassignment to Ottawa, he worked on international aviation negotiations and maritime transportation issues. Posted to Moscow as First Secretary (1985-88), he focused on East-West relations, Soviet foreign and strategic policies, and arms control issues, which continued after returning to Ottawa (1988 to 1990) to the Policy Planning Division. In 1990, he served as Deputy Director for NATO policy until posted to Washington from 1991 to 1996, as Counsellor responsible for political-military affairs, including US strategic and nuclear policies, arms control and proliferation issues, and bilateral defence relations, including NORAD and the Permanent Joint Board on Defence. In 1996, he returned to Ottawa as Deputy Director (Political) for UK and Ireland in the Northern Europe Division of DFAIT. He was appointed to his current position in 2000.

Participants

Saint Mary's University, Department of Political Science

Roundtable on American Foreign (Security and Trade) Policy

Friday, June 15, 2001, 9:00 AM to 5:00 PM

Board Room, McNally Building, Saint Mary's University

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Halifax

Dear Friends,

It is a great pleasure to welcome you to the Canadian Centre for Foreign Policy Development roundtables on New Directions in U.S. foreign policy

Our goal in this series of discussions is to survey the latest thinking about U.S. foreign policy and to reflect on those views and possible implications for Canadian foreign policy. This will provide an opportunity for analysis of key foreign policy issues as well as an opportunity to build capacity in Canada and the U.S. for informed and active public engagement in foreign policy development.

We are engaging U.S. experts, Canadian experts, and people interested in U.S. foreign policy, Canada-U.S. relations and international relations in this event.

The first roundtable in this series was held at the University of California at San Diego and its net cast is designed to give you an introduction to key issues in U.S. foreign policy today. It will also provide you with the latest thinking by key U.S. experts on issues such as: ballistic missile defence, China-U.S. relations, the Summit of the Americas, democracy and Latin America, international trade and telecommunications, and the global economy.

The San Diego Round Table discussion, final report and net cast are featured on this site (click on San Diego on your start page, or on the left side menu on this page). Roundtables have been held in Washington, D.C., and Edmonton, Alberta, and reports can be found by clicking on these city names. Roundtables will soon take place in Denver, Colorado, Halifax, Nova Scotia, and Toronto, Ontario (May 18). Please let us know in the feedback guest book how these deliberations are useful tools for your own thinking, discussion and citizen roundtable.

You can also write to us at:

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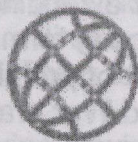
The mandate of the Canadian Centre for Foreign Policy Development is to help Canadians outside government contribute to foreign policy options and policy development. For more information, please visit our website: www.cfp-pec.gc.ca.

We look forward to hearing from you.

Steve Lee
Executive Director

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Agenda

Edmonton Summary

Participants

Summary of Key Points from Brief Presentations and Discussions:

Summary

Foreign Policy Trends in the U.S. Roundtable

April 12, 2001

University of Alberta

Edmonton, AB, Canada

The Canadian Centre for Foreign Policy Development and
the University of Alberta

I. Isolationism/Engagement and Unilateralism/Multilateralism; US Administration/Congress

- According to the doctrine of US exceptionalism, the US sees itself as qualitatively different from other states. America therefore believes it can be exempted from certain norms, or rules of conduct, in particular instances. Elements of exceptionalism have been an historical undercurrent in US foreign policy.
- The alternative to unilateralism for the US is not multilateralism in the traditional sense, but rather the formation of select groups of strategic allies (in which the US remains the dominant player) in order to deal with specific issues or crises. The US will seek coalitions to garner moral weight for their actions abroad. As a key architect of the structural foundations of the modern international system, Americans will remain committed to multilateralism as long as it continues to serve their purposes.
- The US will always intervene when its vital interests are threatened. Where possible, it will try to do so with the support of allies. But when 'push comes to shove,' the US is prepared and willing to go it alone.
- The Bush Administration will be occupied with safeguarding US primacy in global affairs and is interested

in further extending America's hegemony and comparative advantage in terms of relative power capabilities. However, a number of prominent foreign policy failures in the post-Cold War era has led to a coupling of primacy with frustration.

- The isolationist term is an inappropriate characterization of contemporary US foreign policy. As the Bush team pulls back from a number of issues (such as the Middle East peace process, global climate change negotiations, etc.), it is more a question of degrees of interventionism and engagement than a dramatic move across the ideological spectrum towards isolationism. There is a sometimes subtle, sometimes blatant, distinction in the US between two types of internationalism-militant internationalism versus liberal internationalism. The new administration will emphasize the former.
- US foreign policy under the Bush Administration will witness a high degree of ideological activism married with exceptionalism. Under this approach, issues will increasingly be seen in more black and white terms with the implication that responses to international problems will come quickly and with little consideration of possible long-term consequences or impacts on allies. Such an approach can also lead to highly confrontational policy stances.
- It is questionable whether the US government can actually set priorities in the post-Cold War era. Instead of pursuing a set foreign policy agenda as many have been led to believe, the Bush Administration could easily find itself in response mode.
- The foreign policy continuities (such as a commitment to the Balkans in the short-term, further reductions in nuclear warhead levels, reinvigorated Iraqi sanctions, support for trade regimes) between the Clinton and Bush Administrations should not be underestimated and overlooked. Moreover, US ties to global and regional interests and this administration's close links with the business community will serve to moderate international policy. Interdependence will pull the US into multilateral contexts.
- This administration intends to play hard ball and put more backbone in US foreign policy. If allies such as Canada want access and influence in Washington, they will have to front up the requisite resources. With a greater emphasis on burden-sharing, good ideas alone become less important than capabilities. Without clear signals from Ottawa that Canada will be doing more to pull our weight

internationally, we run the risk of being marginalized by the US and the EU. The willingness of allies to contribute resources will be a defining feature of US multilateralism.

- President Bush is giving Mexico substantial attention because there is a great deal at stake in terms of both opportunities (trade, democratization, stability, etc.) and challenges (drugs, immigration, etc.). Canada should work with Mexico and the US to find areas of common ground in order to help develop more sound relations. However, greater Canada-Mexico bilateral cooperation could arouse US fears of encirclement.
- The true nature of Bush's relationship with Congress is one of the big questions that has yet to be determined. Intra-party divisions create additional political dynamics. Some feel that an assertive right-wing within the Republican Party will lead to a certain degree of pandering by the Bush foreign policy team on certain issues. Cuba and North Korea are likely targets for hardened US postures in order to placate conservative congressional Republicans. Conversely, others note that with a closely divided Congress, right-wing tendencies will be token at best.

II. Defence/Strategy

- The United States is looking more and more to technology, global reach, and global strike capabilities. The former doctrine of preparing US forces for two simultaneous regional contingencies will give way to a more exclusive focus on preparing for conflict in one major theatre.
- The weaponization of outer space is seen by Defense Secretary Rumsfeld as a key means of US force projection. In order to empower US foreign policy, this administration will search for ways to strike quickly worldwide without fear of retaliation. The US is seeking strategic impunity through measures such as NMD and homeland defence.
- National Missile Defence (NMD) is one area where the US will take a dramatically different policy direction. There are now different types of missile defences for a variety of purposes-NMD to protect the homeland and Theatre Missile Defence (TMD) to protect allies and US troops abroad. Missile defences are seen as a key way of maintaining and enhancing America's military technology gap over the rest of the world.
- The Bush team is presenting a radical new approach to

arms control—they will take unilateral measures if necessary to overcome what is now perceived as an out-of-date and constraining framework designed for a bygone era. The Bush Administration is interested in jettisoning the concept of mutual deterrence (which they see as mutual vulnerability) in order to open the door to more unilateral options and ensure continued US flexibility for international operations and interventions.

- Although as of yet there is no set time line regarding the development of NMD/TMD, the decision to proceed with such a system is being presented as a fait accompli. If the next round of tests in June are successful, NMD will receive an automatic green light.
- Noticeably absent from the missile defence discourse in the US is the real threat of miniature nuclear devices or suitcase bombs being smuggled into American territory. Rogue states will resort to smuggled weapons if missile defences are proven to be effective. Additionally, the development of missile defence systems will lead to a new round of proliferation and a renewal of the arms race. The point is: the condition of mutual vulnerability is an inescapable aspect of the contemporary international system.
- After extensive support for arms control and disarmament regimes, such as the Nuclear Non-Proliferation Treaty (NPT), Canada will be forced to backpedal very quickly once confronted with the reality of NMD due to the lack of real policy options or alternatives.
- The Pacific theatre is increasingly being emphasized as the most probable zone of future confrontation. China is currently a major preoccupation of US security strategy and is the most profound area of change in Bush's foreign policy thus far. Canada must develop a China policy that is outside and not influenced by our bilateral relationship with the US.
- The shift from the ambiguous 'strategic partner' nomenclature towards the 'strategic competitor' term is akin to redefining the China-US relationship in adversarial terms. Again, the important Republican business constituency will moderate such views to a certain extent and some believe the competitor rhetoric will wane since a confrontational stance vis-a-vis China is not in America's long-term national interests.
- After the internal Pentagon review is complete, we can expect to see an American disengagement from the Balkans. This disengagement may resemble a sort of

'Vietnamization' of this peacekeeping mission whereby the Europeans are deputized and expected to get a handle on their own regional affairs.

- The Russian build-up of its strategic bomber capabilities in its northern regions will bring a reinvigorated importance to NORAD and consequently, Canada.
- In terms of changes to specific weapons systems, the US will de-emphasize large aircraft carriers, which are seen as too vulnerable, and instead focus on long-range bombing capabilities. Unmanned Aerial Vehicles (UAVs) will be deployed for strike purposes in addition to reconnaissance. More specifically, Secretary Rumsfeld has indicated that he favours the procurement of fewer F-22s, but wants to obtain these fighters sooner. The future of the Joint Strike Fighter (JSF) is certainly in doubt, although the recent British commitment of \$2.5 billion in funding may be its saving grace.
- American participation is absolutely necessary for any successful multilateral intervention. The US will continue to insist that its forces remain under US command. There will be less reliance on UN-sponsored peacekeeping missions in general.
- Terrorism remains a key pillar of US defence policy. Incidents such as Ressam highlight Canada's inability to deter smuggling and terrorism. The open border has become something of a hindrance and there will be attempts to 'Americanize' Canadian attitudes towards terrorism.

III. Trade, Energy & Environment

- NAFTA is far and away the critical economic institution for Canada. Adjustments to NAFTA will take place amidst the context of a dramatic economic slowdown. Chapter 11 of NAFTA has been interpreted in ways that are detrimental to the Government of Canada's capacity to act independently to protect the public interest. The prerogatives of government, not simply those of business, must be protected.
- Trade disputes with the US have the potential to exacerbate Canada's regional disparities (such as in the case of PEI potatoes and softwood lumber). Moreover, increased development in Alberta and the Northwest Territories will result in greater disconnects between economic and political power for these regions.
- Canada has been asleep at the wheel on the issue of International Traffic in Arms Regulations (ITARs). We cannot sit back and allow the US to unilaterally dictate the

approach when it comes to defining what constitutes defence goods and which specific items are subject to export controls.

- If the US is going to try to ensure its primacy in the world, it will undertake efforts to ensure its dominant role in global trade. National Security Advisor Rice has stated that trade is a useful way of promoting America's social and political values abroad.
- Trade, especially trade in energy, is Canada's ticket for access to Washington in the future, since we are otherwise marginalized in strategic and defence terms due to a lack of capabilities. America views Canada as a sort of fuel tank for their economy. Synthetic crude oil will be the supreme attraction for the US. The US will principally see Canada as a geoeconomic partner, rather than a geopolitical or geostrategic partner.
- The potential environmental implications of oil sands development need to be carefully taken into account. At least 12 projects worth approximately \$30 billion in investment are currently underway around Fort McMurray, AB, to tap into the oil sands. Environmental assessments are done on a case-by-case basis and do not assess the overall regional impact and cumulative environmental effects. Given the likely scale of development, it is reasonable to expect considerable environmental consequences of oil sands development, even with improvements to technology and better environmental safeguards.
- First Nations' support of northern oil and gas pipelines exists as long as there is co-ownership and stakes in equity. The Beaufort Sea boundary dispute is likely to flare up again as a result of possible pipeline routing through this area. Pressure will be exerted by US multinationals.
- Canada must have scientifically sound and clearly established data demonstrating the drawbacks to oil development in the Arctic National Wildlife Refuge (ANWR) if we want to be effective in the US political marketplace. At the moment, however, there are distinct signs that the Bush Administration is backing away from efforts to open the ANWR to oil exploration.
- An opposite about-face has occurred in the area of climate change. It is dismaying that this administration is working in the old 1970s paradigm of "what's good for the environment is bad for the economy." This augurs badly for all sorts of issues, including the likelihood of achieving further reductions in transboundary sulfur dioxide.
- The scientific evidence is clear that as a result of the effects of climate change, diminished polar ice cover will lead to at least 2-4 months of ice-free open water in Canada's far north, thereby extending the shipping season through the northwest passage. Japan, Europe and the US will be extremely interested in such shipping routes, which

have the potential to ignite Canadian nationalism to the detriment of Canada-US relations, similar to what occurred with the Manhattan incident. There is a movement to devise a scheme for shipping in polar regions and the important question is will Canada manage this issue correctly?

- The next big emotional issue will be over water. Given the shortages in the American west and southwest, US policymakers are starting to give this issue consideration. The issue of bulk water exports could serve to reinvigorate the critical left in Canada. NAFTA is far and away the critical economic institution for Canada. Adjustments to NAFTA will take place amidst the context of a dramatic economic slowdown. Chapter 11 of NAFTA has been interpreted in ways that are detrimental to the Government of Canada's capacity to act independently to protect the public interest. The prerogatives of government, not simply those of business, must be protected.
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Agenda

San Diego Summary

Participants

Key Points from Presentations and Discussions:

Summary

Foreign Policy Trends in the U.S. Roundtable

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Credits

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The Canadian Centre for Foreign Policy Development and
Institute on Global Conflict and Cooperation

Asia - Security Issues

Speaker: Susan Shirk (Research Director, IGCC)

- There has been at least a rhetorical shift in the approach of the Bush Administration toward China and Japan. China is no longer seen as a "constructive strategic partner," as was the case under the Clinton Administration, and relations with Japan seemed to have warmed-up. In this context, a recommendation was made to proceed cautiously so that a confrontation with the Chinese government is avoided and security in North East Asia maintained.
- President Bush expressed scepticism about the feasibility of the "agreed framework" with the Democratic Peoples Republic of Korea (DPRK), reached under President Clinton's Administration. This shift in U.S. foreign policy apparently surprised and disappointed the Republic of Korea President, Kim Dae-jung. The Administration, however, did show support for President Dae-Jung's conciliatory "Sunshine policy" toward the DPRK.
- A decision whether to go ahead with the sale of a new Aegis class destroyer and other controversial weapons to Taiwan will have to be made in the near future. There is a real danger that without meaningful dialogue with Beijing, the sale could seriously undermine security in the region. The move, which is being interpreted as the start-up of a theatre missile defence, could set off an arms race and lead to military conflict. Such a development would have

serious security implications for the U.S.

- There are legitimate concerns that should the Bush Administration proceed with building a National Missile Defence (NMD), the Chinese government would accelerate the modernisation and build-up of its own military. This acceleration would undoubtedly undermine the Comprehensive Test Ban Treaty (CTBT), signed by the Chinese government but not ratified by the U.S. Congress. It would also contribute to cementing the image of China as "the enemy" in the minds of some Americans. Such developments could spark off a cycle of arms proliferation-mistrust-arms proliferation reminiscent of the Cold War era. Policy options aimed at alleviating the potential tension in the U.S. - China relations could include:

1. enhanced military cooperation (i.e., sharing technology for the development of penetration aids or/and early warning)
2. a trade-off: abandoning the sale of controversial weapons to Taiwan for China's acquiescence to U.S. NMD.

- While Canada's effort to pressure the U.S. to ratify the CTBT is commendable, it will likely not have any effect on the ratification process.

Summitry of Americas

Speaker: Richard Feinberg (Professor, UCSD, International Relations and Pacific Studies)

Purpose of Summits in general:

- focus on the big picture and broad agenda setting
 - means to finding a consensus and solidarity on issues
 - chance to codify consensus issues
- Key Challenges at Summits in general:
- unmanageable laundry lists of issues to be addressed
 - structural problems with implementation and monitoring

The Record of Hemisphere Summits:

- support for democracy reaffirmed

- strides in moving towards Free Trade Agreement of the Americas (FTAA)
- progress on other issues including: gender equality and sustainable development.

Issues and Expectations for the Quebec City Summit:

- Executive Committee is expected to be set up to address previously poor implementation and monitoring.
- Financial constraints are expected to be addressed through the engagement of the Inter- American Development Bank (IDB).
- The draft text of the FTAA will likely be re-affirmed (President Bush requires Congressional support to proceed with Fast Track).
- Democracy Clause may be included in the FTAA.
- Other issues that will likely be addressed at the Summit include: narcotics, connectivity, financing, and the engagement of civil society.
- President Bush could surpass expectations by expressing a commitment to have a FTAA with a Democracy Clause concluded by 2003 (as opposed to 2005).

Challenges for the Quebec City Summit:

- Linking democracy with free trade through the inclusion of a Democracy Clause in the FTAA poses considerable challenges. How does one define democracy? Who decides which country is democratic and which is not? How do U.S. policy makers answer to the charge of inconsistent foreign and trade policy (i.e., excluding authoritarian and semi- authoritarian regimes in Latin America, while engaging regimes deserving the same label in Asia)?

Peter Smith pointed out that including Democracy Clause in the FTAA is premature. Its inclusion into the FTAA may be interpreted as neo-colonialism by the U.S.. He emphasised the asymmetry of power among Latin American countries, leading him to conclude that even if the Organisation of American States (OAS) was to make decisions about who to admit to the "democratic club" the outcome would not be particularly fair. He also reminded participants that comparisons to the European Union's own democratic clause are inadequate for several reasons.

(The EU democracy clause is used a membership system, in the OAS and Summit system it would be used as an expulsion criteria). The assumption that free trade leads inevitably to democracy is uncertain. Including a democracy clause in a free trade agreement may not lead to expected results.

- Another challenge for the policy makers is the media and managing public opinion. In order to ensure that the media cover the Summit's proceedings and outcomes, rather than only the street protests, good visual and real stories should be provided to journalists each day. Government leaders and officials should be seen to be reaching out to civil society, including those protesting on the streets and cameras allowed into the sessions.

Democracy and Latin America

Speaker: Peter Smith (Director UCSD, Centre for Iberian and Latin American Studies)

- Democracy in Latin America is not mature and the 3rd wave of democratisation in the region continues to be fragile and uncertain. The democratisation process is not inevitable and there is considerable danger of regression to authoritarianism. Most Latin American countries have a so called "partial democracy," while elections are more or less free, basic political rights are lacking.
- There is a wide-spread disenchantment with neo-liberal reforms in Latin America, since they have not brought any improvement in objective living standards or alleviated poverty. In the meantime, the capacity of the state to deliver basic public goods has diminished as globalization intensifies – a development contributing to plummeting approval rates for Latin American governments. The governing contract is fragile and must be addressed. Protest stemming from these trends is legitimate and the U.S. government should adjust its approach to dealing with protestors as wrong-headed anti-progress trouble makers.
- The direction of U.S. Latin America policy is still uncertain. However, it appears that trade and investment will be emphasised, while less attention will be paid to human rights and development-related issues. The emerging hard line on Cuba and disengagement from Colombia seem to support this proposition.
- Enforcing Helms-Burton and tightening the sanctions regime with Cuba may have economic consequences for Canada. The Canadian government may be faced with the

prospect (or opportunity) to distance itself from the emerging U.S. Latin America policy for this and other more philosophical reasons (i.e., as the champion of human rights). This gives rise to an important question for Canadian policy makers: "Is it worth it? Many well intentioned Latin Americans would hope so."

International Trade and Telecommunications

Speaker: Peter Cowhey (Director IGCC)

- Support for free in general trade declined in the U.S. as economic prosperity increased. This trend may be attributed to fulfilled economic objectives of many businesses and to a growing conviction among some Americans that the new prosperity contributed to widening income disparity.
- The Bush team has given trade and other economic issues a new dynamic. There is optimism that the newly appointed U.S. chief trade negotiator, Robert B. Zoellick, will be able to obtain Congress authorisation to ratify multilateral trade agreements (by folding them together with bilateral trade agreements supported by the Congress). Mr. Zoellick also seems willing to support an "expanded agenda" for trade, which would include social and environmental concerns.
- While the Quad, and the U.S. - E.U. relationship in particular, remains important in World Trade Organisation (WTO) negotiations, the voices of developing countries have been growing stronger as well. One of the biggest challenges facing the global agenda for trade negotiations and the U.S. - EU relationship continues to be agriculture.
- The telecommunications sector is a good indicator of where economic trends are moving because it is the largest and fastest growing market. It is a fundamentally revolutionary force. Liberalising the service sector, including telecommunications (and finance), is by far the biggest ticket on the trade agenda today. However, before this can be achieved policy makers must develop a coherent set of regulations at home first. (The current horizontal approach to liberalising telecommunications services does not tackle the communications infrastructure as a whole, bringing into focus the need for the development of a comprehensive broadband service policy). Indeed, with telecommunications systems and suppliers virtually the same around the world, the importance of policy (and coincidence of other factors) figures large in how a country's telecommunications

systems run.

- The digital divide is more a function of how subsidies are allocated rather than due to poverty (and lack of access to telecommunications infrastructure and training in the developing countries).
- The dispute between Canada and the U.S. over soft wood lumber will likely be resolved since there is a bigger agenda to negotiate between the two trading partners besides this one issue.

Ballistic Missile Defence

Speaker: Herb York (IGCC)

- The future of the National Missile Defence is not certain. In historical context, this is the 6th time the U.S. government has proposed to build NMD (under the leadership of President Eisenhower, Kennedy, Johnson, Nixon, and Reagan). Most likely, support will be rallied for the scheme and the Secretary of Defence, Ronald Rumsfeld, will continue to promote the idea. In the end, President Bush will likely say that "we are going ahead [with the construction of the NMD] when it becomes possible." Consequently nothing much will actually happen.
- There are several elements that the policy makers should consider before launching NMD:
 1. going ahead may be interpreted as breaching the ABM treaty and as a unilateral step that could further undermine the already fragile non-proliferation regime,
 2. there will be massive costs associated with building the NMD which will have to be squared with the promise of tax cuts and somehow integrated along with other items in the defence budget,
 3. there is a range of technical issues to solve,
 4. there are other, often more practical, means of delivery of nuclear weapons not addressed by NMD,
 5. theatre defence systems could be developed instead.
- A debate about the acceptability of deterrence as a long-term posture should be launched and the concept

reviewed.

- Transparency, collective action, and making nuclear weapons illegal should be the long- term goal of the international community.
- The idea of common interest in defending North America is an inevitable fact. The U.S. can not afford to have real enemies in the North American space. Washington is prepared to defend Canada and thinks about Canada as a necessary part of its own defence. In this context, in the 1950's as the Korean War intensified, the U.S. government was considering moving its missile testing system from the Marshall Islands to the Canadian North (under the wrong assumption that there are no people living there).

EU Integration

Speaker: William Chandler (Professor, UCSD)

Issues on the European agenda ranked by importance for the Europeans (the ranking does not necessarily reflect the weight assigned to these items by the U.S. Administration):

- Economic Union
- Institutional development (i.e., building supranational institutions)
- Enlargement of the European Union
- Trade (with a particular challenge in liberalising agriculture)

Security issues include:

- Redesigning NATO
- Emerging European defence capacity
- Scepticism about U.S. plans for NMD

Other key emerging issues:

- organised crime
- trafficking in human beings
- porous borders and mass migrations

The integration of Europe depends in large part on the relationship between France and Germany.

There is ambivalence on the part of the U.S. Administration about where NATO is going. While the U.S. encourages building European capacity to respond to regional crises like Kosovo, it is suspicious about the implications this could have on the viability of NATO.

Notwithstanding the philosophical differences between the Bush Administration and the European centre-left governments (i.e., Germany and Great Britain) relations between the U.S. and Europe are not likely going to change. However, there is a sense in Europe that the Americans are starting to disengage – a trend which will be tested through the new U.S. approach to the Balkans and the Middle East. What seems to be clear is that the Bush Administration is not interested in nation building exercises and supports a hands-off policy.

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Department of Foreign Affairs and International Trade

Statement

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NOTES FOR AN ADDRESS

BY

THE HONOURABLE JOHN MANLEY,

MINISTER OF FOREIGN AFFAIRS,

TO THE THIRD ANNUAL DIPLOMATIC FORUM

ON

"CANADA'S FOREIGN POLICY AGENDA AND PRIORITIES"

WINNIPEG, Manitoba

October 20, 2000

Introduction

Welcome to our Annual Diplomatic Forum. An event of this nature is of particular importance because, first of all, it enables us to meet and, second, it provides us with the opportunity to hold open, friendly discussions about the issues and challenges we must all face for our respective countries.

I'm sure I can speak on behalf of all participants when I extend my deepest thanks to our provincial hosts for their generosity and for the reception you have received.

As I reflect upon my new duties, I am excited by the challenges we face. I am also humbled and honoured by the opportunity to serve Canada in this portfolio.

You are emissaries doing the important work of representing your government, your country and your people. And I look forward to having the opportunity to work with you in the course of my new duties as Foreign Affairs Minister.

The main thrust of my remarks today can be summarized quite simply. Canada, and indeed all countries, must come to terms with a very different world that is emerging. As diplomats, you are confronted with a world in flux. You face transition daily. Whether discussing the opportunities and challenges brought on by globalization and the rapid growth in information and communications technology, the emergence of new human security norms, or democratization, we are all working in an environment that is transforming rapidly.

Here in Canada we too are in a period of transition. We are faced with the challenge of building upon the great strides we have made in the last few years. We must also prepare for new challenges brought on by new and emerging international trends and issues.

Canada's Place in the World

Canada is commonly referred to as a middle power. By virtue of our history, identity, and our commitment to a rules- and order-based system, we are indeed a middle power with global interests.

Our foreign policy recognizes the importance of our complex, substantial and expanding relationships, both multilaterally and bilaterally. We have been pursuing three key objectives, or pillars if you will:

First, the promotion of prosperity and employment has been central to the government's overall agenda and vital to the Canadian economy. In order to help Canadians benefit from the major opportunities in world markets, we are focussed on:

- improving access for Canadian goods and services;
- reinforcing an open, fair, and predictable system of international trade and investment; and
- assisting Canadian firms to take advantage of global market opportunities.

Canada is well-positioned to succeed in the modern global economy. We have a knowledge-based economy. We are well-versed in diversity. And we build partnerships. As a government it is in our interest to continue to promote a trade agenda based on fairness and openness that benefits, not just us, but people around the world.

A second critical element of our foreign policy is the promotion of international peace and stability. More than ever, the safety and quality of the lives of people are affected by new security challenges arising from global change and interdependence.

Here Canada continues to play an innovative leadership role in adapting to a changing world.

We recognize that in addition to the need to continue to focus on more traditional security threats such as national defence, peace support operations, non-proliferation of nuclear weapons, and arms control we are facing new and complex security threats: including illegal migration, crime, terrorism, disease, illegal drug trafficking, and computer-based crime.

This requires that we use, not just our traditional security tools, but a whole range of new instruments (such as building international co-operation, strengthening norms and legal instruments, and working with civil society) in order to address our security interests.

Finally, the projection of Canadian values and culture is a critical component of our foreign policy, and it is evident in all that we do.

Canada's commitment to the rule of law, our efforts to establish new international norms, and our commitment to developing fair and predictable trading systems all accurately reflect core values held by Canadians.

Projecting our values and culture also requires that we engage Canadians in all aspects of foreign policy-making on a regular basis. This means reaching out and finding consensus on what our international role should be.

A Changing International Context

In the midst of this three-pillar approach, we are undergoing a period of tremendous systemic change.

Alternative centres of power and influence are emerging. The time when governments alone monopolized the conduct of international relations has disappeared. Information technologies are shrinking distances and weakening the barriers to the flow of information and enhanced co-ordination.

The non-governmental community is speaking with a more coherent voice.

Relationships among prominent and aspiring international powers are in flux. This in itself need not necessarily lead to international tensions if key actors move in a convergent direction and maintain a broad consensus on market-oriented economies.

And global norms and regimes are evolving rapidly. As a result, the web of international interdependence across the entire spectrum of issues is deepening.

A Look Ahead: Key Challenges

So as we manage this period of transition, what are the key challenges facing Canada? I am going to briefly outline several.

1. The challenge of Canada-US relations

Ensuring strong, co-operative relations with the United States continues to be a key foreign policy priority.

The closeness of our relationship is reflected not only in the friendship and alliances we have formed, but also in the goods and services we exchange. We are far and away each other's largest trading partner, with more than US\$1 billion in trade crossing our border every single day.

But our relationship extends far beyond trade and economics. We will need to continue to work co-operatively on a wide range of issues including foreign and security policy, drugs, crime and immigration to maintain the strength of our relationship. National Missile Defence will also be an issue to watch.

2. Reform of the Multilateral System

Canada has a strong multilateralist tradition. We continue to play an activist role in various forums on issues ranging from trade and the economy, to the environment and sustainable

development, to international security. On non-proliferation and disarmament issues, for example, we must work to build a path forward that advances security for all of us, while maintaining global strategic stability.

This multilateral approach has allowed us to enhance our political relationships with an increasing number of countries throughout Latin America, Asia, Africa, Eastern Europe and the Middle East.

We will need to continue to think strategically and set clear priorities for international action in the future. We must reaffirm our commitment to multilateralism and focus on updating international institutions in order to ensure their continuing relevance in the face of new global realities.

3. Ensuring Successful Implementation of the Human Security Agenda

Traditionally, national security involved mainly the security of the State and its institutions. However, recent experience has shown us that the State can no longer be our sole security objective.

We must remember that threats to human security, such as human rights violations, organized crime and small arms proliferation, in the long run often threaten national security and international stability.

I want to emphasize that human security and national security go hand in hand. And at times, we will face hard realities that require a capacity to act.

4. Canadian Participation in international peace support efforts

The demand for Canadian involvement in peace support and humanitarian relief operations has grown exponentially since the end of the Cold War.

Missions have also grown in complexity and scope, with military-civilian co-operation proving more necessary than ever before. We also recognize that there are limits to the troops and finances we can contribute.

We need to clarify how and when we will participate in multilateral efforts in the context of our overall international security commitments. We need to focus on improving inter-agency co-ordination on matters related to humanitarian emergencies, complex operations and peace-building efforts. And we must ensure that our capability matches our commitment.

5. Maintaining Canada's Place in an effective transatlantic security relationship

Relations with Europe have always been a major focus of our foreign policy. Canada's relations with Europe have been based for many decades on the following three pillars: the Atlantic Alliance, the Organization for Security and Co-operation in Europe and the European Union.

Recently, Europe has been undergoing rapid change. The European Union is now much more than an economic bloc -- it intends to become a political and military stakeholder.

6. Promoting the emergence of democratic and market-oriented regimes

Our relations with countries in Eastern Europe, Latin America, Africa, Asia and the Middle East

are also vitally important and rapidly expanding. In each of these regions, we continue to develop strong economic links and political partnerships. Through the implementation of free trade agreements to our membership in organizations such as la Francophonie, the Commonwealth, and APEC we have substantial ties to a growing number of nations. We are also learning some important lessons.

The market system needs an effective and accountable state to maintain the rule of law, enforce contracts, uphold universal rights, and regulate relations among economic actors. Promoting growth and democracy is far more complex than we first envisioned.

We are seeing positive developments. In a growing number of countries around the world democracy is resurgent, civil society is taking hold and prospects for growth are promising.

Economic and social development are, of course, central to these advances. Whether through development assistance, debt relief, support for sustainable development and good governance, Canada remains committed to playing a role in promoting long-term prosperity and global stability.

7. The global issues agenda

Issues such as population, food security, climate change, and epidemics are of growing international concern. These issues are often highly interdependent and linked to deep systemic problems such as under-development and poverty.

Ultimately, we cannot act as though we live in isolated communities. By taking co-operative action now and building strong multilateral partnerships to address complex global issues, we are helping to protect and promote our own safety and security over the long term.

Conclusions

A view of the global system and Canada's place in it reveals both a sense of optimism and a number of challenges ahead.

The prospects for Canada remain strong. We are more prosperous as a nation than we were five years ago; our trade performance continues to remain strong; and our liberal political and economic values have never been more widely accepted.

Yet the deep structural changes under way present very real challenges as well -- in terms of possible rivalries between key international and regional powers, proliferation of weapons of mass destruction, internal strife, damage to major ecosystems, or new threats to our physical safety and health.

The bottom line -- Canada must come to terms with a very different world that is emerging. This will require innovative approaches, strategic and co-operative decision-making, and ensuring that we demonstrate the capacity to meet our commitments across a wide spectrum of issues.

I look forward to working with all of you toward these goals. Thank you for your attention today. I wish you all the best for the remainder of the Diplomatic Forum meetings.



Department of Foreign Affairs
and International Trade

Ministère des Affaires étrangères
et du Commerce international

Canada

"The United States, Europe and the World Trading System"

By Robert B. Zoellick, U.S. Trade Representative

"The Kangaroo Group"

Strasbourg, France

Date : May 15, 2001

As prepared for delivery:

I would like to start by thanking the "Kangaroo Group" for inviting me to speak. Since 1979 you have been a welcome voice for free trade and free movement in Europe. Your choice of the kangaroo as a mascot is fitting, given its ability to make great forward progress in leaps and bounds.

This is my first trip to Europe as the United States Trade Representative, so it is a pleasure to start in Strasbourg, a city where Goethe studied, Pasteur taught, and Gutenberg lived. The faces of this region occupy a special place in the memories of those Americans who first entered the United States through New York Harbor. They would see the Statue of Liberty, a gift from France, designed by Auguste Bartholdi, a son of France. The face of Liberty is Bartholdi's mother, a woman of Alsace.

I am pleased that my first speech in Europe in this post is to members of the European Parliament. Building on the Amsterdam Treaty, this Parliament is determining a new and important role in the European system.

Over the past few months, various European leaders have been proffering visions for the future of the European Union. It is an exciting time. Debates are stirring; ideas are clashing.

Of course, these constitutional questions are for Europeans to resolve. As you do, I hope that the democratically elected leaders of this European institution keep in mind that the core values that infuse the New Europe are not limited by geographical propinquity. Like the Statue of Liberty - made in Europe, erected in America, welcoming people from around the world - the Euro-Atlantic community stands for universal principles.

We must work together to advance these shared values and common interests. We must cooperate in promoting democracy, freedom, open markets, and societal and individual opportunity. As this Parliament did two years ago, I hope you will continue to promote accountable and transparent governance. I hope you will also be an ally in launching a new round of global trade negotiations later this year to promote growth and openness. And of course you will understand if I at least hope the Parliament will press for reforms in the Common Agricultural Policy, so the European Union can save money, enlarge to include Central and Eastern European nations, restore public confidence in agriculture, and open European ports to delightful food from around the world!

There are other notable trends on the European scene today. There is a movement toward private markets and business competition and away from state planning and government cartels. There is a growing recognition that economies energized through deregulation, limited taxation, open trade, and flexible labor policies will produce more prosperity, creativity, and opportunity than a statist, top-down approach.

Europe's business regeneration has resulted in a more productive relationship with the United States. The total amount of two-way investment in the EU and the United States amounts to over \$1.1 trillion, with each partner employing about 3 million people in the other. The amount of trade in goods and services between the United States and the European Union nearly doubled during the 1990s. In 1999, European companies acquired and established businesses in the United States valued at \$205 billion, up from \$31.9 billion five years earlier.

The Euro-Atlantic experience - including lessons learned the hard way - has helped transform perspectives around the globe. A higher percentage of the world's people are living in democracies than ever before. There is an increasing recognition that with economic and political liberty the genius of the individual can invigorate societies and create unimagined opportunities. This is a world in which capital moves around the globe at the click of a mouse; communications across borders, and continents, cost a fraction of the price of even 20 years ago; previously unmanageable reams of data can be transformed into information to guide customized services; new technologies offer revolutionary possibilities - and companies must look around the globe for new customers, suppliers, and partners. Yet as Winston Churchill warned, "The further backward you look, the further forward you can see."

A century ago - a time, I might add, when Churchill was alienating his colleagues in Parliament with his free trade advocacy - there was a similar sense of optimism about the forces of progress sweeping the globe. Like today, it was an era of inventions that seemed to draw nations, and people, closer together. There were new forms of transportation, such as cars and planes; new forms of communication, such as the telephone and the wireless; and unifying social movements, ranging from the revival of the Olympics in 1896 to the admission of women to German universities in 1909. Then there was my favorite invention of the era: safety razors with removable blades.

Two best selling books in Europe captured the confidence of the times. The first, published in 1899, was written by the German biologist Ernst Haeckel. Entitled *The Riddle of the Universe*, Haeckel argued that science would soon solve all the world's problems - including war. A decade later, Norman Angell wrote the worldwide best seller, *The Great Illusion*. Angell claimed war was useless and unlikely in the modern economic era, given the complex financial and commercial interdependence of the world's leading powers.

Tragically, the First World War, the Depression, and then the Second World War, provided cruel lessons for those who believed that economic integration and technological innovation alone would lead

to perpetual peace and prosperity.

The hopeful prospects of 100 years ago were overwhelmed by the dangerous ideas of the early 20th century - imperialism, fascism, authoritarianism, communism, corporatism, isolationism, and protectionism. We learned anew that ideas can also lead to cruelties and tragedies: wars, depression, mass starvation, and economic disasters. Thus the growth in trade over the past 50 years has served mostly to reverse the declines experienced in the first half of the 20th century. Indeed, Federal Reserve Chairman Alan Greenspan has pointed out that the degree of global integration today is not much greater than it was a century ago. Net capital flows across the major industrial economies, as a percentage of GDP, were still greater at the start of the century than they were at the end.

So today, at the dawn of a new century, we again have a choice of ideas, for the United States, the European Union, and the world. Which ideas will triumph - those of fear or those of optimism and freedom? We can let our success slip away amidst disputes, narrow interests, or even insecurities. Or we can build on the momentum of the past 50 years, championing the values of openness and freedom, and honoring the vital linkages among economic liberty, free trade, open societies, successful democracies, individual opportunity, and peaceful security.

Euro-Atlantic cooperation will not, of course, eschew healthy debate. We should stand up to new challenges and be honest about differences in perspective and reasoning. We should compare facts. We should discuss outlooks. We should present principles. But most of all, we should not shrink from a community of discourse, because our common values both necessitate the exchange and offer the foundation that will enable us to sustain our larger shared purposes even when we disagree.

Globalization, Trade, and Values

Discourse, debate, and cooperation between the United States and the European Union will assume even greater importance in the months and years ahead, as we look to advance free trade around the world and launch a new round of global trade negotiations. There can be high costs when we talk past each other, and not to each other, as we learned from Seattle. If the United States and the European Union are not committed to working together to launch a new global trade round this November, it will not happen.

While differences are inevitable, the European Union and the United States need to keep our eyes on long-term goals. If we reach into our past - rich with recollections of how protectionism breeds distrust and wars, and how openness and cooperation among democracies breed peace and prosperity - we can reestablish our common footing. We can continue to demonstrate to the world that open societies and open trade are the only pathways to lasting prosperity. We can help those nations less fortunate than ours take the difficult steps toward democracy, economic liberalization, and openness. And we can, together, build a bridge to a new global trade round based on our common ideals and aspirations.

To meet these goals, we will need to build more public support for opening markets, at home and abroad. We need to be more forthright in spelling out the benefits of trade. And not just the economic benefits, but also explaining how trade is intertwined with security, political cooperation, and the spread of democratic values.

Some say that we must be cautious about pressing for free trade because of slower economic growth. I say that the most important time to show support for free trade is during periods of economic uncertainty. Protectionism only depresses investor confidence and prolongs sluggishness.

Expanded trade - imports as well as exports - improves our well being. It leads to better jobs, with bigger paychecks, in more competitive businesses - as well as to more choices of goods and inputs, with lower prices, for hard-working families and hard-driving entrepreneurs. In the United States, exports accounted for over one-quarter of our economic growth over the last decade and support an estimated 12 million jobs. For the European Union as a whole, exports accounted for an estimated 45 percent of economic growth during the 1990s.

NAFTA and the completion of the Uruguay Round contributed to the longest period of economic growth in U.S. history, with levels of full employment and without inflationary pressures, beyond the forecasts of any economist. The two agreements have resulted in higher incomes and lower prices for goods, with benefits amounting to \$1300 to \$2000 a year for the average American family of four. When trade is restricted, hard-working families are forced to devote a larger portion of their paychecks to more expensive food, clothing, and appliances. Trade protection is a hidden tax on every consumer.

Trade is also essential for economic growth in developing nations. A recent World Bank study analyzed the economic performance of globalizing and non-globalizing developing countries. The study found that in the 1990s, the income per person for globalizing developing countries grew more than 5 percent per year. For non-globalizing countries, annual incomes declined by more than 1 percent per year. The study also found that as trade grew and economies expanded, people with lower incomes realized a proportionate share of the benefits. Absolute poverty in the globalizing developing countries has dropped sharply in the last 20 years.

Free trade is also about freedom. As President Bush has said, "Economic freedom creates habits of liberty. And habits of liberty create expectations of democracy."

NAFTA, for example, was a key to the political transformation of a modernizing Mexico. It is not a coincidence that after NAFTA's implementation, Mexico elected its first president from the opposition, Vicente Fox, since that nation's revolution. And as the political system in Mexico has been liberalized, NGOs and a truly independent press have sprouted. At the recent Summit of the Americas, the leaders agreed that any unconstitutional alteration or interruption of the democratic order in a state of the hemisphere would disqualify that government from further participation in the Summit of the Americas process.

Open trade means more competition, less government regulation, and less red tape. That translates into fewer opportunities for corruption. Corruption is a rot that chokes off economies and undermines political legitimacy.

We need to pursue free trade in a way that is consistent with our values and draws on our compassion - whether as conservatives, liberals, or European socialists. For example, the Bush Administration is committed to a flexible policy on intellectual property as it relates to medicines to treat HIV/AIDS. This flexibility, afforded by the major international trade agreement on intellectual property, enables countries and companies to help deal with this tragic pandemic by encouraging low-cost access to critical medicines. Yet the preservation of intellectual property rights is also necessary to spur the research on and innovation of yet-undiscovered medicines and treatment that might prevent or cure other deadly diseases.

We should explain how trade, economic growth, and open societies are integrated with and mutually supportive of our efforts to promote health, improved environmental conditions, and labor standards. We should be willing to consider a range of ideas for improving the labor and environmental conditions of our trading partners, as long as actions are not protectionist and remain attentive to sensitivities about sovereignty. We might use incentives, not just disincentives, to encourage better environmental protection and respect for core labor standards. Incentives can be related to aid programs, financing through multilateral development banks, and preferential trade. We can target subsidies that harm the environment, for example, for fishing. We can also strengthen the role of complementary specialized institutions, such as the International Labor Organization. In an effort to create a more transparent and open process to help address the interconnection between trade and the environment, the United States is conducting environmental reviews of draft trade agreements. For example, we are now undertaking environmental reviews of the Free Trade Area of the Americas and, with typical American optimism, the agricultural and services sectors of the new global trade round in the WTO that we hope to launch this year!

For all the benefits of trade, we must also recognize the anxieties it engenders. Trade spurs change. And even when change unleashes benefits, it frightens people.

Minister-President Kurt Biedenkopf of Saxony has pointed out that the objective of government should be to achieve certain social goals, not just to preserve particular social systems. I have a similar view. Rather than trying to turn back the clock with outmoded protectionist strategies, which hurt precisely the people who need the help, we need to assist in the difficult adjustment to allow our citizens to benefit from new realities. We need better schools, which promote lifetime learning, because our citizens must have the ability to adapt to the demands of rapidly and consistently changing economies. Taxes need to be reduced, so hard-working taxpayers can keep more of their earnings and save for life's uncertainties. And we need to reform our pension programs, because it is the elderly who are least able to adapt to change.

U.S. Strategy

President Bush recently stated that America's limited ability to advance the trade agenda over the past few years "has had real costs for the American people." Make no mistake: We are back at the free trade table.

The Bush administration's trade agenda will encourage the development of integrated networks of dynamic and entrepreneurial systems energized by private initiative and capital. We recognize the importance of innovation, experimentation, and competition. We believe that the most appropriate role for government is to provide a hospitable market environment through the promotion of property rights, flexible labor markets, low taxation, and sound money.

As Harvard Business School professor Michael Porter has pointed out, Scandinavia developed a thriving wireless telephone industry because it created the Nordic Mobile Telephone standard in 1981, not because of government planning, subsidies, or protection. Similarly, both Japan's automobile industry, and India's software industry, have succeeded precisely because they have been exempted from most designs by bureaucrats to enhance competitiveness. Successful companies have listened to customers, not to government planners.

To promote an effective international economic system, we should also strive for creativity in governance. In the modern, wired world, government will become increasingly ineffective if it fails to keep up with societal changes. Rather than struggle to preserve hierarchical structures that are predicated on old command and control systems, we should ease the way for distributed networks based on empowerment, flexibility, and openness.

This logic of governance should extend to the rules of our trading system. To enable businesses, economies, and societies to change to meet the challenges of new circumstances, our trading rules should be flexible enough to respect different national approaches while consistently challenging actions that discriminate against others and thwart openness with protectionist barriers. The rules of our trading system should foster transparency, competition, anti-discrimination, and respect for local governance - subsidiarity, if you will. They should not create a new, global regulatory model. A "one-size-fits-all" regulatory structure would choke off the ingenuity, initiative, and innovation that will enable our citizens to advance their lives, liberties, and livelihoods.

Our trade policies need to anticipate how regional and national systems will interact with each other. With commerce increasingly being conducted across, not within, national borders, issues that were traditionally the subject of national regulation now intersect with decisions made in other countries. For example, global e-commerce strategies depend on local rules about information privacy. The international agricultural trade depends on local standards and inspections pertaining to human health and animal and plant disease. Equipment sold around the world must meet different rules for safety and performance.

The trading system should respect local differences that reflect the decisions of sovereign governments. In some areas, we may be able to agree to harmonize rules. But it is more likely that we will need to work to achieve a compatibility of distinctive regulatory systems. For example, we might agree on mutual recognition arrangements for different standards. We can agree on due process principles for the establishment of rules - including public notice, an ability to comment, transparency, and making decisions in a non-discriminatory fashion. We should seek to base scientific standards on methodology and research that stands up to independent scrutiny. In dealing with change, we need to recall the traditions of Europe's Enlightenment, with its respect for reason, and not those of Europe's Inquisition, with its retreat to fear.

We should also look for ways to enhance non-governmental cooperative ventures to promote more appreciation of alternative views, and if possible, accommodation - such as the Trans-Atlantic Business Dialogue and the Trans-Atlantic Consumers Dialogue. We need a system that recognizes that government does not need to provide a remedy for every private sector problem.

Let me highlight five particular elements of the U.S. trade agenda:

First, President Bush will advance free trade by pursuing global, regional, and bilateral trade agreements. We will help launch a new round of global trade negotiations in the World Trade Organization later this year. At the same time, we will pursue regional agreements such as the Free Trade Area of the Americas and bilateral agreements with countries such as Chile and Singapore. These initiatives are complementary. By moving on multiple fronts, we can create a competition in liberalization that will promote open markets around the world. We can also experiment, learn from the experience, and forge models of success that we can apply elsewhere. Our most important aim in these negotiations is to cut taxes on trade and reduce other barriers to competition - whether for services, industrial goods, or agriculture.

Second, we will seek to extend the benefits of trade liberalization to the developing world, and thereby integrate these countries more effectively into the global economic system. Yet if developing nations are to realize free trade's benefits, we need to support them to expand their capacity to take part in trade negotiations and to assist in the implementation of complex trade agreements.

Therefore, I am pleased to announce that the United States will contribute \$1 million to the WTO's Global Trust Fund for Technical Assistance. This money will provide trade officials from developing nations with new technology as well as specialized seminars and workshops offered by WTO officials. By helping developing nations advance through trade, we hope they will work with us to promote trade.

Our goal should be to support the developing world's transition from debt forgiveness and aid to growth and trade. Special preferential trade liberalization measures, such as America's African Growth and Opportunity Act, Andean Trade Preference Act, and Caribbean Basin Trade Partnership Act, or the EU's "Everything but Arms" Initiative, help lay the foundation for a future of sustainable prosperity. If we shut their products out of our markets, we are shutting the doors on their future.

Third, if we are going to maintain public support in our own countries for open trade, we will need to provide assistance to those who will find it difficult to adjust to the changes unleashed by technology, trade, and other forces. Although capital and information moves markets in moments, some industries and communities cannot adjust so rapidly. Understandably, frightened people will call for protections. But a failure to adapt and improve will not restore companies to profitability or revitalize communities. Instead, we need to consider the creative and targeted use of safeguards if businesses and workers restructure seriously so as to be able to compete effectively. For workers who will lose their jobs, we need improved assistance, training, and placement. Experience has shown that early adjustment efforts, involving private sector networks, help people get back on their feet most quickly and effectively. We need better transitions, not protectionism.

Fourth, we need to align the global trading system with our values. We can encourage open and efficient markets while respecting national sovereignty. We can encourage respect for core labor standards, environmental protection, and good health without slipping into fear-based campaigns and protectionism. And we must always seek to strengthen freedom, democracy, and the rule of law.

Fifth, transparency should become a hallmark of all future trade negotiations and trade agreements. It will build public awareness, underscoring that trade is not the exclusive province of babbling bureaucrats and agitated activists. It will counter corruption and reveal the protection of special interests. The United States was part of a recent innovative step taken by the 34 nations participating in the Free Trade Area of the Americas: The Western Hemispheric democracies agreed to make public the preliminary negotiating text of our agreement - to open the process and contribute to a more informed debate on trade. The WTO should follow suit and make its adjudicative proceedings public, reveal panel decisions promptly, and encourage more exchange with outside groups and other international organizations.

Conclusion

It is a privilege to be at the center of the trade debate at such an historic time. Open trade reflects the spirit of the new century.

At the beginning of the 20th century, revolutionary changes in information, communications, technology, commerce, and finance were shaping the environment for global politics and security. And so it is at the beginning of the 21st century.

The United States and the European Union should leverage this dynamism to open minds and to open markets. Our policies must promote these global trends. We must take practical steps to move the world toward greater freedom and promotion of human rights by linking ourselves to the agents of global change: the new networks of free trade, information, investment, and ideas.

We will have occasional disputes, but the root of our relationship remains strong and healthy - the deep, historic root that honors an individual's right to economic, political and human freedom. And if we tend

to it properly, that root will spawn a century of prosperity and freedom unequalled in human history.


Earlier in my speech I quoted a European statesman, Winston Churchill. I will close with a timeless message from an American statesman, Thomas Jefferson. "The price of liberty," he said, "is eternal vigilance."

The vigilance of the United States and the European Union produced tremendous progress in the 20th century - conquering national socialism, communism, and defeatism; creating a framework for peace and security; and spreading prosperity and democratic values throughout the world. But there is no guarantee this progress will continue uninterrupted in the century ahead. We must remain vigilant in tending to our relationship, while simultaneously promoting our fundamental values.

By pursuing this hopeful vision - and by modernizing it based on hard-learned lessons - we can set a course of peace and prosperity for the Euro-Atlantic community and the global system - not just for a year or two, but for decades to come.


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WASHINGTON, May 31, 2001 -- The United States must take advantage of this moment in history to examine the state of the world and to review its defenses, said Defense Secretary Donald H. Rumsfeld.


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Rumsfeld, during an interview with American Forces Information Service, said the strategic review he is conducting has no preconceived notions and that any new strategy will be based on facts.


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
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Rumsfeld said the review may or may not change the National Security Strategy of the United States. Last amended in 1995, the document is the blueprint for defending America and American interests.


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
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"When (President Bush) said he wanted a review he didn't say he wanted a new strategy," Rumsfeld said. "He said he wanted a review, and that's what's happening. We have been engaged with the military and civilian side in reviewing ... the nature of the world, our circumstance in that world and the kinds of capabilities that we're going to need. Whether that will result in a new strategy or not depends on what comes out of that process."

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He said any changes to the National Security Strategy would have an enormous impact and therefore would have to be carefully considered and done in conjunction with many government agencies and the Congress. For the past decade, for instance, the basis for the U.S. military's size is a requirement to be able to fight and win two nearly simultaneous major regional conflicts.

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"An awful lot has changed in the intervening period," Rumsfeld said. "Will we change that? I don't know. We're looking at those kinds of things now. It will be thought through very carefully and become part of the Quadrennial Defense Review. It would go through extensive interaction with Congress."

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Updated: 31 May 2001

Rumsfeld sees some correlation between the turn of the 20th century and today. Those in power at the turn of the 20th century thought they had seen the end of war. They said the world was too interconnected, too liberal, too pacifist to contemplate war.

"Those who were complacent at the turn of the 20th century were wrong," he said.

"They weren't wrong a little, they were wrong a lot, and millions of people died.

"When you get up in the morning in a country that's at peace and you're able to walk out the door and not have to look to the left or look to the right and see if someone's going to machine gun you or throw a grenade, you get used to that. You begin to feel that's the nature of things that's the way it's going to be, and we can relax and we can enjoy ourselves and not be concerned about threats to our freedom or threats to our lives."

But that would be a mistake, he said, because history demands constant vigilance. "But there is a difference today," Rumsfeld said. "The difference is the weapons are vastly more powerful, more deadly and more lethal. The reach of those weapons is vastly greater."

At the beginning of the 20th century, people worried about neighboring countries. With the reach of modern weapons, all people should be worried, he said. "Therefore, the penalty for being wrong is enormous," Rumsfeld said. "What we need to do as a country is recognize that and to recognize the difficulty of seeing the future."

He said that when Vice President Dick Cheney went through his conformation hearings to be defense secretary in 1989, "not a single senator asked him about Iraq. The word never came up. And a year later, we're at war with Iraq in the Persian Gulf.

"It made me wonder what name of a country or what word for a military capability wasn't mentioned during my confirmation hearings four months ago that within a year could come up and dominate our lives.

"(This is) the kind of thing that has happened every five- or 10-year period in my lifetime," he said. "The Shah of Iran was the regional power that we were helping and supporting and working closely with (in the 1970s). A year later, the Ayatollah was there and (Iran) was the center of anti-Western, anti-American hostility in the world."

These violent swings are breathtaking, he said, but, "If you think about it, the United States of America, for a very modest amount of money -- something like 3 or 3.5 percent of our gross national product -- can have an insurance policy (the military) that will enable our country to live in a peaceful and stable world.

"If we fail to provide that margin of safety, if we say, 'Well, we don't want to spend 3.5 percent or 3.2 percent (on the military), we want to spend 2.5 percent of our gross national product,' and we're wrong, the penalty is just enormous.

"The cost in human life to be wrong, the cost in hundreds of billions of dollars to be wrong -- that's not a mistake we want to make."

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