



College of Europe
Collège d'Europe

Brugge



Natolin

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"I want my European Union back"

Rector Monar,

Dear Professors

Ladies and gentlemen,

Dear students,

First of all, I would like to thank the rector for his kind introduction and the opportunity to talk about the European Union and the way Flanders positions itself within it.

[Aanspreking studenten]

I am very happy to be here. Flanders is proud to be the host of the eminent post-graduate institute that the College of Europe is. Whilst I myself never attended, I've met quite a few 'anciens' (amongst others within my own staff and administration) and I was always struck by the fire and enthusiasm with which they spoke about their experience here in Bruges. I wish you all the same exciting experience as they had.

This College, and you students, all of you, represent a little European cosmos, a reflection of our old, but vibrant continent. The spirit of Bruges is renowned, as is the commitment of the College's students to the ideal of the European Union.

[Aankondiging opzet]

This ideal will be the main theme of my intervention today. 2

Just around the corner of where we are, you can see the palace of Gruuthuse, named after the wealthy Bruges based family that lived there in the Middle Ages.

Louis of Gruuthuse was a humanist and patron of the arts. His motto was "Plus est en vous". This sums up my main message today. European Union, European citizens, there's more in you than meets the eye.

Let's bring out this potential.

Let's bring back the Union I knew:

- When I was a young adolescent I remember lively we had 'Hendrik Brugmans' debate circles (named after the first Rector of the College) in all Flemish cities and many people embraced the European ideal.

Let's bring back the Union I knew:

- When cities and towns were twinned across Europe and the peoples of the Union really met and exchanged ideas about their expectations;
- When the EU machinery in Brussels was not perceived as bureaucratic, remote or out of touch with peoples' needs and worries;
- When the EU delivered concrete results that connected the peoples of Europe, generating wealth for all;
- When border-controls between countries were halted, yet Europeans felt secure and protected by their Union.

[Huidige situatie]

Today, we see that the European ideal is under fire, perhaps more than any other time in its history. It is questioned and attacked from all fronts. 3

The explanations and analyses about why the Union is so much under fire are abundant. The calls for renewal and solutions are equally diverse. We have the Tusk doctrine prior to the Bratislava summit. We have the Juncker view in the State of the Union. We have the Visegrad four, the Benelux three, the Weimar Triangle, the "Balkan Route Group" and so on.

We lack clarity of purpose.

[Probleemstelling]

All those who believe in the Union should join forces and counter the attacks on it. But we should not be naïve.

We have to drastically change our discourse and define new ways to translate this ideal into a meaningful Union, which is at the service and gives perspectives to its citizens.

This means that we need to address the real fears and concerns of citizens on which they feed.

- We need a story that enthuses European citizens.
- We need a new deal for the EU that puts an end to this almost existential crisis in which we are.
- We need a new, mobilising vision, something like the Single Act that put a stop to the euro-sclerosis of the eighties.

Although I do know I'm speaking before the next generation of renowned EU-practitioners and probably carrying "awls to Athens", in the remainder of my presentation, I would like to present to you some ideas about what this new deal could look like. 4

[Gemeenschap van beginselen en waarden, gebaseerd op burgerschap en respect voor diversiteit]

Let's have a look at the Community of values and principles first.

I think the European Union should better defend, promote and stick to its own founding principles and fundamental values, which are rooted in the constitutional traditions of its Member States.

We are all democracies that respect the rule of law and the fundamental rights, without compromise.

To me, the European Union should be a community of values and principles and a beacon of hope and Enlightenment, an example to the world.

However, we are at risk of losing our good reputation and credentials in the world. It is simply unacceptable that some politicians qualified the many refugees and migrant-families seeking a better life in the EU as "swarms" or "hordes". A terminology that only serves to dehumanize these families.

In my view the European External Action Service has a strong role to defend and uphold human rights in its relations with third countries.

But being a community of values and principles is not only something that governments and the EU institutions should aim at. There is also a responsibility for the individual. We, European citizens, need to adhere to our own principles, without compromise.

European citizenship means that there is no place in the Union for stigmatisation, for discrimination, for racism, for hate speech, for hate crime. None.

This is behaviour that is not to be tolerated, not by people that have been living all their lives in Europe, nor from people that only joined us recently. 5

The European citizenship does not and cannot supplant national citizenship and identity. It complements it. August Vermeylen, an early twentieth Flemish intellectual put it like this: "We want to be Flemish to become European." And so it is. We are French, Poles, Lithuanians, Greeks, Austrian, Danes, Portuguese and European.

So, the Union should respect the diversity of its peoples, nations and citizens. No levelling identities, please.

That means that a citizen which establishes him or herself in another Member State should adapt to his host country. The same holds true for newcomers. Integration is key.

In Flanders we have established a comprehensive policy framework for integration. We believe that when newcomers learn the language of their host country, they are emancipated and are really introduced in the community.

Some people come from afar and are less familiar with the way our societies work. This is why we invest in the promotion of the principles of democracy, the rule of law, fundamental rights and liberties among newcomers as well.

In Flanders, in some cases, we have made integration programmes compulsory. We think that the rest of Europe should follow suit. Because, if we want or not, the composition of our population will change and we will have to deal with a great influx of newcomers.

I have mentioned the word "nation". Respect for diversity should also apply to them. All Member States are equal, but we all have our specificities.

The Union should respect the cultural and constitutional diversity of the Member States. This includes cultural diversity within Member States.

Throughout the centuries, countries came and empires went. History has shown that States are not here for eternity. 6

As we acknowledged the right of nations to their own State in the past, we should acknowledge the right of other nations to have it, if they wish so. The European Union has to take into account democracy or it does not have a raison d'être.

So, if and when we hear the call of nations such as Catalonia or Scotland, we, as a European Union, should listen to them and do what we can to accommodate their desires.

In my view, this means that we should be prepared to recognise the independence of the new States of Catalonia and Scotland, should they ever come about after they gained independence in a legal and democratic manner.

In their choice for or against independence, people should not fear of being pushed out of the European family. This means, to me, that new States that were formerly part of old Member States, should be granted a preferential and fast-track treatment in accession talks.

[Brexit]

Brexit and its impact on the EU is the second theme I want to discuss. Brexit has certainly laid bare tensions and frustrations within the Union. The result of the referendum is a defeat for the Union. But also for the United Kingdom. Both parties will lose because of Brexit. The only positive fact I can think of today, is that all Europeans know what that famous article 50 is all about.

However, the British people have spoken and their will should be respected. I believe that the EU has not been sensitive enough to people's worries. Yet the 'no vote' is more complex. 7

Since the outbreak of the financial economic crisis and the subsequent Euro crisis, the level of dissatisfaction among EU citizens over the course steered by European policy has only risen in an increasing number of Member States.

The migration and security crisis is proving a divisive issue among EU Member States.

Social dumping and 'fiscal shopping' are practices that foment rancour. The European population is ageing, the EU is losing impact on the world stage and the low growth rate is seen to persist.

The UK referendum is just one example of a certain generalised discontent regarding the way the European Union has been run.

In compliance with article 50, Member States are free to withdraw from the EU at any time.

In such an event parallel negotiations need to be undertaken with states that wish to withdraw from the Union, if the latter so wish, to lay down the future cooperation between the Union and the retiring state by way of a bilateral partnership agreement

In the case of the UK, recalibration means withdrawal. Some voices in the UK call for a "hard" Brexit, cutting almost all ties with the European Union. I think this would be a very bad idea.

One cannot just negate geography. The UK and continental economies are just too intertwined.

Instead, we should aim for the closest possible links between the EU and the UK. A simple trade agreement, even of the latest generation like CETA, is suboptimal in my view. To be able to keep close ties, we will have to go beyond trade. We have to think about an Association, which also covers investment and 8

other fields of cooperation such as energy, environment, research and development and intelligence cooperation.

I want a "soft Brexit" and hope some kind of "EEA-plus"-relationship between the EU and the UK can be forged.

The EU cannot allow itself to hold a grudge against the UK. The UK cannot expect to have its cake and eat. This is getting all the benefits from access to the Single Market, but none of the obligations that go with it.

This said, one might think the interpretation of the free movement of persons is up to recalibration too.

Freedom is not absolute.

The aim of free movement is to enable citizens to spend time in a different Member State for the purposes of work, studies or holidaying, not to claim better welfare benefits in a different Member State. Today, free movement is seen to bring heightened (societal) pressure or pressure on public budgets. As a matter of principle my Government believes social security entitlements need to be built up in consideration of the degree to which an EU newcomer has contributed in the host country. The ground rule of the freedom of movement does not mean entitlement to free access to the welfare system of the Member States.

[post-Brexit EU]

We, the remaining Member States, we will have to come to a new balance (or equilibrium) for our Union as well.

I believe that it cannot be accomplished through a big institutional "big-bang". Rather, we should work within the current treaties, which provides the possibility of a variable configuration. 9

Today, the EU is already characterised by such a configuration via all sorts of "opt-outs" and "opt-ins". This is a path that could further be explored. But there are three absolute limits to what can be done in such a variable configuration:

- One, it cannot result in the disentangling of the essential parts of the community acquis;
- Two, where Member States chose to sign up to less of the community agenda, logic dictates that their weight in the decision making will diminish to an equal extent;
- Three, variable configuration cannot be an obstacle to closer cooperation by Member States that wish to do so. Meaning, the EU should not progress at the pace of the slowest or most reluctant Member State.

[Subsidiariteit]

I have already mentioned before that the EU should take into account the aspirations of the European peoples. National and regional parliaments are the emanation of such aspirations. To have legitimacy, the EU should listen to them. I believe strongly in the principle of subsidiarity. It ensures that the European Union is build up from the bottom up, rather than top-down.

If the EU could manage to establish the link with national and regional parliaments, this would already go a long way in addressing the mistaken idea that the Union is some kind of "centralising intangible hand".

Earlier this year we had excellent debates within the Flemish Parliament with Commissioners Marianne Thyssen and Cecilia Malmström defending their policy proposals within the heart of the Flemish democracy.

That's exactly what we need. That's the kind of Union that listens, argues the need for EU-action, whilst taking into account the specificities of each of its peoples. 10

My Government believes we should go one step further and provide national parliaments in addition to the yellow and orange card a 'green card'. When one third of the Member State and Federated State Parliaments with legislative powers pull a green card, the European Commission is compelled to examine the proposal for EU action in any given policy area, and as applicable work up a proposal. If the Commission should decide not to do so, it is required to state reasons why it is not taking any action.

[Ruimte van economische welvaart]

We have looked at the fundamentals and sources of legitimacy of the European Union. Let's now look at what it should actually do. What should be its goals and objectives. This is the third point I want to talk about with you.

For me, the EU should ensure the creation, continued existence and further development of a common European area of economic prosperity, in which citizens and businesses can thrive and reach their full potential.

Historically, the Internal Market has been an incredible force for economic prosperity and the main driver of European integration, through the progressive connection and integration of national markets. But, it is incomplete.

Since 1958, European economies have changed a lot, and the Internal Market has not fully kept pace with disruptive economic developments. It is imperative that this situation is remedied, by adapting the Internal Market to the economy of the present, while at the same time preparing it for the future.

I see three main challenges that the EU should address quickly.

The first challenge that the Internal Market faces, relates to services. While *de iure* the circulation of services has been free since the Treaty of Rome, *de facto*, it is still not entirely the case. This is not acceptable. Accordingly, the further liberalization of European services markets is a priority. 11

[Digitale Unie]

In particular, the EU should aim to develop the European digital economy. My government supports the European Digital Agenda which should progressively end this fragmentation. By further standardizing and harmonising rules in the telecoms sector and increasing interoperability, both business and consumers will benefit from lower prices and better quality of services.

[Energie-Unie]

Data is not the only input that should flow more freely within Europe. The second challenge relates to the provision of energy across the continent.

Without a secure, reliable, sustainable and affordable energy provision, an economy cannot thrive.

The EU needs a higher degree of interconnectivity of electricity grids and other energy transport systems. This is essential to lower costs for both consumers and businesses and to boost European competitiveness. Of course we should strengthen our competitiveness.

So in the new Emission Trading System (EMS) due account should be taken of energy intensive regions.

This is why my government supports the European Commission's agenda regarding the Energy Union. And this is why I was pleased Vice-president Katainen replied me the European Fund for Strategic Investments (EFSI) will put more emphasis on cross-border energy corridors in the future. 12

[Transportunie]

Who says freedom of movement of goods, services and workers, also says mobility and transport. The former are inconceivable without the latter.

The EU needs to push forward work on trans-European transport networks and promoting cross-border transport connections.

Ideally, these networks would form a grid covering the entire continent, connecting all of its extremities.

To Flanders, the connection between Belgium and Germany (Alegro project), Flanders and the United Kingdom (Nemo project) and Flanders and The Netherlands (Brabo project) are of particular relevance.

[Europese Onderzoeksruimte]

Furthermore the European Union should develop strategies dedicated to promote industry and research and innovation.

EU research and innovation strategies should focus on breakthrough technologies leading to systemic changes of the industrial component of our economies.

At the same time, these strategies should contribute to more cooperation between universities, research institutes, companies and public authorities.

Within the Union there is still too much duplication and fragmentation. Allocation of funding should be done more in accordance with the principles of prioritisation, concentration and pooling. More investments in research infrastructure are needed. 13

[EMU]

The European economy needs stability and certainty. We don't need another euro-crisis. This is why completing the Economic and Monetary Union is of such importance. It must be a safeguard against speculation and too wide spreads between Member States. At the same time, it should prop up the position of European banks as well as guaranteeing the free flow of capital.

The EMU should be build step by step. Yet, it is crucial that each Member State assumes its responsibility and puts its affairs in order on the budget, economy and banking front.

Tighter surveillance of Member States' budget policies is needed. To this end, the Union needs to strictly observe the Maastricht criteria to ensure Member States reach a balanced

budget in the medium term and roll out the appropriate structural reforms. It is important for the credibility of the EMU that Member States abide by the rules.

The completion of the Banking Union is an important stepping stone. This implies a well organised supervision by the ECB of European banks, a harmonised deposit guarantee scheme and a settlement system.

[Strategische handelsakkoorden]

Earlier, I spoke about the importance of the Internal Market. Its external counterpart is equally important. The EU's trade policy is a very powerful lever for economic prosperity.

Of all the EU's trade negotiations the ones with the US receive the most attention; amongst others because of the size of the prospective TTIP-agreement and the ambition as regards the level of integration. 14

The least we can say, is that they are not without controversy and that there is a lot of debate. Though smaller in size, CETA, has also started encountering rough weather.

I think that it would be a fatal error not to conclude these two deals. Despite the rise of other world powers the EU and the US remain the mainstay of the world economy.

EU-US trade relations generate over 35% of world GDP. And yet, the potential of the EU-US economic ties has not been fully exploited. For me, the TTIP is very much about consolidating and ensuring that transatlantic trade remains a pillar of world economy.

However, if eventually the EU is not able anymore to conclude a 'state of the art' trade and investment agreement such as CETA, I am convinced we need a new approach:

I have proposed that in the future trade agreements are negotiated and concluded separately from investment agreements.

It is clear that not all democracies in the EU are ready to embrace the new ISDS or ICS-Court formula.

In my view trade agreements are to be treated as an exclusive EU power, whilst investor protection is a mixed competence.

Investor protection treaties therefore need to be ratified by the EU and by the Member States.

The implementation of such treaties may consequently be confined only to those Member and Federated States that ratify the investor protection treaty. 15

[Investeren genereren]

The EU should become an investment generating machine. This is my fourth point. The choice for sound fiscal management or investment should not be a trade-off.

What we cannot afford, however, now, even less than we used to do, is making bad investments, with little return and no future. So, we have to be strategic about them. Due diligence is key.

[ESR]

The Union has a crucial reform to do. The rules of the European Statistical System should be amended so that crucial public investments can be written off via amortisation, in conformity with the principles of analytical accounting in the private sector.

This should only apply to a select number of non-recurrent investments, selected on the basis of stringent criteria. In times of economic depression the full inclusion of such investments in the budget is likely to have a disproportionately large impact on public expenditure.

I realise revision of the ESR accounting rules certainly will be a cumbersome and lengthy process. Yet, important enough to make it a priority file for the Union.

[SGP]

The Government of Flanders is also of the opinion that the existing flexibility within the Stability and Growth Pact can be better used to strengthen the connection between structural reforms, investments and budgetary responsibility, with a view to growth and the creation of jobs. 16

It can see prospects in the temporary recognition of the Eurozone in its entirety as finding itself in a situation of serious economic downturn, rather than at individual Member States level.

[PPS]

Current European rules are an impediment to public-private partnerships, which I still find a valuable tool. This trend should be reversed.

We need a stable framework in conformity with the principle of legal certainty. This could take the form of model contracts. The approval of the funding of such partnerships needs to be assessed within a reasonable time span

[EFSI]

The European Fund for Strategic Investments is a good tool, but it needs to be more focused on greater additionality and, as I said earlier, focus more on investments in cross-border infrastructure in energy, transport and the digital union.

[Fiscale shopping]

I move on to my fifth point.

Competition between Member States is good. It keeps markets sharp and healthy. I think a certain form of tax competition is acceptable, provided that Member States agree to a certain number of rules.

The Union's first priority here is to fight tax evasion and take a firm stand against fiscal paradise countries. 17

But we shouldn't organise a competition between the Member States in terms of social standards. Rather, the EU should be a Union of Welfare States. Within the EU, Member States should continue to be able to organise their welfare states as they seem fit.

[Sociale dumping]

The EU should then play a role as a watch dog. All around the Union, the same shop floor must be governed by the same principle: "equal pay for equal work".

European secondment rules therefore need to be amended to enable seconded European employees to work against the same terms of employment and pay as those that apply in the Member State where the work is performed.

Importantly, the simplification of the collection of social security contributions certainly ranks among the rules that need to be tackled. ICT should certainly enable the collection and pass-through of payment to the country of origin

Dear Rector, students,

I'd like to come to my sixth and final point: the place of the European Union in the world and the security of its borders.

[Migratie/vluchtelingcrisis]

In the last two years, our community of values and principles has certainly been put to the test. In its response to the refugee and migration crisis the EU has not always been a display of unity. 18

I regret to say that some Member States have refused to do their fair share of the efforts and share the burden. I was happy when the EU managed to find an agreement on the relocation of refugees. Unfortunately, not all Member State have not really fulfilled their obligations under the relocation scheme. Instead, we have remained in the same deadlock.

Europe aspires to be more than an Internal Market. It pitches itself as the continent of humanism, prides itself to be the cradle of human rights and claims to be the champion of solidarity. On those grounds it was even awarded the Nobel prize. In handling the refugee crisis, we should act in accordance with our ambitions and aspirations.

At the same time, we should not be naïve and come up with workable solutions for an effective and humane migration, asylum and border policy. We have no choice.

Make no mistake, if we fail to agree on this, some of the core elements of the EU, which we find self-evident, like solidarity between rich and poorer countries, borderless travel inside Schengen etcetera, is and will even further be put into question. This is not something I want.

The Schengen Area is presently not working as it was intended. The interior doors between the Member States can remain open only if we jointly keep our exterior doors under control.

In my view, the policies should include the following:

- A strong border control
- A fair distribution of refugees that are granted asylum within Europe
- The set-up of hotspots, closed institutions in which refugees are initially taken in
- The set-up of a humane return policy
- And the conclusion of more readmission agreements with third countries.

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Are these policies ideal? No. I'd rather prefer that we did not have to do all this, but a responsible politician cannot afford to live in an ideal world.

[Gemeenschappelijk Buitenlands en Veiligheidsbeleid]

This leads me to the topic of the EU as a global actor. Taken separately, all our countries are mere specs on the globe.

The Union needs to be a factor of peace and stability in the world, a global actor. An active European foreign policy involves the Union assuming a leading role in the field of conflict prevention. This responsibility applies in particular to our neighbouring regions.

In the same way as the EU was able to actively help broker a nuclear agreement with Iran, the Union could assume a leadership position by delivering solutions for the 'frozen conflicts' on the Union's doorstep, or actively support the peace process in the Middle East by coming up with proposals itself that allow a two state solution between the Israelis and the Palestinians.

The EU needs to continue to uphold its leading role as the biggest donor of development aid too. But, we cannot afford ourselves to only think in terms of diplomacy, trade and development cooperation.

Security needs to be factored in.

Dealing with instability with the world also means to be able to demonstrate hard power. Now, more and more voices are heard in favour of a true common security and defence policy.

Which is why the common defence policy too urgently needs to be given fresh impetus, enhanced coordination at EU level – which extends to include the procurement policy, an operational headquarters, and the activation of EU battle groups, which in due course are to result in a European Defence Force. 20

All of which should come in close consultation and conjunction with NATO.

Rector Monar,

Professors,

Ladies and gentlemen,

Dear students,

In my Government we have worked hard to be able to present you today our Vision on the future of the EU.

With this speech I hopefully gave you an insight in my Government's agenda for the future of the European Union.

It is a vision text drafted with the sole intention to get our Union back:

- A Union that inspires,
- A Union that unites,
- A Union that respects diversity,
- A Union that is built from the bottom-up,

- A Union that both protects and empowers its citizens

I wish you all the best with the pursuit of your academic programme at the College and enjoy your stay in Bruges.

Thank you for your attention.