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Madame Chair, Executive Secretary, Excellencies, Ladies and Gentlemen.

With gratitude and humility I thank you for the privilege of your invitation to this solemn event.

Needless to say, I join all those who have congratulated UNECE to its 70th birthday.

The jury is still out about the relationship between globalization and regionalization, the role of statehood and the meaning of the market for politics. Who and what serves human dignity best? Who and which structure contributes best to a better world? Some analysts claim that globalization, state autonomy and democratic rule are irreconcilable: one can only have two of these realities at a time. Some wonder whether region-building is an obstacle to globalization or rather its precursor. Yet other academics argue for a better pragmatic balance between nation-

building and regional integration. The origins of these and similar provocative questions lead us back to ideas developed in the 1940s about preconditions for global peace. In the midst of terrible times, debates began between functionalists and institutionalists which continue to this day. Functionalists argued that a pragmatic increase in interdependency would reduce political transaction costs and enhance economic cooperation. The less politics there is, the better it would be for economic cooperation – and eventually for peace. The promotion of free trade was, and remains, at the core of this conviction. Institutionalists, on the other hand, argued that political choices and solid forms of transnational regulatory governance would be necessary to achieve sustained economic cooperation and real forms of integration. According to the cost-benefit assessment of this theory, institutional interdependency reduces autonomy on the one hand, but facilitates legally binding structures as a precondition for regulatory governance with better predictability among partners, on the other hand.

The United Nations and its agencies started as functional tools in support of global peace. Over time, so was the hope, institutional rationality would turn functional objectives into lasting forms and accepted norms. Form would follow functions, primarily out of self-interest. The United Nations has achieved many good results. The limits of functionalism, however, have not disappeared. National sovereignty remains the cornerstone of the global system. Ultimate questions of the management of power and the taming of geopolitics have not been resolved by functional international cooperation. A single global trade regime has not emerged in spite of a global organization dedicated to this purpose. Global governance remains incomplete. The responses of UN member states to the idea of region-ness remain different to this day all over the world - both in geographical terms as well as with regard to the content of any regional arrangement. Some states continue to prefer autonomy, as much as possible, coupled with free-trade arrangements and loose functional cooperation. Other states had to cope with

disintegration and the need for new concepts of nation-building and re-integration. Again others moved from market integration to political union. For decades, the common denominator was the hope that UN member states had learned lessons from history. The idea of overcoming the past was very much the driving force shaping debates of the last decades. Today, this framework of thinking is changing, if not unravelling. The organizing principle is no longer the past, but our new encounter with the future, its opportunities as much as its unpredictability. Lately, speculation and uncertainty about the future have replaced historic narratives rooted in reason and memory. What was meant for decades to provide certainty and direction has been challenged by questions about credibility and the effectiveness of leadership. This is the ultimate paradox of our time: Ideas and mechanisms meant to ease vulnerability and tension in the service of peace have come under suspicion of facilitating fragmentation and failing by silently enabling fragility. To rethink preconditions for stability and obstacles to resilience is of the essence today. To rethink the meaning of national sovereignty under conditions of ongoing yet incomplete globalization is of the essence, too.

I clearly distinguish between regional arrangements which aim for trade expansion through deregulation and norm-setting, and those regional groupings which accept regulatory regional governance based on policy preferences and enforced by legal mechanisms. The controversies between the advocates of either option will not disappear any soon. But since the proponents of either path are exposed to the same degree of vulnerability and tension today, it is worth reflecting on some insights from comparative research on region-building – my preferred term which I loosely use to accommodate all variants advocated in this distinguished audience.

1. A cooperative interpretation of sovereignty or the choice for region-building depends on trust. Trust, in turn, depends on perceptions of mutual respect and the predictable calculation of one's partners. Empirical research around the world reveals an unpleasant insight. If taken seriously, any form of regional cooperation and integration adds value, but it also influences the internal realities of participating states, which traditionally have been sanctuaries of national sovereignty.. Regional choices promote regional gains but they inevitably affect domestic realities and the degree of autonomous decision-making. Academic evidence shows an inevitable spill-over of economic integration efforts – if taken seriously - into the political sphere and, especially, into legal dimensions related to regulatory governance. Whatever one's personal preference may be: The different logics of politics and diplomacy, of law and regulatory governance, and of market forces and market failure overlap exponentially. Over time, they do interlock but they also inter-block. They often clash, and the more so as one gets into details of honest and sincere, deep regional cooperation or even regional integration. Taking cooperative forms of the use of national sovereignty seriously, disputes and conflict of aims will occur. Progress acceptable to all states depends on the method chosen. Experience teaches us that implementing decisions and norms works better when coupled with incentives rather than with sanctions. But too often, we think of sanctions and of sanctions alone if we try to implement what has been agreed upon. Maybe we should support incentives to invent incentives.

2. Region-building has to grow from within a society and its effects must be accepted by the different interests which exist in any society. Functioning states depend on functioning societies which may demand, but which also need to accept the results of effective political decision-making. This cycle is of global relevance. No regional indicative strategy can transcend this hard reality. Region-building of any degree – like development - will fail, if it is considered

merely a phenomenon of social and economic engineering. Social engineering cannot overcome deficits in ownership, legitimacy and the operational functioning on the national or even sub-national level anywhere. This unavoidable reality is even more relevant for region-building efforts with a political and governance dimension. Up until now, research evidence supports the argument that only countries which share rule of law based democratic forms of governance at home are inclined to develop deep and trust-based regional governance mechanisms, including common legal arbitration mechanisms. But even such countries can get into serious crises in integration, often bordering on crises of integration, as the EU currently demonstrates. Regulatory governance, even in the sphere of technical norms and standards, is never non-political. Sooner or later, regulatory governance will encounter political preferences and differences. Even the slightest standardization might be considered a threat to existing political interests. I add an uncomfortable insight from research: While in the past, states resolved to either control or break monopolies in the private sector, region-building challenges the monopolies invented by states over time to protect related loyalties and vested interests. The more seriously it is taken, the more region-building, to put it undiplomatically, is a challenge to monopolies protected by state preferences. Only if this uncomfortable insight is considered more of an opportunity than a threat, can region-building generate more lasting win-win-situations within and among states.

3. Region-building should promote resilient states and societies. This is what the 2030 Agenda for Sustainable Development states. Its goals are fine, but the 17 UN goals leave it to the real world to cope with conflicting aims and clashing interests. A way to facilitate the realization of the 2030 Agenda would be the promotion of resilience. This term has become somewhat fashionable, but nevertheless it is relevant. Resilient states will be better positioned to accept the usefulness of balancing nation-building with region-building. Resilient states are a

precondition for resilient region-building. Resilient are those who cope best with stress. As an individual, we consult a physician to test our resilience. But how could one invent a stress-test for states? And who could do it? Could UNECE be the right institution to develop stress-tests for countries across its region and beyond? This idea may collide with the current UNECE role. But which institution other than the United Nations could be in a better position to invent stress-tests for states? Among other objectives, stress-tests would be a prerequisite for deeper region-building and, eventually, for a more stable and predictable global order.

Under current global conditions, the notion of cooperative sovereignty has to be upheld and refreshed. In Tomasi de Lampedusa's novel "The Leopard", Don Fabrizio is told by his younger nephew that everything has to be changed in order for everything to remain the way it is. In this novel, Don Fabrizio was ready to live up to the wisdom of renewal in the eighth decade of his life. UNECE is entering this stage of wisdom now. May I thus conclude by wishing UNECE the collective wisdom of all its member states in our days of upheaval: To provide humanity with a regional umbrella of cooperative sovereignty which allows diversity to thrive and nevertheless facilitates the growth of the fruits of honest transnational co-operation.