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**AN ENLARGED AND MORE UNITED
EUROPE,
A GLOBAL PLAYER
Challenges and opportunities in the new century**

Speech by Romano Prodi

President of the European Commission

to the College of Europe, Bruges

12 November 2001

CHECK AGAINST DELIVERY

AN ENLARGED AND MORE UNITED
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Challenges and opportunities in the new century

Ladies and gentlemen,

One hundred years ago Walter Hallstein, the first President of the European Commission, was born. I am delighted to have the opportunity to remember this great figure of European history to whom we all owe so much and speak about Europe in Bruges, one of the jewels of European culture and history. And I am particularly honoured to do so here, at the College of Europe, which has such a strong tradition of debating the major European issues.

The terrorist attacks which struck the United States of America on the morning of 11 September propelled the whole world into a new, unknown and dangerous dimension. That morning marked the real beginning of the twenty-first century.

Two days later the whole of Europe came to a halt, in order to observe a three-minute silence in honour and in remembrance of the victims of the attacks.

We all understood that the values of the free world had been attacked, that the freedom and security of every individual was under threat.

At an extraordinary meeting held on 21 September, the European Council reacted strongly and rapidly to the emergency.

On the basis of proposals submitted immediately by the Commission, the European Council adopted an action plan providing for a system of penalties applicable in all the member countries for crimes committed, a European arrest warrant and extensive collaboration in the fight against money-laundering. We must now ensure that action is taken on the promises given.

Government has become even more difficult in the world since 11 September. To guarantee safety, well-being and peace is a task that no state, no institution, no people, however large, powerful and respected, can carry out alone. An enlarged Europe will have the necessary weight to play an active part in this new phase of our history.

However, neither size nor its economic resources will suffice if it is unable to strengthen its policies and reform its institutions, if it fails to express the will to reaffirm its sense of unity. It will be up to us to decide: whether we wish to continue along the path of integration so as to give Europe the strength to resist threats and respond to the challenges of today's world or whether we would prefer to allow Europe to be gradually emptied of its content.

Too many of our citizens regard Europe as a distant, abstract and complex entity.

But how could this be otherwise when major speeches on the future are followed by nights of bargaining to defend privileges and the advantages of established positions? When months if not years go by before decisions taken and announced to thousands of journalists are put into practice?

Yet our citizens, according to opinion polls, still want Europe to work for peace, security and social justice.

We can respond to this demand.

We have the means to make Europe a global actor.

We have the recipe for a form of integration which is both supranational and also respectful of the nations and states that it is composed of, however large or small: the Community method. Only this method, based on common institutions, allows member countries, large and small to contribute on an equal footing to carry out a joint project.

We shall shortly have a Convention that will bring together the representatives of the European and national institutions to prepare the future of the Union.

This is Europe's moment for decisions.

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Ladies and gentlemen,

I would like first to speak about the reunification of Europe and economic and monetary union as a means of speeding up economic and social progress. I shall then turn to the international role that Europe can create on the basis of those two pillars and, lastly, the institutional reforms that are essential for the Union of tomorrow.

Enlargement

From the very beginning, this Commission's priority has been enlargement.

We have already made extraordinary progress along the road.

But much remains to be done.

The next twelve months will be decisive.

Tomorrow the Commission will present its annual report on progress achieved in each of the applicant countries and the areas in which they must make further political, economic and social efforts and consolidate their democratic institutions.

I can tell you in advance, however, that in every one of the chapters into which the process of accession has been divided the progress made has been beyond all expectation.

This was not easy to foresee two years ago, when decisions were being taken on timetable, details and stages in this final phase of enlargement.

In a year's time, we shall be giving our assessment of each country's ability to take on the rights and obligations of membership of the Union. We are confident that at that time we will be able to conclude the negotiations with the countries that have complied with the accession criteria.

In line with the objectives set by Parliament and the European Council, the necessary ratifications can be completed and these countries can enter the Union before the elections in June 2004.

Internal security

The determination with which we work for enlargement must not, however, make us blind or deaf to the fears that accompany this process.

The foremost preoccupation is security. This is a legitimate concern to which we must give concrete answers.

With enlargement, the European Union is faced with the problem of controls at its own external borders.

Europe does not consider itself a fortress under siege, nor does it want to erect new walls. Frontiers do not guarantee European unity and national, regional or local diversity; the sharing of fundamental principles does.

However, at this particular moment in time effective border controls are essential to internal security and public confidence.

Such controls will benefit all the member countries, and it is not for the border countries alone to bear the costs and responsibility for them.

It is a problem we all share, and therefore we should work together to analyse it and develop a united strategy with regard to border controls.

This problem must be tackled along the lines already set out in Commission documents that have the support of some European Government leaders and are the subject of a more detailed Italian study on the need for united action on border controls.

In the same spirit, we should consider the possibility of going beyond the existing Europol arrangements to intensify cooperation in the area of policing.

With due regard for the principles of individual liberty, we should be moving in the direction of maximum efficiency. I myself believe that a practical step in this direction should be the creation of an integrated European police force to combat terrorism and organised crime. However, no progress can be made without mutual trust and the acceptance of mutual recognition.

I am well aware of the difficulties and the political risks attached to ideas of this kind. But I am prepared to face the risk of asking for too much integration rather than leaving criminal and terrorist organisations to benefit from the opportunities opened up by the large and free European market.

The economy, the market and society

A little less than fifty years ago, the Treaties of Rome recognised four fundamental freedoms: freedom of movement for goods, persons, services and capital, at a time when none of the signatories complied with those principles. These are civil liberties, not just economic freedoms.

On that foundation, Europeans have constructed an area of wellbeing, development, stability and social justice and have achieved economic and monetary union.

Already the euro is a success story.

Imagine for a moment what might have happened at a time of difficulty like the present if we had still had our individual national currencies, exposed defenceless to speculative attacks.

The introduction of euro notes and coins in less than fifty days will provide further support for the development, integration and stability of the European economy.

An integrated economy, resting on solid foundations deriving from the process of restructuring carried out in recent years offers Europe the chance to emerge from the downturn that has been exacerbated by the acts of terrorists. The downturn has also demonstrated the extent to which the European economy is linked with the world economy. In this context, unilateral budgetary policies adopted by individual Member States will always be less effective, and might indeed have a negative effect on the entire euro area and on the credibility of economic and monetary union.

The only effective way of dealing with the difficulties of the current situation.

The stability and growth pact is the anchor that has given solidity and credibility to what we have been doing. It has provided the frame of reference for the coordination of Europe's economies.

Although often regarded as a very rigid constraint, the stability and growth pact in fact allows a significant degree of flexibility, and does not automatically mean that identical policies must be pursued.

However, we must avoid the inconsistencies that ultimately harm the general interest.

A consensus is therefore required on a model budget policy, a code of conduct that is fully consistent with the economic policy of the euro area and reassures the public and the markets that alongside the system of management of the currency by the European Central Bank there is an effective mechanism for managing the economy.

This code will need to set out the principles underlying the Member States' economic policies and the criteria for deploying the various economic policy instruments to increase capacity for growth and respond to unforeseen events that may affect the Union as a whole or individual countries.

The Commission, which is responsible for keeping a close eye on economic trends, will be presenting proposals to this effect, and will seek to prevent measures not in line with the code of conduct arrived at.

Competitiveness and solidarity

Stability and macroeconomic consistency are necessary, but they will not by themselves ensure that Europe achieves the levels of economic growth and employment it can attain and intends to attain.

In March 2000, therefore, on the basis of the preparatory work done by the Commission, the European Council in Lisbon adopted a strategy of reform aimed at taking the European economy to the highest levels of

competitiveness and employment in today's knowledge-based society by the end of this decade.

Europe does not have to choose between efficiency and social justice. They are at the heart of the European model. Growth and employment, development and solidarity are not incompatible; they go hand-in-hand.

However, I cannot pass over my concern at the lack of progress towards the approval of proposals that were presented to the Council and the European Parliament a year and a half ago.

The credibility of the whole strategy for economic and social reform is at stake. If decisions announced at the end of a European Council are not followed by concrete action, we risk causing major disappointments with serious repercussions.

In the short term, it is vital that that final agreement be reached before the European Council to be held in Barcelona next spring on questions such as the telecommunications package, the Community patent and rules on cross-border payments.

Political agreement must also be reached before Barcelona on the package of measures for the single European sky, the directive on pension funds, the new framework for the trans-European networks, and the public procurement package.

Transport safety

The tragedies in the Mont Blanc and St Gotthard tunnels have made it clear that we must take equally firm measures to improve safety and create new rail links that

are safer and less environmentally damaging than road transport.

I propose two measures, to be adopted as quickly as possible.

The Commission will speed up work already under way so as to be able to present new, tighter measures regarding safety in tunnels to Parliament and the Council at the beginning of next year.

In the meantime, I intend to invite political authorities and business in the Alpine Arc and the Pyrenees to a working meeting to be held as soon as possible.

All these new projects may create financial problems. We have to act rapidly, in agreement with the Member States concerned and the Swiss Confederation, and with the cooperation of all our institutions, starting with the European Investment Bank.

This is a situation we can no longer tolerate. Our citizens would not understand it.

Europe's international role

I should like now to turn to the role that Europe can play on the international scene.

The main challenges of the second half of the last century were the confrontation between East and West, first, and the consequences of the disintegration of the Soviet empire thereafter. In both cases Europe succeeded in playing a key role.

I believe that the main challenge of the new century will be the relationship between the northern and southern parts of the world and that, here too, Europe will need to play its part in contributing to stability.

North-South relations offer great opportunities for collaboration but, at the same time, contain seeds of conflict in the management of commercial and financial systems, energy resources and the environment.

Europe has the resources and capacity to become a global player in the search for a new multipolar balance in the new century.

An enlarged Europe working with the euro will, above all, have the size and demographic, economic and financial weight to constitute a fundamental component in world equilibriums.

Europe's history, its experience of political integration under democracy and its cultural experience of respect for diversity will be equally important in the dialogue with countries in search of more stable structures capable of stimulating development.

Although each country has its own particular characteristics, European societies share a vision of human rights and the rights and duties of citizens and institutions that is based on a sense of solidarity. It is natural for Europe and Europeans to understand how the formation or, worse, the exacerbation of inequality - and here I am thinking primarily of Africa - creates tensions and possible breakdowns in world equilibriums.

It is also natural that Europe and its citizens, who have always had to cope with a scarcity of natural resources, have developed and indeed sharpened their awareness of depredations to the environment and their interest in what we have learned to call sustainable development.

The role played during the difficult discussions on the Kyoto agreement, the initiative entitled "Everything but arms", which unilaterally opens up European markets to

exports from the poorer countries, and the efforts made to launch negotiations at the World Trade Organisation before and after the failure in Seattle are clear proof of Europe's ability to act authoritatively on the international stage, while taking account of the interests of others.

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The Mediterranean

While the relationship between North and South is the factor that will be most decisive in political balances in the next few decades, the outcome of the present crisis concerns relations with the Islamic world.

Today, it is essential to transform this frontier into a source of cooperation to consolidate a coalition against terrorism now. It will be even more essential tomorrow if we want stability and development to emerge in a crucial area of the world, which is close to us and has a rapidly increasing population.

Despite the endless violence, there is hope that in the Middle East a new phase of dialogue is emerging. And that for Europe, a role is emerging that will be of greater importance than in the past.

This is the moment to show that we are on the side of the peacemakers in both camps. But it also the moment to give full emphasis, when weighing up the pros and cons of conflict and peace, to the resources in capital, investment, technology and people that the EU can bring to bear.

It is not only for the peace process in the Middle East that we need to mobilise. The time has come to embark on a

new phase for the Mediterranean as a whole. Few of the objectives we aimed to accomplish in this region through the Euro-Mediterranean partnership have been achieved.

The difficulties encountered by our measures in the past show that we need to rethink and relaunch the Euro-Mediterranean partnership with the aims of establishing a single market, setting up an area of security and liberty and promoting balanced development.

The first practical steps must be part of a three-point strategy:

Firstly, we need to reform the structures and working methods of the partnership by setting up a permanent structure for dialogue and decision-making.

Secondly, we must recognise that the resources provided by the Union are not adequate for the needs of a Mediterranean policy that is intended to reduce existing economic and social disparities by promoting indispensable sub-regional cooperation while taking account of the heterogeneity of the area.

The time has come, as called for by the Spanish Prime Minister Aznar, to implement the proposals to create a bank for the Mediterranean, possibly involving the European Investment Bank. It will need to become a focal point for the creation and support of joint investment and development projects.

I myself launched a debate in the Arab world regarding these proposals and they were favourably received.

Another initiative that will be equally useful involves setting up a Joint European Monitoring Centre to produce coherent and consolidated information and statistics on employment and immigration from the countries on the southern Mediterranean rim.

We will present a report on these questions at the next summit meeting of the Euro-Mediterranean partnership. The Spanish Presidency will be the time to move ahead with these plans.

Collaboration between Europe and the Mediterranean countries cannot, however, be solely political or economic. Thirdly, therefore, we must initiate a new, broad-based cultural dialogue in the Mediterranean region. A civilised dialogue to oppose any possibility of conflict between civilisations.

These are new projects financed under the Meda programme to enable academics, students, journalists, religious representatives and members of NGOs to meet and exchange views.

An arc of stability at Europe's gates

The new Euro-Mediterranean policy will have to be part of a broader coherent and active policy aimed at all our neighbours, in an arc stretching through Russia and Ukraine to the Mediterranean. A good-neighbour policy consisting in objectives, institutions and resources which, whilst not involving accession to the Union, allows Europe to establish a special relationship with those countries.

Here too, we will present concrete proposals for action in the areas in which work is already under way with Russia, that is to say energy, monetary policy and the construction of a common economic area.

A single voice for Europe

But Europe, as I have said many times in the past and will say again here today, will not succeed in contributing to peace and stability in the world, nor will it be able to fill a political role that matches its economic stature, or indeed be accepted in such a role, unless it is united in its actions.

This problem will be resolved once and for all only if the necessary adjustments are made and the entire foreign and security policy of the Union is brought inside the Community system.

I have no doubt that one day this will come about, notwithstanding any resistance and current reluctance. Resistance and reluctance are of course understandable, because this is the conclusion of a long and difficult journey, similar to that which led to the single currency.

It is, however, a process that is already under way and one which we must move forward patiently and pragmatically, as we have always done when taking the tricky and important steps towards integration.

The Commission will play its part. We will be realistic but we will not shrink back from denouncing any act that threatens to undermine the unity of European action.

Experience teaches us that when the Union presents itself in a piecemeal fashion, its influence is limited. On the other hand, in the case of trade, where the Union has authority to represent the Member States, or competition, where it has clear powers to intervene, it is perfectly capable of making itself heard.

Don't worry. I am not going to pursue the fantasy of the single telephone number so famously suggested in the past by Henry Kissinger. Especially as whenever anyone from outside wants to contact the European Union for funding to help solve some problem or other, they always manage to find the right number.

I am thinking rather of all the down-to-earth decisions that can and must be taken, starting now, to ensure that Europe is effective.

The process of European integration is complex and will probably remain so. However, let us strive to make the Union appear a single entity to the outside world.

A lot can be done in this direction.

The Balkans offer a positive example. In this region (where there are a number of actors working there, such as the High Representative for the Common Foreign and Security Policy, the Stability Pact and the High Representatives for Bosnia and Macedonia), through the Stabilisation and Association process, the Union has made an immense effort to implement a long-term strategy.

This strategy is working. Europe's political profile in the area is growing. We have opened the entire European market to exports from the Balkans. We are supplying aid more quickly and efficiently and the European Agency for Reconstruction is seen as a success.

The Commission is ready to play its part to make the Union's actions even more effective.

To do this, we must strengthen the Stability Pact. It will need to concentrate on specific political priorities. It will need to enable the countries in the region to gradually take

over regional cooperation. Lastly, it will need to complement the Stabilisation and Association process.

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Institutional reform

Ladies and gentlemen,

I have talked about enlargement, about the economy, about the role Europe can play on the international scene.

I would like to round off by taking a little time to look at the question of institutional reform.

The European Council in Nice approved the reforms that were necessary in order to allow enlargement to take place. But it did not go beyond the bare minimum needed.

We will have to be bold enough to do a great deal more.

It is good to know that Europe is at last setting out on this road.

In a little over a month the European Council meeting in Laeken, under the Belgian Presidency, will be taking the decision, in full accord with the positions tenaciously advanced by the Commission, to set up a Convention which in the following months will bring together representatives of national governments and parliaments, the European Parliament and the Commission to

prepare a reform of the Union's founding Treaties. It will then be for an intergovernmental conference to conclude the process of reform. This ought to have been done by the next European elections.

The reform of the Union will thus have been thrown open to public discussion. For the first time the national parliaments called upon to ratify the changes will not simply be faced with a take-it-or-leave-it draft.

In the meantime, a debate on the future of Europe is already under way in all the Member States. The debate comes in response to a formal commitment given by the European Council in Nice, and is in line with the approach indicated by the White Paper on Governance.

Some of the most eminent figures in Europe have taken part.

In most of the contributions I have found a vision of Europe as a union both of states and of peoples. It is a vision I entirely share.

Ahead of Laeken, in order to contribute to the discussion which will take place there regarding the opening of the Convention, the Commission will be presenting its own communication.

The Convention will have to ensure that the enlarged Union is democratic, and that it can operate effectively.

On the basis of my experience and my responsibilities as President of the European Commission, I would like to outline what I consider the points that should be clear from the outset.

The first thing we have to do is to start from a project for Europe. What is the objective we are joining together to pursue? What do we want to do together? What measure of solidarity between us do we want to achieve? These questions and our answers to them should lead logically to a structure for the new institutions.

Second, we ought to be aware of just how original a creation the Union is. All our lasting achievements, from the single market to the euro, with four successive enlargements along the way, have been brought about through a completely innovative structure based on a delicate balance between institutions.

The innovative character of the Union derives directly from the attachment of Europeans to a community of peoples and of states. This innovative character is something we must maintain.

The system is founded on the institutional triangle of Council, Parliament and Commission - though it would be more accurate to speak of a quadrilateral, so as to include the Court of Justice; the Court is the guarantee that the community is founded on the rule of law, which has been a decisive factor in the integration process. The system has proved an extraordinary success.

It is a balanced system, in which each institution plays its own specific and decisive role. Strengthen any one of the institutions and you strengthen the whole; weaken any one and you weaken the whole.

The Commission is the guardian of the Treaties, and with its right of initiative the foremost example of the originality of the system; and the Commission will defend that system.

But, and this is the third point I want to make, faithfulness to our institutional system must not blind us to its weaknesses, the ways in which it may fail to meet the needs of today, and even more the needs of tomorrow.

The passage of time has shown that the mechanisms by which it operates need to be updated and improved, so as to clarify the functions and responsibilities of the different bodies involved.

Clearly, given the innovative character of our institutions, it will not be possible to say with absolute precision which is *the* legislature and which *the* executive of the Union. But we have to move in that direction nevertheless.

A first step, very easy to translate into practice, would be to establish a clear separation between the legislative and executive functions of the Council. When the Council is sitting in its legislative capacity, its proceedings, like Parliament's proceedings, should be open to the public.

The Commission for its part must keep its sole right of initiative, but should concentrate on strategic tasks.

Lastly, a reform of the European institutions cannot avoid a rethink of the role and functions of the national parliaments.

A way has to be found of associating them with the most important European decisions. The forthcoming convention will be a useful example, and an important precedent.

Nevertheless, I think that setting up a further house of the legislature at European level would be pointless and counterproductive. Our institutional system is sufficiently complex and cumbersome as it is.

More lightweight solutions will have to be found, possibly taking advantage of a separation between the Council's executive and legislative functions.

Building on the protocol annexed to the Treaty of Amsterdam, it is vital that the national parliaments be informed of Community legislative proposals properly and in good time, so that they can perform their function of political guidance and control at national level.

In a Union enlarged perhaps to 25 members or more, we will have to abandon the present procedure for systematic ratification of Treaties by parliaments.

A useful move in this direction would be to divide the provisions of the Treaties into two categories, as the Commission proposed in the run-up to the last intergovernmental conference.

One category would consist of the fundamental provisions, and here any amendment would continue to be subject to ratification. The second category would consist of provisions of a technical nature, and here simplified procedures would have to be envisaged.

But no reform will have achieved the objective if it does not succeed in ensuring that the Community has a real capacity to take decisions.

Respect for the basic rule of democracy, and the fact that as I have said the Union has to have real decision-making power, require that majority voting become the general rule. In the big Europe created by enlargement, there can be no more room, except possibly in special and clearly defined circumstances, for a right of veto.

Enlargement must not mean paralysis.

In the same way, we will also have to consider the question of the Union's own resources.

The time has come to ask questions about our sources of revenue and the necessary discretion to decide spending.

This is not a technical question: it is a political question, and must be given full attention in the debate on the future of Europe.

I ask myself whether it is not contrary to the principles of openness that more and more of the Union's revenue comes from the Member States themselves, rather than from the citizens direct, so that the relationship between the taxpaying citizen and the Union is growing constantly more confused. And I wonder whether it is not time to make our system properly democratic, with Council and Parliament having greater discretion and broader scope for choice on the revenue side too when they come to draw up the budget every year.

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The Commission's record

Ladies and gentlemen,

Two and a half years ago the heads of state and government of the Member States gave me their confidence, and unanimously entrusted me with the task of restoring the Commission to strength and authority, following an institutional crisis without precedent.

Since then, at a point in its history when Europe seems to have lost the enthusiasm and the drive for integration of the decade that saw the launching of economic and monetary union, I have worked to respond to the confidence placed in me, and to return the Commission to its proper role in the institutional system of the Union.

I did not hesitate to go before Parliament to obtain the full confidence and full mandate which alone could provide the basis for what was going to be a long haul.

Even before I was formally installed, I told Parliament my priorities would be enlargement, institutional reform, and development and social cohesion.

And well before a consensus had formed around the approaches I was putting forward, I did not hesitate to court the criticism of governments and the press

by calling for clear timetables for enlargement and a broader agenda for institutional reform.

Nor did I hesitate, when the outcome of the Austrian election endangered the solidity of the Union, myself to assume and to have the Commission assume all the responsibilities resting on it in its role as guardian of the Treaties. The Commission does not distinguish between big countries and small countries. For the Commission there are only member countries.

I did not hesitate to keep channels of communication and dialogue open, and where necessary to establish new ones, with difficult countries such as Iran and Libya. These are channels which many other European leaders have subsequently made use of, and which today are proving precious in the construction of a solid alliance against terrorism.

And I did not hesitate to push for thoroughgoing internal reform at the Commission, the first real reform in its entire history, knowing that this was indispensable not only for the Commission but also for the entire European institutional system. In all honesty I still cannot see any corresponding willingness in the other institutions to question their own operation before the bar of European public opinion, and to reform wherever necessary.

In accordance with the Treaties, on the other hand, I have always avoided committing the Commission in those areas which are outside its competence.

The new European Food Agency, and the complex management of the mad cow health crisis; the definition of a strategy for sustainable development,

approved by the European Council in Stockholm; the transformation of the spring Council meetings into the central forum for the coordination of the economic policies of the Union; the commitment to the protection of free competition; the management of the enlargement negotiations - these are just a few examples of what the Commission has achieved in these two years, the overall aim always being to strengthen European policies in those areas where only action on a European scale can be effective.

Other such fields are the completion of the single market; the establishment of an area of freedom, justice and security; sustainable development founded on growth, solidarity and the quality of life; the assumption of a new continent-wide responsibility for promoting stability and democracy throughout the neighbourhood of the Union; and on the basis of these same values, the objective of acting as a strong and balancing factor in the world.

What does it mean to be European today, in Europe and the world? Trying to answer that question in practical deeds and proposals has been the guiding principle of our work.

Globalisation offers us not only new dangers but new opportunities.

Europe is at a turning point in its history. This Commission is working for change with zeal, tenacity and competence.

But the Commission's job is to propose, and later to implement. Decisions themselves have to be taken by Parliament and the Council.

And too often the decisions are not forthcoming.

If we want enlargement to be a success, if we want Europe to keep the solidity, the weight, the capacity to decide and to act which are needed in order to respond to the demands of its citizens, we need a new common impetus that cannot be provided by the Commission alone. It has to come from the joint action of all the institutions together.

Between now and the next European elections, every meeting of the Union's heads of state and government will need extraordinary commitment and cohesion.

Parliament will be called upon to show the same commitment, with a great debate on general direction and policy to form a solemn moment in the parliamentary year.

The Commission will be doing everything in its power to ensure that an enlarged and more united Europe is prepared to face the challenges of the twenty-first century, and to take its place as a strong and responsible player on the world stage.

That, ladies and gentlemen, is my vision of the Europe of the future.

*Dedicated to Walter Hallstein
Bruges, 12 November 2001*