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“TOWARDS A UNION THAT IS FIT FOR THE GLOBAL ERA”

Speech by Minister De Gucht at the European University Institute
in Florence, Italy.

Dear Professors,

Ladies and Gentlemen,

Almost two years ago I presented before your Institute my speech “deliver in order to win the debate”. On that occasion I shared some of my reflections regarding the outcomes of both negative referenda in the Netherlands and France. At that time we faced – yet another- difficult, crisis-like situation in the long and unfinished story of European integration. Perspectives were grim and options –let alone solutions- were scarce.

Moreover, doubts were cast about the Union’s ability to deliver.

But as time goes by, we find ourselves - two years and a rather ineffective ‘reflection period’ later - on the eve of a new attempt to salvage the EU constitution, or at least its substance.

The core of my message today is that I believe the European Union is at a pivotal moment in its history. The first fifty years of European integration were primarily focused on the construction

of the European Union within our own borders : the internal market and common policies in the field of agriculture, competition, transport and so on. But today the effects of globalization make up a set of challenges that require Europe to spend more of its political energy on projecting its values and looking after its interests in the world outside. However it is my firmest belief that doing so can only succeed if we are and remain open to the world: Let us go more global and equip the Union for that goal.

I sense the Union is in a more favourable position to break the deadlock over Treaty reform than it was two years ago, in the aftermath of the Dutch and French setback.

For a start, the economic climate and therefore the general sentiment of the public has brightened a lot. Europe is producing vibrant growth and jobs, and the gap with the US is closing somewhat.

In large parts, and thanks to these better prospects, citizens seem also to have reconnected with mainstream politics. A turnout of more than 80 % in the French elections is very high indeed, and the extreme right got the lowest support in presidential elections in twenty years. The vote in the Netherlands brought to power a stable coalition with a precise negotiating mandate on Europe.

In short, the legitimacy of European governments has been on the rise, although recent events in some member states suggest we should not generalize too quickly.

In the mean time the rift over Iraq has been healed to a large extent, which is an important delivery. But let's go briefly over some other achievements of the past two years, beginning with our **Common Foreign and Security Policy** :

- This has proven to be a true multiplier for EU influence. I will just mention a few concrete examples:
 1. EUFOR ALTHEA and EUPM in Bosnia-Herzegovina have successfully ensured compliance with the Dayton agreement and contributed to the maintenance of the safe and secure environment. These efforts have a positive effect on the further stabilization of Bosnia-Herzegovina and on achieving indispensable progress towards a European perspective.
 2. EUFOR DR Congo - in support of MONUC – has turned out to be decisive to keep Congo on the path of democracy. It provided deterrence and its intervention was instrumental in bringing calm and ensuring that the election process in the DR Congo took place as planned.
 3. Lebanon. Following Israel's invasion, the EU has been united and steadfast in trying to foster a diplomatic solution within the framework of the UN. Without

Europe there would not have been UNSC resolution 1701, no expanded UNIFIL (EU Member States contribute up to half of the 15.000 troops).

4. SG/HR Javier Solana has been taking a leading role in talks with the authorities of Iran on its nuclear programme.
5. The EU's Monitoring Mission in Aceh contributed greatly to the peaceful, comprehensive and sustainable solution to the longstanding conflict in this Indonesian province, which materialized in the aftermath of the terrible tsunami disaster.

The examples above clearly illustrate the *global* coverage of our CFSP. Since 2003, the EU has undertaken no less than 16 (military and civilian) ESDP-missions or operations in 3 different continents of the world.

But also in many other fields Europe has been delivering over the past two years. Let me name some of the achievements :

- We managed to find – in the end - an agreement on the financial perspectives until 2013;
- we also enlarged the Union with two new member states;
- we extended the euro zone with an additional member;
- we deepened the internal market further by agreeing upon a directive with regard to services on the internal market;

- we agreed on REACH regulation, a very ambitious piece of legislation on the testing, registering and evaluating of chemicals that will enter into force next June. It has a global impact and aims at a better protection of human health and our environment.
- we agreed on a framework program on research, development and innovation, the most ambitious ever, increasing its budget with 60% and opening it even more to the outside world;
- the EU took the international lead in establishing the ITER experimental research project on nuclear fusion, with the participation of Japan, USA, Russia, India, China and South Korea.
- we were able to lay the first foundations of both a European and Transatlantic airspace with the signing of the ‘Open Skies’ agreement. In two months from now, the negotiations for a second phase will commence;
- a Transatlantic Economic Forum will be created, as a result of the recent EU/US summit, thus becoming the second permanent forum for Transatlantic debate, after NATO.

Mr. President,

Ladies and Gentlemen,

Any speech on Europe this year also needs to pause briefly at the 50th anniversary of the Rome Treaty.

After 50 years Europe is still very much unfinished business. But the very nature of the challenge, together with the composition of the Union itself, has changed considerably over the last decades.

At the same time our world has turned into a global village. Economic decisions on the other side of the globe are felt directly in our daily lives, especially when coming from Asia. Enduring conflicts abroad become visible in our streets through refugees and immigrants. Communication systems evolve rapidly with seemingly endless possibilities. Our entire economic system is rapidly evolving. Emerging economies in Asia seem to challenge our political and economic leadership.

The consequences of all this, in combination with the often hard-felt effects of globalization, do however provide us with new incentives for further integration, and enable us to make a clear case for further European integration.

The challenges of globalization provide us with new arguments for further integration and these new arguments are at least as valid as those that we nurtured during the aftermath of World War II and well into the Cold War and its subsequent ending. These arguments therefore deserve the same high profile. I therefore strongly believe that Europe is a part of the solution, not a part of the problem.

When facing globalization, our biggest challenge in the coming decades will be to balance out its negative and positive effects. The progress made in research, technology and communication can be turned to our advantage when tackling problems as terrorism, climate change and energy shortage. Solutions must and will be found to socio-economic problems as migration (legal and illegal), persistent underdevelopment, volatility of global financial markets, rapid economic changes and growing interdependence.

As I mentioned before: Europe is part of the solution, not part of the problem. Europe is actively involved in the process of globalization and can bring an added value in tackling its challenges. But it is my firm belief that it can only do so by **opening to the world** through the further strengthening of its economic policy, on security and migration, on climate change and energy, on external relations (both political and economic), neighbourhood relations and finally on global governance reform. Let me briefly review each of these six domains.

I believe economic prosperity is the touchstone of Europe's success:

Without the creation of jobs, without economic welfare and its inherent openness to the world, there is no substance for any other policy measure. In default of concrete economic results the momentum of European integration will falter, as populism

—and the societal autism that comes with it— flourishes when economic times get bad. Therefore we must deepen the internal market, further widen the monetary union and strengthen its economic governance. The transposition of directives concerning the internal market must be improved, with zero tolerance for member states. We must continue to work on our internal market for research, development and innovation—the European research area— based on excellence, competition and openness to the world. Collective ecologic and social measures must ensure that the level playing field stays roughly balanced and that the market keeps a human face.

But equally, it is important that our external economic policy continues to be characterized by openness. Fortress Europe has never been a sound idea, and it is even less so in the current wave of globalization. Globalization is for our economy on the whole a very good thing and it would be unwise to ignore or to decline its huge benefits. What we need to do instead is help the losers in our society and adjust our system where needed through an active employment policy, so successfully pursued in Scandinavia.

People want to feel safe as well.

Against the backlog of the internationalisation of crime, terrorism and human trafficking, member states no longer have the means to look after security on their own, in splendid isolation. A stronger EU role is indispensable.

The security inside Europe must be strengthened and the measures hereto must be stepped up and adapted to the cross-border character of crime, but not at the detriment of privacy and the free movement of persons.

Legal migration also represents a European challenge. The population is ageing at a rapid pace and supplementary work forces will be needed to maintain prosperity even if we manage to get to full employment. So, without any doubt a European framework for legal migration is needed.

But security is not only about being protected from violence, but also from disruptions in the supply of essential goods, like energy, or in our habitat. **Climate change and energy security** are areas where the EU level is key in achieving tangible results.

The EU is a pioneer in tackling the challenges posed by climate change and energy supply. Both are at the basis of our future competitiveness, an international parameter by definition. Nevertheless the EU can only bring these challenges to a good end when its roughly 500 million citizens work together towards the same goals. To these ends we have set ambitious goals at the last European Council. The reduction of CO₂ is inextricably bound up with the problem of energy supply, diversification of energy sources, greater efficiency in our use of energy and the search for renewable energy sources.

Some key parameters come to mind :

- Global energy demand is expected to increase with 60% by 2030.
- Today Europe is importing 50% of its energy demands in oil, with an increase to 70% without a change in policy.
- The EU is the world's largest energy importer and the second largest energy consumer.

We urgently need to shift to a low carbon economy in a single, open and competitive energy market. European action in this field cannot be constrained to internal policy. Warming is global, energy shortage is global: a common external energy policy should therefore be global.

Prosperity, security, a sound environment are all goals related to ourselves and our internal politics. But the world at large is waiting for Europe to take on a more active role. If we want to see a more multipolar world, then we should be prepared to carry our fair share of the burden and we should give ourselves the tools to that effect.

It is of the utmost importance to strengthen the European Security and Defence Policy for the EU to become an efficient and effective player worldwide and to make sure that the other

external instruments like trade and development aid dovetail with our foreign policy. Incidentally, a more active foreign policy is not just about altruism. There is some self-interest involved as well : Because the international has become the domestic. Because the spill over from failed states, illegal migration, the rise of some more extreme regimes, terror and weapons proliferation have blurred the notions of ‘national’ and ‘international’.

In foreign affairs, the EU will never be able to match the military strength of the US, nor do we want to. **Our comparative advantage lies elsewhere : we are the prime ‘soft power’ in the world**

Being the first ‘soft power’ in the world has put the EU on the international political scene. But alongside recognition and praise, this entails important responsibilities as biggest donor of development aid and provider of the most generous market access to the (least) developing countries. The European Neighbourhood Policy can be situated in this context, as it is designed to spur prosperity and stability in adjacent countries.

Europe must also become a lead player in the debate on ‘global governance reform’

More specifically, Europe must become a lead player in international institutions such as the UN, WTO, IMF, World Bank, but also in stimulating regional economic cooperation. Today for many developing countries it is still easier to trade with Europe than with their own neighbouring countries. Europe needs to contribute to a type of ‘fair’ globalization, without the dark sides of environmental exploitation, international terrorism and crime, abusive use of monopolies, human trafficking and so on.

Ladies and Gentlemen,

What I just explored are the new frontiers of European policy in the medium to long term. *If we then want to deliver on those “key areas” for European policy, what are the institutional elements we would need? And how does this relate to the substance of the Constitutional Treaty?*

As I already indicated, the Union urgently needs to do its homework in order to become more effective on a *global* scale. Developing the right policies for the future means we have to provide the EU with the necessary means to do so. The financial implications will have to be incorporated in new financial perspectives after 2013. **The Union will also have to be equipped with improved institutional tools if it wants to tackle the challenges of globalization effectively.**

In this regard, **the existing Constitutional Treaty is for Belgium a “minimum minimorum”**. We would have preferred – by far - to go beyond it, but we are in a relative minority.

We now have a text on the table: the Constitutional Treaty, signed by all member states, ratified by 18, supported by 22 member states. This text has above all an intrinsic equilibrium. I could insist upon the principle of '*pacta sunt servanda*' ; I could demand as well that only minor modifications would be allowed, with proposals for a solution coming from those member states who created the ‘doldrums’ we have been in for the past two years.

However, we do recognize the graveness of the situation we are in. Therefore I want to stress that every single member state should make concessions, probably painful ones. No text, no institution, no procedure or method should ever be a goal in itself. And so we are preparing for a collective effort to salvage the Treaty, but bearing in mind the words of one of the founding fathers of the United States, Thomas Jefferson : "*In matters of principle, stand like a rock; in matters of taste, swim with the current*".

We now find ourselves in a position where in order to salvage the essence of this Treaty, we have to be pragmatic. Politics are often described as the art of the feasible. Taking into account that the current exercise of modifying the Treaty is probably the last one having a ‘global’ nature and requiring unanimity, I feel that we

have to look at what can reasonably be done in order to provide Europe with the tools it needs in order to deliver.

- As a general rule every concession made by a member state that ratified the Treaty, should find a new equilibrium. This stems from the fact that the upcoming debate must not become synonymous with dilution.
- Finding new equilibria inevitably implies *keeping the possibility open of further deepening of the Union*. This really is a crucial point. It might imply that we will have to strive for a ‘treaty +’, going beyond what exists today. In the field of defence policy for instance, we should keep in mind the lessons learned from the EUFOR RDC process. The whole operation revealed the necessity of an autonomous military planning capacity for the EU (without prejudice of what NATO does). In another field, we should capitalize on the momentum created for climate change at the last European Council, by extending the Union’s competences in this field.
- Competences where decision-making is still unanimity-based should become subject to qualified majority voting.
- Some elements are simply not for sale : The Union needs, for instance, a single legal personality for the further deepening of our Common Foreign and Security Policy, we also need a ‘minister for foreign affairs’, his ‘external action service’ and also a ‘president of the European Council’ (their names and titles, frankly, are of minor importance). We need

an efficient foreign policy, tailor-made for dealing with the global changes we face.

- We should obtain a more uniform decision-making procedure, i.e. a strengthened and extended version of the ‘community method’, as already foreseen in the Constitutional Treaty. Hence, the pillar system should be abolished.
- I mentioned the fact that Belgium already found the Constitutional Treaty an absolute minimum. It was a compromise, and we paid for it. Salvaging the Treaty in two separate movements (institutions first, and substance afterwards) is a non-starter, as it is clear that the second phase will never materialize.
- A minimum condition is that all ‘institutional improvements’ -in their substance- are taken on board of the new Treaty. No ‘cherry picking’ is acceptable here. No undoing of the current equilibrium is acceptable either. And all 27 member states should preferably remain on board.
- As this minimal package with regard to the institutions remains to our minds quite meagre, I must stress at the same time that we continue to reflect openly about further integration with a more limited group of member states, a kind of avant-garde, perhaps with the euro-group but with the clear and inclusive ambition to integrate all member states in due course.

The time may not yet be ripe for it, but the prospect of a Union with 35 member states still under the unanimity rule for treaty changes may well help to reconsider things.

Mr. President,

Ladies and Gentlemen,

The coming months should prove that member states are able to give a crucial new impetus to the European Union, and especially to its ability to prepare for and shape global changes. The worst possible option we could take is to try to fence off Europe from the world, creating the illusion to our citizens that this will provide overall prosperity and security.

It is time for Europe to go more global, taking the lead in harnessing negative effects of globalization and stimulating its positive sides. We owe it to our citizens, we owe it to our children and we owe it to the world.

I thank you very much.