

A Future Good for the U.S. and Even Better for Belgium

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Cercle de Lorraine
Ambassador Howard Gutman

Bonjour. Goede middag.

Nederlands is niet gemakkelijk voor mij; het is heel moeilijk. Ik heb zo veel respect voor de schoonheid van uw taal dat ik niets meer ga zeggen in het Nederlands.

Et mon français est mauvais aussi. J'étudie les deux langues, un jour le français and l'autre Nederlands, et pour moi, les deux sont difficiles.

It is a pleasure to be here today to meet with all of you, the members of the Cercle Lorraine here in Belgium, and even more so, leaders of Belgium. To be here for my second time, as I first spoke at the Cercle Lorraine in June, 2010, nearly three years ago.

It is also a good time clock, a good measure, as to when it is time to complete my service as an Ambassador – you see, as I will briefly discuss a bit more later, this July will mark four years that I will have been serving as U.S. Ambassador to Belgium. That is the second longest tenure of any U.S. ambassador here since World War I. And so, I will have to finish as ambassador this July and be leaving the State Department as well.

But it seems that the clock must be about right: You see, the first time I spoke here, this was the issue of the club magazine announcing my speech. [HOLD UP MAGAZINE]. But, now, the second time, this was the cover of the issue of the club magazine. [HOLD UP SECOND MAGAZINE]. Boy, how fast the fall is the second time.

I wanted today to share some thoughts perhaps about next steps -- about tomorrow for Belgium, for America, for our economies, our politics, and our Belgian-American relationship.

You see if you like to think about government, about politics, about economics and economies, can there be any better two places to focus on than Belgium and America? We have so much in common . . . both countries even adopt dramatic names for our political conflicts. I thought Belgium showed great flair and originality when everyone in the country walked around talking about "B-H-V". What a good name for a political stalemate. I thought that name for a political conflict would be hard to top. But just leave it to America to beat it, because we survived "the fiscal cliff" just to run smack into the "Sequester."

Let's focus first on economics and economies; then we can look at politics, and then our relationship.

As to America, although we still have a bit of a political cloud cover, although the skies can still seem somewhat gray from the smog of politics, I think to a large extent our economy consists of mostly sunny skies. While some people viewed the American economy as defined by three years of economic

crisis, I tend to view it more as one year of economic crisis that was then tackled and from which we largely recovered, but the success of some of that recovery was masked by nearly three years more of political crisis and stalemate.

In hindsight, I think our economic crisis consisted largely of three problems that were tackled quite a while ago. First, we along with Europe had lax financial regulation, and so when elements of the economy began to falter, when the foundation shook, the buildings toppled. America and Europe have long ago responded with significant financial regulation and shored up the foundations.

Second, our housing market and to some extent our industry had profited from the loose financial regulation to record gains and growth never justified by reality. Some industries like the auto industry had never responded to shrinking demand. We had to go through a painful course correction -- the fall of housing prices, the closure and downsizing of businesses and the rise of unemployment -- Belgium has focused on the problems of overcapacity at Ford Europe leading to the closure of Ford Genk plant, but few realize Ford had to shed 22% of its US domestic capacity between 2006-2009 -- we had to make those course corrections before we could emerge on the other side and begin the ascent again. But we did that too, relatively quickly.

The third problem, the one that then appeared structural and the most difficult to overcome, particularly in any short run, was our dependence on foreign oil and runaway energy costs. We were borrowing from the countries in the East and paying \$800 million per day for fossil fuels exported from parts of the globe that were not always the most advisable, with the net result of costly energy. And in so doing, we were all at once undermining our national security, losing all opportunity to create job growth in any energy sector, watching our carbon footprint soar and with it the anger of our allies here in Europe, and making things difficult for American manufacturing, since the addition of high energy costs to relatively high labor costs created a hurdle often too high for our ingenuity and efficiency to overcome.

We have largely solved this third set of problems as well. Maybe we were just lucky . . . we found out we were sitting on a game-changing energy source of natural gas. Or maybe we instead were good in learning how to frack our way to securing that new energy supply – you know, sometimes you have to be good enough to know when you are lucky. Either way, by turning to the natural gas that we had long stood on but could not previously secure and by making significant progress in the techniques surrounding fracking, we have reduced our dependence on foreign oil from 64% to 47% and between now and 2020, we will become the largest energy producer in the world and a net exporter of energy. Because natural gas has only 50% of the carbon footprint of oil, we have reduced our carbon footprint more than any of the Kyoto signatory countries. And manufacturing is coming home, as we have made manufacturing too expensive in countries that boast low labor costs because they can no longer compete with us in energy costs. And by the way, I think Belgium, too, might well have gas in areas like Genk and could replace job losses at Ford, Arcelor Mittal and Caterpillar with new jobs in the energy sector, but only time will tell if Europe will pursue that path.

What has been the result of tackling the problems in our house? How sunny are the skies? Well, plainly we still have a ways to go and as the “fiscal cliff,” “debt ceiling,” and “sequester” disputes demonstrate, our democracy is always worth the price but never that easy. But still, the crisis saw

unemployment soar from its usual 4.9 % to over 10% with a threat to go much higher. As of today, we have increased private sector jobs for 37 months in a row and our unemployment has fallen steadily from the 10.1% to 7.8%. Housing prices are rising once again. In the years after I arrived, Belgians used to ask me what they should buy in the U.S.? Where should they invest? Without fail, I used to respond that they ought to buy the whole state of Florida, everything was at bargain prices. It is still worth it to buy, but the day of the steal deal is quickly fading as we recover.

And because world economies are largely one big boat – we either rise together or none can rise for long, our recovery has aided Europe and Belgium. Belgian exports to the U.S. this year are up 40%.

Yet as I noted the recovery has been slowed somewhat by our deep political divisions and the lack of consensus. Before moving here, I used to wonder how well the U.S. could do if we did not have political divisions—if we were a politically unified country where all believed in the same fundamental policies. If for example, instead of dividing 51%-49% in our election, between Democrats and Republicans or left and right, 98% of our country all supported for example President Obama and everyone in Congress (or every Cabinet Secretary) agreed with him. Where an entire country supported health care, a women's right to choose, the importance of fighting climate change, of gun control, and the importance of the transatlantic relationship. I wondered what such an extremely politically unified country would look like. And then I got my answer – if all that happened, it would be called Belgium. I bet you never realized that, by dividing 98%-2% for Obama and his political positions over the opposing political positions, Belgium was actually the most politically unified country in the world.

So I learned that no matter how big or small your country, no matter how substantively unified you actually are or at least appear to be to outsiders looking in, the greatness of democracy is also its biggest challenge. Find two people and we will have 2 opinions and two opinions always move slower than one. But you have to love a country like Belgium where 50,000 out of 11 million run in October for political office, where every town was paneled with what to me looked like FBI Wanted posters of contenders for office, and where it took 541 days to form a government among a group of leaders who all said that in my country they would have belonged to the same party. And you have to similarly value a country like mine where a presidential debate can keep everyone in the country and many in the world talking for weeks. And if you have any doubt about the greatness of our politically inefficient democracies, about the greatness of Belgium last October or of the U.S. last November, just compare them to the selection of new leaders that occurred at the same time in non-democratic nations. There is no BHV or fiscal cliff in countries without democracy, but the citizens would relish having them.

As to the economy ahead here in Belgium, I don't have any answers and it is not for me to make the choices. But I at least see some of the issues that lie ahead. And so Belgium will have its choices. The economic news here is largely good – while Europe generally faces slow growth times ahead, Belgium is at least near or at the front of the pack. There are businesses like dredging companies screaming for more engineers and areas where help wanted signs still cannot be filled.

But with a growing diverse population, there are some urban areas with high unemployment, particularly among younger age groups. And so on my visits, many mayors and governors have asked

me about bringing American businesses, perhaps focusing on restaurants and retail, that could help with unskilled labor unemployment. And my job is to help double U.S. exports, so such a mission was consistent with my role as well. So I wrote to dozens and dozens of U.S. franchise restaurants and retail businesses that are already based in many countries around the world about expanding to Belgium.

But the effort has been difficult. It is in this area where high labor costs make such business openings and job creation difficult. I checked with both Starbucks and Le Pain Quotidien and the numbers are roughly the same. For an hour of labor for someone working there, all in with all costs counted, an hour of labor in the U.S. costs under 10 euros, in the UK it is 12 euros, in the Netherlands it is 15 euros and in Belgium it is 24 euros. In Moscow, unemployment is under 2 percent but the stores are open 7 days a week and often till 10 or 11. I recently visited a mall in Warsaw that rivaled anything I had seen in the U.S. and was way different from anything in Belgium, with 100s of modern stores, dozens of restaurants, a huge cinema, open 7 days a week for long hours and more. I asked my Commercial Officer to get me the name – and it turns out that there are three such malls in Warsaw that fit that description. Now Belgium is doing just fine without U.S. restaurants or gleaming Polish malls or long retail hours – but plainly the choices and the issues that it can focus on lie ahead.

Having looked at economies and politics, what about our relationship and our roles in the world going forward? After nearly four years here, I have discussed often but believe more than ever in the importance of Belgium, in the credibility of Belgium, in the need for Belgium to be part of the voices among world leadership.

As I have said often for the past nearly four years, there are many wonderful countries in Europe. But too often other countries and particularly Europe North and Europe South tend to speak past one another. Some countries speak simply to be heard, with sometimes predictable tones and messages. But Belgium is different. Belgium speaks past no one but to and with each one. Belgium never speaks simply to be heard. When Belgium speaks, it does so for only one reason – it has something to say. Though smaller and perhaps with less total wealth than some, Belgium I believe is a leader in credibility. And credibility is the most powerful force for persuasion and persuasion is the most powerful tool in diplomacy. And, as the seat of the EU and NATO, Belgium also has a stage when it so wants and a podium from which to speak to many others. And together, credibility and a pulpit combine to make a potentially very powerful voice.

Believing always in the power of Belgian credibility, our Embassy website for the past three and a half years has urged: "If You Want to Be Heard, Say It In Belgium." And, as you all know, Europe takes steps often to confirm this view, for example selecting then Belgian Prime Minister Herman Van Rompuy to lead the European Council and Karel de Gucht to lead the trade talks.

Belgium has been heard about Afghanistan. In 2010, President Obama asked for surge troops in Afghanistan, promising to foster civilian reconstruction and stability and promising to draw down troop levels when conditions permitted us to do so. While other allies struggled, Belgium responded favorably, went in with additional troops and indeed has supported NATO's efforts to begin the transition to an Afghan-led security effort. While some other new leaders have announced the complete withdrawal of all troops from Afghanistan this year, the new Belgian government announced that Belgium will remain side by side with America as we initiate the transition through 2014 and has

pledged the full amount of the NATO ask for post-2014 financial support to the Afghan security effort. I was in Afghanistan for three days last week, and it is showing the potential for a better future. But to get to that future will require the support of all including Belgium through the end of the military operations in 2014 and continuing financial support thereafter.

When human rights were at risk in Libya, Belgium helped lead flying 620 air to ground bombing missions in Libya while the United States played a supporting role. We armed and fueled allies like Belgium who put their pilots in harm's way in defense of the citizens of Libya as they demanded democracy and their human rights. Belgium has been heard about Iranian sanctions, closing the Port of Antwerp to the Iranian state shipping line and denying the regime in Tehran access to its financial system. On the need for compromise and action in the eurozone crisis. And on so much more.

And we, the U.S. and Belgium, have fixed our problems of the past, gotten by our very rough patches, and today form the strongest of partners. We have progress and we have momentum.

Of course, we had the strongest roots for a relationship as dear allies and partners, roots dating back to the two world wars. The liberation of Belgium by the United States and our allies after the devastation of 2 world wars is and will always remain a preeminent and unifying part of our history. I shall always be moved by the fact that Belgians never forget; by the fact that they today still tend to the graves that they have adopted of American boys who died over a half century ago.

But particularly because of how deep and how strong our roots are, the yesterday that existed when I arrived here in Belgium over three years ago – the yesterday of the mid 2000's -- is a place from which we may learn a great deal about foreign relations but to which we should never return.

You see, despite our history as the dearest of allies and the bonds that followed the world wars, in the mid 2000's, the relationship between us was widely described in the press as "frosty." As a result of policy differences, particularly over the handling of the Iraq war, the Belgian government considered closing the Port of Antwerp to U.S. ships, closing Belgian airspace to U.S. planes and subjecting U.S. officials to its law of universal jurisdictions for criminal charges in Belgium.

However the U.S. and Belgium got so far off track with each other, the U.S. had faltered in the minds and hearts of the citizens of Belgium. We separated from the people. Indeed, the Gallup Polling Company started in 2007 to track public opinion in every country in the world concerning America and U.S. leadership. And the results of the first poll showed that in Belgium in 2007, only 8 per cent of the citizenry had a favorable view of U.S. leadership while 65% had an unfavorable view and 27% were neutral or had no opinion.

Think about that. 8% favorable and 65% unfavorable. 8 to 1 times as unfavorable as favorable. Could there have been a greater call for change? For renewed leadership to rebuild the partnership?

And it is not about and was never about a popularity contest. It is about results. When the citizens are frosty and cynical, politicians threaten to close ports and airspace. In that world of cynicism and mistrust, in that environment, both American interests of any sort and the Belgian-American relationship suffer mightily. Ex-pats must feel at least somewhat uncomfortable amidst their neighbors; tourists hide the tee-shirts or guide books that would identify them as American. And in

that environment of those days; U.S.-based businesses play down their home roots. And an Embassy finds frustration behind many doors. Indeed, diplomacy remains stalled at the door.

In that yesterday, we had lost our way with one another. We talked past each other. We failed to look each other in the eye.

We can not go back there again. That yesterday must continue to fade as tomorrow grows ever brighter. We should not return to that yesterday no matter who leads Belgium, no matter who leads the United States. No matter who the ambassador. No matter whether he or she studies French and Dutch daily and tries to build a friendship with the Belgian people by visiting every city, village and commune or, alternatively, spends more time at the Embassy and is less known to the public. You see, Ambassador Sam Fox, my dedicated predecessor, and President George Bush did not define America any more than Howard Gutman and President Barack Obama define America. America is 310 million citizens dedicated to the same values shared by 11 million Belgians – freedom, democracy, respect for our fellow men and women and for the brotherhood of citizens, love of family, pride in work, curiosity about tomorrow and much more. America is not about the guy on the lectern giving the long speech when we meet, but about all in the audience.

But the path of change was as identifiable as the path of destruction. It almost always is. You just need to identify causes and react with solutions. When we first arrived in 2009, we candidly admitted that the Belgian-American relationship had recently suffered and I explained the values of the then new President, the man who had sent me here. We promised to be better listeners and learners and to rebuild the partnership where it had suffered most – with the people. We outlined our plans as part of that reconstruction of the bridge with the citizens of Belgium to study both French and Dutch and to visit all of the people – to visit the 589 cities, towns and communes in Belgium.

We have to date worked hard to reap change, to rebuild the Belgian American relationship. President Obama. Secretary Clinton. As a country. As an Embassy, and even as an ambassador. We still study French one day and Dutch the next and we have to date visited 588 cities, villages, and towns. That leaves me just one to go and we have been holding that one to set the date for a big celebration the day I do it. The celebration will mark the Belgian-US partnership. It will celebrate our relationship with the whole of Belgium. So on that date, we will have a celebration inviting 600 guests – the 589 mayors, the 10 governors and the one Prime Minister. I met with the Prime Minister today to set that date.

And the last city that I have to visit was picked on purpose – it is Fourons or Voeren. Of course I recognize that it has had Flemish-Francophone tensions in the past. But when you look at Belgian-U.S. relations, Fourons/Voeren is part of our future together.

After President Obama and Secretary Clinton came in, the international polls changed. But in the latest Gallup Poll of all the countries in the world that came out on May 1 of last year, the eurozone crisis and Afghanistan fatigue contributed to the favorability rating for US leadership losing ground in much of Europe.

But we have been proud to note that in that same international poll released by Gallup in May ---10 months ago –Belgium finished first in the world with the highest gain in favorability rating for U.S.

leadership. There was another 16% gain in favorability and another decrease in the unfavorability so that the rating – which was 8%-65% just 5 years ago -- now stands at 46% favorable and only 22% unfavorable – a more than 2 to 1 edge in favorability where a 1 to 8 rating once stood. Which means that Belgians view American leadership today more favorably than Americans view American leadership.

And again, this was never about a popularity contest. With the change in public opinion, came the change in action that we discussed: among other places, in Afghanistan, in Libya, and the other advances we discussed.

Rebuild a partnership and they will come.

And that change also means that Boston Red Sox tee shirts and U.S. guide books have reappeared in the Grand Place. Tourists are proud to meet Belgians and to talk about their country. It means that ex-pats again proudly discuss their home. U.S.-headquartered businesses operating in Belgium recruit employees and customers by flagging their U.S. roots. The Embassy often finds smiles, not frustration, at the door, which is usually wide open for the diplomacy of discussions among partners.

And yet, I learn never to be too confident, never to stop communicating and working on mutual understanding. For we still sometimes talk past one another and often the fault for the communication gap is mine. Sometimes it is about how much we value Belgian leadership and Belgian credibility. As you know, I value it deeply and often push Belgian officials to have Belgium speak loudly and clearly – to have Belgium lead – on issues that it can do so on. On terrorism. On security. And yet we do not always fully agree.

A recent example occurred just a couple of weeks ago. Bulgaria released a report condemning Hizbollah for having perpetuated the terrorist attack last July in Burgas – that killed a Bulgarian and wounded many others and also killed 5 Israeli tourists. Cyprus too is trying a case right now for terrorist plotting on European soil by Hizbollah. So the Dutch have long condemned Hizbollah as a terrorist organization and the British have also designated the military wing of Hizbollah as a terrorist organization, a step that, if taken by the EU as a whole, would freeze the financing of Hizbollah terrorism throughout Europe. And in response to the Bulgarian report, many other European countries including even Latvia at least condemned terrorism and congratulated the Bulgarians.

I have urged Belgian authorities to speak out in support of the Bulgarian investigation, as these other EU member states have done. The Ministry of Foreign Affairs has so far only issued a statement acknowledging the investigation and awaiting the final report of the investigators. I understand Belgium's caution in this case, but again, this is an instance in which other EU member states would listen to Belgium if it spoke out boldly in favor of more robust action against Hizbollah. Belgium has a leadership role to play in this arena, and as a major trading hub for Europe it has an interest and a responsibility to ensure that its banks and trading infrastructure are not being used as a conduit for terrorist financing.

Similarly, we still talk past each other on issues involving the Israelis and the Palestinians. Three times the Palestinians have sought tactical advantages in the UN – including UNESCO membership and non-state membership status in the General Assembly. Three times we, the US, thought Belgium should

abstain on such votes and help lead Europe to abstain. But on the day of each vote, when EU consensus was not achieved, Belgium decided to cast a ballot supporting the Palestinian request.

Now, though many in the press did not so state, the issue concerning the Belgian vote never really was about helping the Palestinians – you see, whether or not Belgium abstained, whether or not Belgium led Europe into abstaining, the vote was going to admit the Palestinians to UNESCO and the General Assembly.

So, although media and some political leaders analyzed the issue only from the perspective of Israel or of the Palestinians, lost in the discussion was the focus on Belgium and Belgium's role as a credible force in the Middle East working towards that long term peace agreement. You see, recognizing Belgium's credibility with both parties, I had seen US leaders meet with the then Belgian foreign ministers to coordinate voices in our overtures and efforts with both Israeli and Palestinian leadership. An abstention vote would not have hurt the Palestinians or helped the Israelis, it would instead have highlighted Belgium's role as a credible interlocutor in the Middle East and a credible force for peace. And in that vote as in every vote, I believe in Belgian credibility and I will never sell Belgium short.

With that issue in the rear view mirror, there will be other issues that will raise difficult choices but for which a Belgian vote to remain among the credible world leaders may be difficult, but certainly will be worth the cost or challenge. As Norway, Denmark, the Netherlands and the UK have made efforts to update their Air Force by buying new F35s – never an easy decision and ever the more difficult in a time of budget squeezes – Belgium is still considering the issue. It is far too easy for some to ask why the country needs to replace its F-16 fleet. But I believe whatever plane Belgium chooses, Belgium needs to maintain an equally modern military and deserves to maintain its voice as a small but reliable partner in NATO, a voice among the leaders.

And on more. On the leading issues today, Belgium can help and can help leading others who have to decide as well. I for one believe in nothing less.

But as I mentioned earlier my time will soon be up. This July will mark four years since I have been in Belgium which means that I will be ending my role as ambassador and leaving the State Department. I hope after I leave to sit on boards and to consult for companies, businesses and the like. And I hope that my future path will bring us back to Belgium often – for wherever we are, a part of our heart will always be here.

Thanks so much and all the best.