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FOR THE INSTITUTE FOR EUROPEAN STUDIES

CHALLENGES FOR THE EUROPEAN UNION

Vrije Universiteit Brussel, 10 February 2004.

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Ladies and Gentlemen, If everything would have happened as initially planned or at least hoped, I could have been explaining today how we have brought the process towards the European Constitution to a good ending. But as you know, things went a different way. The IGC of December 2003 wasn't a success. But it was not a failure either. Within 10 years we'll probably look to the final result only. Anyway, in December last year a very important leap forward was taken: the European defence. On the importance of that, I will come back later. First of all I want to talk about the progress made towards the idea of the European Constitution. Ladies and Gentlemen, These are historic times, not just because of the enlargement of the European Union. The dream of a politically unified Europe, based on a single constitution, is also moving closer with every passing day. In fact, the unification of Europe goes hand in hand with more intensive European integrations something which I would call a process of constitutionalisation. This process started twelve years ago in Maastricht. It continued in Amsterdam and Nice. And it accelerated with the Declaration of Laeken and the Convention. It is now up to the Intergovernmental Conference to complete this process by approving a genuine constitution. At this very moment I can't tell you whether the Constitution will come up during the Presidency of Ireland or that of the Netherlands, which is coming afterwards. But a big majority does agree that by the end of the year we must have the new basic rules of the enlarged Union. An initial attempt in this direction was taken in Nice. But, as you know, it failed to achieve the desired result. In fact, this was clear even before Nice had finished. That is the reason why on request of Italy, Germany and Belgium, a declaration on the future of the Union was included with the Treaty. One year later at Laeken we opted for a revolutionary new method to help us sketch out this future: the Convention. The purpose of this Convention was to investigate the possibilities of a new constitutional framework for the European Union and that with a group very wide composed, much wider than the European Council. To be honest, this has proven to be an unexpected success, for it was definitely not self-evident early on. In fact, at Laeken we thought that the Convention would, at the very most, set out a number of options from which the Intergovernmental Conference could draw. But the Convention has gone much further than that. Under the leadership of Valéry Giscard d'Estaing, a single global consensus-based text was approved, and when this text was presented at the European Council in Thessaloniki, the impact was very real. This approach radically changed the nature of the Intergovernmental Conference. In contrast with Maastricht, Amsterdam and Nice, the current Conference did not begin with a blank slate, but with a fully fledged basic text. So it would be a mistake of historic proportions if the result of the Convention were to be unravelled or if we were to start over from scratch, as if the Convention had never taken place. After all, the Convention enjoyed a very high degree of legitimacy, which it derived first and foremost from the fact that it was composed of representatives of the governments, national parliaments, the European Parliament and the Commission. It acquired additional legitimacy through the fully open and transparent manner in which it worked for sixteen

months. And it also derived legitimacy from the results that it submitted. The Convention discussed and assessed all options no fewer than five thousand amendments. And it succeeded in submitting a single draft constitution. Moreover, in the heated debates currently under way, people sometimes forget that the Convention made spectacular progress in a number of areas and sometimes even managed to break age-old taboos. In fact, an example of this is the very term 'constitutional treaty'. I can still vividly remember how, around this time two years ago, I travelled to the capitals of the Member States in my capacity as president of the European Council to rally support for the Declaration of Laeken. In a great number of capitals there was little enthusiasm for an EU constitution. That is one sacred cow that has now been slain. But that is not the only one. The list is long, and I think it is interesting to go through this list, for it includes: a single constitutional treaty that integrates all existing treaties; the incorporation of the Charter of the Fundamental Rights of the European Citizen; a unique legal personality for the Union; the merger of the so-called 'pillars'; the possibility for the Union to join the European Convention on Human Rights; a better and more transparent description of the powers of the Union and the Member States; respect of subsidiarity; a hierarchy of standards; a drastic simplification of instruments and procedures. Even the role of the Commission President and the European Parliament will be expanded and strengthened. The position of European Foreign Minister will be created, and this individual will also serve as Vice President of the European Commission and President of the Foreign Affairs Council. All of this – which two years ago was nearly inconceivable – has now been achieved. Other proposals made by the Convention have clearly not yet been achieved. That was most clear during the Intergovernmental Conference. These must be negotiated right up to the last minute. Whenever that may be. Here I am thinking of the extension of qualified majority decision-making. In my opinion this is the most essential point. A Union consisting of 25 or more Member States must remain capable of taking action, and must be able to keep working efficiently and make decisions. The Convention has suggested expanding qualified majority voting to include a number of areas, such as justice, home affairs and financial perspectives. That is a good thing. We must now ensure that this is not undone. In fact, we should go further, by introducing qualified majority voting for fiscal and social matters, and for the common foreign and security policy. This brings me to the second point of the discussion: foreign policy. The creation of the position of European Minister of Foreign Affairs is good, but it is not enough. If, in the long run, we want to have a real foreign policy, then we must come to an enhanced cooperation and structured cooperation on defence. On this item we did make an important step forward during the Intergovernmental Conference of last year. In this regard, an important step forward has been taken at last year's Intergovernmental Conference. The Member States who choose to do so, will be able to set up a structured cooperation in defence matters, with its own criteria and objectives and with its own operations. The Armaments Agency of the Union already exists. And within a few weeks, Javier Solana will table concrete proposals for a cell to plan and conduct European operations. A cell that was initiated last year by Germany, France, Luxembourg and Belgium and that undoubtedly will evolve into a European headquarter. Lastly, a proposal has been made to drop the system whereby the EU presidency rotates every six months. The point here is not to decide whether we will have an elected presidency or predetermined team presidencies, but to ensure that the presidency is a factor of coherence and continuity. The introduction of the post of President of the European Council does not mean the dreaded introduction of a presidential system, but it will give the Union a much-needed recognition factor – a face, as it were.

Ladies and Gentlemen, The past few days and weeks I had quite a few contacts with colleagues. Indeed I want to assess the chances for an agreement on the Constitution. And of course I want to make my small contribution to the achievement of such an agreement, by thinking together, by formulating and testing suggestions. I have gained the conviction, over the past few weeks, that not everything is lost. Well to the contrary, an agreement seems possible. I am not pretending that it is within easy reach. That would be too optimistic. But it is possible. Since the IGC-Summit of last December I have spoken to most of the main players and it strikes me that they all want an agreement, if possible even within the short term. In December this was very much in doubt. At that time, everybody spoke of the need for a time-out for reflection and a cooling-off period, of six months, of a year, or even more. Me myself, I hope that we can approve the constitution this semester. I have several reasons for that. It would be best if we could have

an agreement before the European elections. So, after the elections, we can make work of the other major challenges: the promotion of employment and competitiveness in Europe, the negotiations about the financial framework for the next years, the enlargement and the decision about Turkey. But there is also another reason why I really hope we shall have a constitution within a couple of months. If we wait too long, every realistic chance to have a constitution will disappear. If we wait for another nine or twelve months, some people will wonder why we should need a constitution anyway. That in the end, the Nice-agreement was not that bad. That we do not need those ambitious plans and proposals anymore. If we come that far, the giant work of the last four years, from Nice until Laeken and the Convention, even until today, that giant work would be wasted. I do not want to take that risk. Ladies and Gentlemen, A Constitution for Europe. For so many generations an unreachable dream. For us a great opportunity. But, of course, the constitution is just an instrument, an instrument that must help us to realise our vision on Europe. Europe can be structured in accordance with two models. The first is what Charles de Gaulle called l'Europe des Etats, an intergovernmental model that focuses on national interests. The second model is a federal Europe, which is also known as the Community model. In this model, the Union consists not just of Member States, but also of citizens, and focuses on the general interest of the European Union as a whole. Belgium is well known as a passionate supporter of the Community model, a federal Europe, and a Europe that is as democratic as possible. The proposals made by the Convention are clearly a huge step in this direction. They reinforce the Community model, namely: a decisive Commission which is therefore limited in size; more decisions taken by qualified majority; a more transparent system for calculating the qualified majority that takes account of both Member States and population. The proposals also seek to ensure that institutional balance is maintained between the Council as the representative of the Member States, the European Parliament as the representative of the people, and the Commission as the body looking after the general interests of Europe. Protecting the proposals made by the Convention must therefore remain our point of departure. We are still not interested in reaching agreement at any price. The reinforcing of Community approach must be found in the compromise on the table. Belgium is not alone in this view, for this is also the basic assumption of a large majority of the Member States, including the six founding Member States. What brings all of these Member States together is the desire to ensure that decision-making within an enlarged Union is made easier instead of harder. Once again, this implies establishing a more transparent and democratic method for calculating qualified majority; applying qualified majority to more policy areas; limiting the size of the Commission; and at the same time ensuring equal access to the Commission for all Member States. These, together with a flexible review clause for future changes to the treaty, are the common themes facing us as they and we hopefully move into the final stages of the negotiations. Ladies and Gentlemen, Let us not have any doubts. The direction indicated by history is quite clear. The future of Europe lies in the construction of a federal Europe. I am weighing my words carefully here, because this is a loaded concept. But the trend is unmistakable, even if it is moving ahead in fits and starts. We first created a single market; we eliminated our internal borders; we created a European Central Bank and we introduced our own European currency. Since Amsterdam we have been working on a common foreign policy with a High Representative, who will soon be a real Foreign Minister. We already have Schengen and Europol, and soon we will have a European public prosecutor. We have a European defence. The next stage in European integration will no doubt be the funding of the Union. In my opinion, at least part of the current national tax contributions must be replaced by Community funding. This will enable the Union to pursue a policy based on its own resources, allowing us to avoid a paralysing debate between net contributors and net recipients. In fact, we are heading straight to such a discussion. Barely two days after the failure of the IGC-summit, six member states proposed to restrict the community expenditures for the period 2007-2012 to one percent of the GDP of the European Union. I do not agree with this proposal. The Union is going to be enlarged in less than three months with ten new member states. Many of them will need our help to restructure their economies, to open their markets and to modernise their administration and their justice. But in the last years the Union itself has also received lots of new duties and competences: the cooperation in the sphere of justice, police, migration and asylum, the competitiveness of our industry, labour market, research and innovation, the foreign policy, the defence

policy. I really don't see how we can deal with all these new challenges and in the same time limit our spending to the current level. Because that is what those six countries propose. But I do not want to defend the other extreme neither. The proposals approved by the Commission today seem too high to me, too generous. Member states like Belgium always need to keep an eye on their own budget situation. We can't agree just like that with proposals that make rise, within a couple of years, our annual financial contribution to the European Union with one and a half or two billion euro. That would bring the Belgian budget probably to a deficit. It is going to be a difficult debate, a painful debate on the financial perspectives. That is precisely the reason why I hope that we can find an agreement still during the Irish Presidency. Otherwise the negotiations about the constitution and about the receipts and expenditure will be mixed with each other. In my opinion, we should avoid that. The European Union has seen, since a couple of months, a debate on what the Germans call *das Kern-Europa*, the nucleus Europe, the pioneer group, two-speed Europe. As a matter of fact, this is not a new debate. This discussion has been going on for years. Jacques Chirac talked about it in the year 2000, before the Bundestag. And even before that, Jacques Delors developed his well-known theory about the concentric circles. This subject of the two-speed Europe is not an unspeakable subject, quite on the contrary. It is a subject, which raises the question of the very nature of the European integration as the Union enlarges ever further. For this enlargement will not come to a halt on the 1st of May when ten new member states will join us. I am convinced that in fifteen or twenty years, the Union will count forty members or even more. In a speech I gave before at the Humbolt University in Berlin, last November, I called this an evolution towards a European Federation within the European Union. In such a set-up, the Union would form the common basis, containing both the *acquis communautaire* and all those common policy areas where all forty or more member states are willing to cooperate. I do hope there will be as many such common policy areas as possible. And in that set-up, the Federation would build upon that common basis and organise cooperation in those areas where not all member states wish to join. But of course, and that is essential, all member states that do wish to join, should be allowed to do so. It is only natural for this discussion to come up whenever the Union is getting ready for a new enlargement. Moreover, this two-speed Europe, this *géométrie variable* as the French call it, already exists. Several member states have received opt-outs when joining the Union. Countries such as Denmark, Ireland, the United Kingdom and Sweden are not participating in all policy areas of the Union. Let me mention Schengen, or the Euro for that matter. The trend towards what we call, in our jargon, reinforced cooperation, is not something we should be ashamed of. Reinforced cooperation, or closer cooperation as it is more widely known, is not a dirty word. As a matter of fact, closer cooperation has existed for 20 years already. And closer cooperation is part of the treaty since 1997. But there is one mistake we must not make. Closer cooperation is part of the enlargement dynamics. Closer cooperation must not be, cannot be, the answer to the present difficulties in reaching an agreement on the Constitution. Closer cooperation is not a topic for today. Today we must concentrate on getting the Constitution approved. And, afterwards, on getting it ratified by all member states. Closer cooperation will come later, when all new member states will have settled down in the Union and will have decided for themselves to what degree they want to participate in the integration process. Ladies and Gentlemen, The European Union is evolving towards a federation. Slowly. But still. This federation has its own currency. People, goods, services and capital can move freely within it. A common defence is being launched at this very moment. And in a few years time, this federation will have its own financing mechanism. I am convinced of that. There is nothing unique about this process. Exactly the same thing happened in the United States of America in the 19th century. The constituent states of the USA unified to develop a federal state to which they steadily transferred greater powers. Moreover, during that process the federal American state gradually spread from the Atlantic to the Pacific Ocean. The parallels are striking: as the Member States transfer greater powers to the European Union, that Union is spreading from the Atlantic towards the Urals. Today, that very same European Union whose powers and territory are systematically being extended, must now be able to take its place on the world stage. Naturally, this has consequences for the world order that was our legacy from World War Two: first a bipolar world, then - after the implosion of Communism - a unipolar world. In other words, Europe's emancipation impacts this current world order.

I am convinced that herein lies the fundamental cause of the current tension between the European Union and the United States. Of course, other factors like differences of opinion over Kyoto, disarmament and world trade also play a role. But the more deeply seated, underlying reason is that the United States is seeing the emergence of a European Union which is demanding a voice in international affairs. To my mind, the emancipation of Europe – sixty years after its liberation by the United States – is not just inevitable, but also rather positive. During the Balkans conflict we all looked on powerlessly as concentration camps sprouted up on the European continent once again, just 1,000 kilometres from Brussels. Once again, we had to wait until the Americans put an end to a European war. Then came the deep divisions in Europe over Iraq. Only when all the Member States had already taken up their own positions did the European Council discuss the matter. And all we could do was note how divided we were. That was when it became very clear to me that we will only develop a genuinely common foreign policy when we have our own powerful, credible defence capability. Doing so will oblige us to decide in times of crisis whether or not to use that capability. Only in that way is there a chance to develop a genuine common foreign policy.

Ladies and Gentlemen, In his memoirs, Jean Monnet compared the path towards Europe with the route taken by the Kon Tiki, the ancient, primitive boat in which young scientists crossed the Atlantic Ocean. Monnet wrote: "These young men chose the direction they wanted to go and then they set off, knowing that they could not turn back. Whatever problems they encountered, they had only one goal in mind: keep moving forward. We too are heading towards our goal the United States of Europe down a path with no way back." I understand that there is doubt and even fear about the road that must be travelled. The Constitution as well as the Enlargement bring up commotion and unrest. Nevertheless we must go on, determined, on the course charted by Jean Monnet. That is the reason why I want to call all the countries of Europe to be united on that course. After the celebrations of the enlargement on the first of May, we can ground together the future of the European Union in a constitution. A constitution that has the same impact on the next generations as the Treaty of Rome had on the current and the past. I thank you.