

“What next for Europe? Challenges for the European policy” Speech by Minister of State for European Affairs, Mr. Günter Gloser German Political Foundations – Brussels, 26.6.06

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For the first time the German Political Foundations in Brussels, Konrad-Adenauer-Stiftung, Friedrich-Ebert-Stiftung, Friedrich-Naumann-Stiftung, Hanns-Seidel-Stiftung and Heinrich-Böll-Stiftung, united and invited the German Minister of State for European Affairs, Mr. Guenter Gloser, to a joint event. We are proud to present you his speech and the principal arguments in the following text:

Principal arguments (summary by FES):

- Since its foundation 50 years ago, the EU has given its citizens a hitherto unknown degree of peace, security, and prosperity. This should be maintained and protected.
- The process of integration should be seen as an opportunity to shape the Europe of the future, to meet the challenges of globalisation, and to provide safety and prosperity for its citizens. This would mean that Europe would again be more prized by its citizens.
- The EU faces the challenge of establishing itself as the prime mover in shaping globalisation, without pre-empting the positions of its citizens and their representatives in national and regional parliaments. This challenge can be met in the following ways:

1. **Globalisation offers opportunities:** Without the dismantling of international trade barriers, and the reciprocal opening of their markets, nation states would no longer be competitive. From a social viewpoint too, the process of globalisation offers improved educational opportunities, many ways of improving people's position, and widens the range of possibilities for their personal plans for their lives. However, the European social model can only be retained if Europe's citizens have the courage to embrace change.

2. **The EU can help to shape the globalisation process in a socially responsible way:** In today's world, nation states can only barely represent their own interests. But the EU, acting as one entity, can influence global developments by contributing to the establishment of international framework condi-

tions, shaping trade policy and the investment climate, but also by developing international labour and social standards. The EU also assumes a leading role in international environmental policy, in order to convince other countries of the objectives laid down in Europe. The EU

must develop common foreign policy initiatives in energy issues, so that here too Europe can show its united front to supplier countries. The Union has to build a more effective common foreign policy, and take steps towards military cooperation and a common European defence policy, since nation states are increasingly less capable of ensuring their own security.

3. **The implementation of the necessary structural reforms in political economies is still something to be pursued at a national level:** whether the political economies respond successfully to the changed conditions of globalisation, will depend on the implementation of national reform programmes in the context of the Lisbon agenda. Difficulties in implementation should not be attributed to the EU. Social security systems remain within national competence, and, given the differences which have historically evolved between nation states, this is both sensible and still desirable. The principles of subsidiarity and keeping things at grassroots level could be properly followed with better legislation. European Community law should be simplified.

4. **The German Presidency of the Council of Ministers should take the EU forward:** the constitutional process should be promoted. The confidence of Europe's citizens must be won back, and acceptance of the process of integration increased. The main areas, which the German Presidency will concentrate on, are these:

1. Securing Europe's economic and social future, as well as its natural basic living conditions
2. Reinforcing internal security and extending the European legal order
3. Shaping external security and external trade relations

Speech by Mr. Günter Glos:

Europeans and colleagues,

- I am delighted to be able to discuss the challenges facing European policy with you this evening. We all know that these challenges are multifaceted – but since I'm quite sure that many of you are already longing to go on to the summer party in the garden, I'm not going to talk about EVERYTHING there is to say about these challenges.

- During the coming year, the European Union will be celebrating its 50th birthday, whilst looking back at a unique success story. The process of integration has brought Europe's citizens an unprecedented degree of peace, security, and prosperity.

- In times when you hear about "Crisis in Europe" so frequently, I feel compelled to remind us: the process of integration has made of Europe something unique in the world, a closely interlinked community of countries without internal borders, with a functioning common market and a single currency. Today Europe is the largest international trading block and the biggest donor of development aid. In international politics too, the EU is already a central player.

- Despite these successes, citizens often take a sceptical view of the European Institutions and their apparently impenetrable decisions. This has not only been expressed in the failed referendum results on the European Constitution and the shrinking responses to surveys on the further enlargement of the Union.

Doubts are also nurtured by controversial debates on individual plans for legislation, such as, for example, the much disputed Services Directive, or the financial plans for 2007-2013, adopted in December, 2005, after lengthy negotiations that were dominated by national interests.

- This scepticism about Europe may not always be wholly wellfounded. But we have to take it very seriously. The reasons for it can be found in the profound structural changes following globalisation, and also in the threat of international terrorism. The continuing process of globalisation is facing the European Union with new kinds of tasks and challenges. The familiar economic and business rules are changing; the individual feels surrounded by greater uncertainties.

- In order to win over Europe's citizens – or win them back, if you like- the EU, in its practical dealings, must constantly demonstrate that it can take on tasks which an individual state can no longer master, or only inadequately, in the light of global challenges. The EU must prove that, as a political

community, it is in a position to shape globalisation, and, at the same time, involve its citizens in its decisions. It must be made clear to the citizen that the EU constitutes an added value for him or her.

- So the EU must adopt a stance today to meet the twofold challenge of globalisation and the need to stay close to its citizens, the latter often accompanied by demands for re-nationalisation. It must establish itself as the shaper of globalisation, without pre-empting citizens and their representatives in the national and regional parliaments. This is our task for the future, and a difficult one at that.

I would like to take you through four steps, which will give you an idea of how this could succeed, and of the contribution, which Germany could make.

1. Firstly, I'll examine the opportunities - and the risks- inherent in the process of globalisation both for Germany and the EU.

2. Secondly, if I may, I will discuss the areas where the EU can be especially effective in shaping globalisation in a socially responsible way.

3. Thirdly, I will then go on to argue that this does not involve relieving nation states of their responsibilities, nor any reversals of competence. It is all the more important that competencies should be more clearly classified, and that, in assuming an area of jurisdiction, the principles of subsidiarity and remaining close to the grassroots citizen, should be respected.

4. Fourthly, I will end by giving a view of the kind of impetus the Federal Government can and will provide in the future – particularly in its Presidency of the Council in the first half of 2007- to take better account of citizens' needs.

1.

- For Germany, a great proportion of economic growth is generated by exporting goods and services. These trade relations are largely directed at the European internal market, wider since the EU's enlargement, and beyond that, towards the rest of the world.

- At the same time, as consumers, we are used to having a plethora of goods available from all over the world, at prices which the domestic market could not offer. Without the dismantling of international trade barriers and the reciprocal opening up of markets, this would not be possible.

- However, the opportunities furnished by globalisation reach way beyond the economic sector. Continents coming closer together involves more than the mere trading of goods and services. The process of

globalisation offers much in social terms, improved educational opportunities, more possibilities of growth, and a wider range of options available to individuals in planning their lives.

- Globalisation certainly faces us with new and great challenges: More competition for resources, on wage costs, and also for well-educated labour forces, means we must have the courage to change.

Globalisation demands that we have the courage to leave the well trodden path, if, in a changing world, we are to retain the values that matter to us, such as solidarity, social security, and environmental and consumer protection. We will only be able to keep the European social model if we strike out on new roads.

We should be under no illusions: where wage costs and social standards are concerned, we cannot compete with the rising economies of China and India. So we must look more at investments in innovation and training, in order, for example, to create more jobs in the services sector.

- Ladies and Gentlemen, the EU, for us, is a decisive instrument with which we can influence the shaping of the process of globalisation

- And this brings me to my second point, the contribution that the EU can make to the responsible building of globalisation. Let me give you some examples:

2.

- The rising economic powers of China, with its 1.3 billion people, or India, with its 1.1 billion, make it crystal clear that the nation states of the size of Europe's, acting alone, can hardly represent their own interests effectively today.

On the other hand, as a Union of 450, and soon 490 million people, we are a very important player on the international stage. Acting together, the EU can exert influence on global developments, on the establishment of international framework conditions, trade policy, the investment climate, but also with regard to international labour and social standards.

- As the world's biggest trading block, the EU assumes particular importance in negotiations for a fair global trade system. So the Commission, on behalf of the Member States, negotiates in the World Trade Organisation (WTO) in order to achieve favourable framework conditions for an increasingly prosperous European economy. Over and above that, with the weight of its 450 million consumers behind its demands, it can insist that greater account is taken of social and ecological interests. The

EU is also adopting a leading role in international environmental policy in order to persuade other states to pursue objectives we have laid down for ourselves in Europe, as in the area of climate change policy. Where these issues are concerned, the Member States, acting alone, would be pretty much without influence.

- Efforts should be made to include reinforced European cooperation in energy policy alongside the issues of economic, environmental, and external trade policies. The recent disagreements over gas between Russia and the Ukraine have given us a foretaste of what we might expect.

So we must get a grip of the dormant potential for conflict in the gas sector. Within the EU, we must formulate our common interests and consider how we can represent them to the outside world in the future. We must develop common external policy initiatives on energy questions, so that in this area too Europe, standing together, can demonstrate its strength in international negotiations with supplier countries.

- In the light of international crises, collapsing states, the spread of weapons of mass destruction, as well as terrorism, the European Union must become more active in terms of external security. Here it is especially obvious that the individual nation states are less and less able to ensure their own security.

The Union must therefore construct a more effective common external policy, and take further steps in military cooperation, with the long-term perspective of a common European defence policy.

- But apart from these topics, which can usefully be taken over for administration at a European level, the primary responsibility for implementing necessary structural reforms in our political economies continues to lie with the national governments! And this brings me to my third point.

3.

- In their national programmes for reform agreed within the context of the Lisbon strategy, the Member States committed themselves to promoting growth and employment, and to take account of the pillars of the environment and social affairs whilst doing so.

The implementation of these national programmes for reform will be dependent on how successfully our political economies adjust to the changed conditions of globalisation. We must be careful to guard against passing the buck to the EU if there are problems during implementation.

The national processes, we ourselves in other words, are decisive. It is still the case that the social security systems, the reorganisation of which is currently being pursued in difficult negotiations within the enlarged coalition, are still, and will remain, a matter of national competence. Given the great differences, due to their historical development, between the health systems, pensions provision, and unemployment insurance, it makes sense, is desirable in fact, for this to continue.

- In this context, I would also like to refer to the principle of subsidiarity. According to this, only issues which cannot be adequately resolved at the national and regional levels, should be dealt with at the European level. In view of the great demands posed by globalisation, the EU does not enjoy too many competences which would have to be transferred back to the Member States.

However, it is still not clear enough where exactly the border lies between national and European competences. Amongst other things, this has also had the effect that many competences of the Member States have tacitly slipped over to the European Institutions.

- This kind of development could be avoided by, for example, a better legal order, in which we consistently followed the principles of subsidiarity and keeping things at citizen level. As well as this, we also believe that existing Community legislation should be simplified. Here we should emphasise the efforts being made by the European Commission to reduce bureaucracy. It wants to liberate businesses and citizens from unnecessary burdens. We very much welcome this. Commission Vice-President Verheugen in particular has produced important initiatives and has contributed to the Commission's drawing up a list of exactly 200 legal acts which could be significantly simplified, or abolished completely.

- Also- not least as a result of German pressure- the Constitutional Treaty does provide clear rulings on these problems of the distribution of competences in the EU. Alongside the reference to further and necessary competences, it also confirms national competences, amongst other things for the social security systems.

Beyond this, the European Constitutional Treaty provides for a procedure - what is called the early warning mechanism - whereby the national parliaments can verify that the line drawn between the competences of the EU and the Member States is being respected. This means that the national parliaments and, in Germany, also the Laender represented through the Bundesrat, become guardians of the principle of subsidiarity, and thereby bear more responsibility for European legislation.

- This brings me to my last point

4.

- The Department for Foreign Affairs is working full speed ahead on the task which is going to particularly occupy us all in the coming year. From the 1.1.07 Germany will hold the EU Presidency. And it's already quite clear that the expectations of our Presidency are high- I sense this again and again in discussions with partners and neighbours.

- We are determined to make our six month Presidency a success. Our Presidency should take the EU forwards.

- For one thing, this is going to involve professional policy management: daily business- whether routine or dealing with unexpected crisis- must be run efficiently and smoothly. It is also expected of us that we contribute to initiatives and projects.

- The question of the European Constitutional Treaty will be a decisive one. The week before last, the Council of Ministers asked the German Presidency to provide it with a report during the first half of 2007 on the issue of the Constitutional Treaty. The report should consist of a state of play assessment of debate in the Member States. The conclusions from the Council of Ministers also ask us to outline potential future developments in our report.

- I cannot foresee today what the report will look like. But I assure you: we are in favour of the Constitutional Treaty. It is in our interest to get this project off the ground again. France, in its Presidency up to 2008, has the task of taking the steps necessary to continue the process of reform. This will bring considerable impetus to the process.

- Since the Council session last week it is now decided that, on the invitation of the Federal Chancellor, there is to be an informal meeting in Berlin on March 25th, 2007, of the EU's Heads of State and Government. On the occasion of the fiftieth anniversary, there will be a political statement to confirm European values. This gives us a further opportunity to promote the constitutional process.

- At the same time, opportunities already afforded us in the present treaties should be exploited as fully as possible, so that we can achieve the concrete results that our citizens expect.

- As to further parts of the programme, we shall be guided by the exigencies of globalisation and the expectations of our citizens. The aim of European activity should be to regain confidence, and to increase the level of acceptance of the integration process. Only then might we see the impetus we want in the constitutional process.

- To ensure that the European Union remains productive in the future, and measures its actions by the needs of its citizens, it is essential to turn our concentration to core issues. It is only by doing this that the Union can make clear to its citizens what added value it offers us in the light of the global challenges we all face.

- Alongside the potential impetus for the constitutional process, against its background I can also see the outlines of the German Presidency programme in the following areas.

(1) Securing the economic and social future of Europe, as well as of its natural living conditions.

(2) Reinforcing internal security, and extending the European legal order

(3) Shaping external security and external trade relations.

(1) Securing the economic and social future of Europe, as well as of its natural living conditions.

- In terms of economic renewal, we must concentrate on promoting sustainable growth, employment, and dismantling bureaucracy. Europe must assert itself in global competition. This means first investing in future-oriented areas, such as the promotion of European research, education, and further training. The securing of energy supplies will also be an important concern for the German Presidency in the Council. We will have to understand energy related questions in both the external and security policy dimensions, and create appropriate mechanisms to avoid conflicts.

- However, securing our economic and social future also means that the social dimension of European policy is clear to see. During economic renewal, the maintenance and development of the European social model should not be lost from sight. With "social Europe" in our minds- and the past debates about the Services Directive confirm this- we have to demonstrate more clearly where the EU supports the citizen in necessary structural change. Therefore, an estimation of social consequences must move closer to the centre of legislative work.

(2) Reinforcing internal security and extending the European legal order.

- A further area of action during our EU Council Presidency will be the strengthening of our common legal environment, without a single internal market remaining patchy.

- For this, the implementation of the Hague programme is the primary focus. The German Presidency will move smoothly on from the work of the Finnish, and other previous Presidencies, particularly in respect of a consistent asylum and immigration policy, an efficient protection of external borders,

and close police cooperation. In the light of the Schengen countries' open borders, greater European police cooperation is required: we must combat illegal immigration more effectively by also cooperating with transit countries, and countries of origin. Our goal is to have greater security in spite of open borders.

(3) Shaping external security and external trade relations.

- In external relations, we will pursue an active European policy for peace in the world. Amongst other things, we are especially keen, with an eye to the Balkans, to extend the European sphere of security and stability.

- The most urgent question at the moment is the clarification of the future status of Kosovo. You know that there is a great deal of work being done on this. The UN mediator Ahtisaari is chairing direct discussions between Pristina and Belgrade in Vienna. But the positions held by both parties are still very far apart.

- What matters to us in this is that resolving Kosovo's status will enhance regional stability – this means, amongst other things, that there will be comprehensive protection of minorities, and the wishes of the population will be respected.

- We hope that the negotiations on the status of Kosovo may be concluded by the end of 2006. Considerable efforts towards stabilisation will be demanded of us, including a new EU Mission.

- The reinforcement of EU external instruments, as well as the implementation of measures giving us more consistency in external relations, are further points of emphasis for our Council Presidency.

- We must make better use of Europe's weight in the world, and use it effectively. In its external dealings, the EU must speak with one voice, more than it has done hitherto.

- The resolute actions of the EU, the United States, Russia, and China, in the Iranian nuclear dispute, provide a good example of a great success for European external policy too. The EU's High Representative, Javier Solana, was deeply involved in all the negotiations, and was a credible and accepted partner. He circulated the offer made in Tehran as the representative of E3+3. It is precisely when there is a background of increasingly critical voices that we must constantly emphasise that common European foreign policy is making progress – the case of Iran demonstrates this clearly. We must continue along this road.

- To summarise, I would call on us all to seize the process of integration once more as an opportunity to build our future with Europe, to master the challenges of globalisation, and to ensure prosperity

and security for our citizens. Then Europe will once again be more prized by its own citizens. Thank you for your attention.