



**IIPS**

Institute for  
International Policy Studies

▪ Tokyo ▪

## **IIPS International Conference**

**“Enlargement and Future of Europe 2002”**

**Tokyo, 12-14 November**

**Opening Statement**

**by**

**Ambassador Bernhard Zepter**

**Head of the Delegation of the European Commission  
in Japan**

**IIPS Conference**

**"Enlargement and the Future of the EU"  
Tokyo, 12-14 November**

**Opening Statement  
by  
Ambassador Bernhard Zepter  
Head of the Delegation of the European Commission  
in Japan**

## I.

Since the creation of the European Economic Communities in 1957 one crucial question was often raised but never definitively resolved : what should be the geographical scope of European integration and who should belong to this process ? It is quite characteristic of the EU's development that the matter has so far been handled pragmatically, avoiding lengthy academic discussions

The Founding Fathers concentrated on those countries on European soil which were ready to integrate in one single political and economic entity. Their objective was clearly political : "Never again war between us !" As political unity, at this juncture, was not attainable even among the first six member states, the Founding Fathers turned to the economy. After all, it was the economy which constituted the material basis for aggression. Control of steel and coal production meant controlling the potential for hostilities and frictions.

But integration in the economic field had also an important political and cultural spill-over. Unity proved to be mutually advantageous, through the creation of a big homogeneous market with new business opportunities. At the same time it established political stability and opened minds to new cultural horizons.

However, when other European countries queued to join the EEC it was mainly to profit from its economic advantages. This was particularly true for former EFTA countries like the UK and Denmark, which gladly embraced the idea of a common market but had misgivings as to its political objectives.

Not that the old countries of the EEC were monolithic in their claim for political integration. De Gaulle did not like the idea at all at the beginning of his presidential mandate, and Konrad Adenauer had a hard time to convince him that his policy of an empty chair in Brussels were not in France's long-term interest. German-French friendship policy finally overcame French reluctance. The General's change of mind became obvious when he blocked the first enlargement in his attempt to save the political part of European integration against a presumed anglo-saxon agenda to dilute the EEC into a mere free trade area.

It is important to keep this historical background in mind when analysing the present situation in the EU with respect to enlargement and when looking to the future of the European Union. Dividing interests are still very much present in today's discussion. They explain a certain nervousness amongst some Member States, in particular the smaller ones.

However, the European Commission as chief negotiator and guardian of the Treaty has tried to bring forward both enlargement and institutional reform in the most professional way, responding to specific political and economic needs and taking into account the need for the European Institutions to function well.

Anyhow, the logic of European construction pushes governments towards more integration, whether they like it or not : it does not make sense to establish a common currency and, at the same time, block progress in terms of economic governance or CFSP. You cannot have a single

market and tell people that each nation has to take its own decisions when external security issues are at stake.

If the European Union wants to exist as an international actor it has to foster togetherness. Otherwise, the European continent will simply be unimportant, a nice-looking open air museum for foreign visitors, cosy and enjoyable but not a driving force in shaping our interests and our society in a globalised world.

In order to respond to these challenges, the EU has no choice but to go ahead. None of the important discussions of the past offered simple solutions. Seen from a Japanese perspective it very often appeared as a miracle that we realised our objectives. But since the EU has crossed a critical stage, in particular the establishment of the single market and the introduction of the EURO, there is no other choice than to move further ahead toward integration. Not to go this way would start a process of unravelling what has already been achieved. The EU therefore really is a pioneer country. In order to advance we need to take risks and look towards the future, not backwards, to the days when wars and civil wars threatened our societies.

I see **four major issues** which we have to tackle in the coming years :

## II.

Firstly, **Enlargement** is at present the most important issue at stake. A major breakthrough has been achieved recently, at the European Council Meeting in Brussels. Following the proposals of the Commission, the European Union has agreed on its position for the last, most disputed chapters of the enlargement negotiations, namely on agriculture, structural policy and budget related issues. The door is now wide open for the final round of negotiations with the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. These negotiations should be concluded by the end of the year. The signature of the accession treaties is scheduled to take place under the Greek Presidency at Athens in April 2003. Rumania and Bulgaria now have a clearly defined perspective to finish negotiations in 2007. Only Turkey still has some homework to do before meaningful negotiations will start.

If Member States keep their promises as far as the ratification of the accession treaties is concerned, then the ten candidate countries I have mentioned may become full members of the EU by January 2004.

Experience tells us, however, that ratification is a cumbersome procedure and that psychological factors might prolong this process, for instance because of the election of a new European Parliament or the need to nominate a new Commission at the end of 2004.

The ratification process also coincides with the work of the **Convention on the future of the European Union**. The Convention is timed to present its conclusions during the Greek Presidency, at the latest at the European Council in June

The timely adoption of a new EU Treaty depends, however, on two assumptions:

The speedy establishment of an Intergovernmental Conference after the presentation of the report from the Convention and the adoption of a **special procedure** for the deliberations during the IGC. In particular, they must avoid reopening the discussion in substance. An unambiguous signal is therefore needed - at the highest political level - that the recommendations of the Convention will constitute the basis for an agreement on the future shape of the EU.

Enlargement will, formally, **not be affected** by the work of the Convention. It is true that the Nice Treaty has not brought about all the substantial reforms which many, and in particular the European Commission, had originally called for. The difficulties we witnessed in conjunction with what I would call "the battle of Ireland" on the **ratification** of the Nice Treaty were good indicators in this regard. But this is not what really matters. What matters is the explicit understanding of the European Council that **Nice has paved the way towards enlargement** and that the Nice Treaty constitutes its institutional basis.

However, there were not only institutional shortcomings, like majority voting or the role of the European Commission in an enlarged EU, but also more narrowly defined pending issues which rendered enlargement this time so difficult. Two major breakthroughs in the 90's, namely the completion of the **single market** and the introduction of the **euro** made enlargement this time **more complicated** than in the past. Whereas in earlier times, enlargement was easier to organise as the border controls still existed thus allowing lengthy "phasing-in" periods, the 5<sup>th</sup> enlargement now envisaged will not allow derogations which would impede to the functioning of the internal market and its four established liberties (free movement of goods, services, capital and labour).

Given the relatively low level of their GDP and the substantial number of the newcomers, this accession constitutes a sea-change for well established common policies as well.

One dividing issue is **agriculture** : The results achieved in Brussels at the end of October are helpful in the sense that they have established a guideline for the conclusion of negotiations with the candidate countries. The solution consists in a "freeze" of the present level of expenditure (plus one percent "inflation compensation") until the expiry of the next financial package. Implicitly, this also means agreement on the **duration** of the next package (7 years) and of the general rule that EU expenditure must not exceed 1.27 % of its GDP.

From the point of view of the Commission, while applauding the agreement necessary for enlargement, there is a double question mark : how can one agree on the future shape of the EU, including maybe new responsibilities while at the same time establishing a ceiling with respect to future expenditure ? And secondly, what about the need for a **fundamental overhaul of the common Agricultural Policy** with a view to reducing subsidies by better distinguishing between competitive and non-competitive farms ? What about the need to respond to legitimate requests of WTO to accept international rules for more open markets in this sector ?

**Another complex issue** is the preservation of the principle of **solidarity** within the EU, in particular through financial programmes like the **structural** or the **cohesion funds**. Once again, enlargement raises crucial questions concerning the repartition of EU assets. In

accepting eight new countries with a GDP well below the average EU level, the mathematical formulae used so far will render the presently poorer countries and regions of the EU relatively speaking **richer** by lowering the average GDP of the EU in the future. And this without so much as one more euro for the present beneficiaries of the funds.

In order to cope with this situation, the European Council had to agree on the capping of assistance for the newcomers, and the establishment of long-lasting transitional periods. This decision was certainly politically wise and the only means to maintain the timetable for enlargement. But it does not necessarily correspond to the principles of equality and equal treatment.

But all in all the process of the next enlargement has so far gone ahead astonishingly smoothly, despite its political, financial and economic dimension. One can witness what Jacques Delors called a "rendez-vous avec l'histoire". Nobody wants to miss this party.

Second issue :

### **The Convention.**

If, from the point of view of institutional reforms, the results of the Nice Council were limited, the decision at Nice to convoke a Convention was of the utmost importance. The idea came up as a consequence of :

the successful experience in conjunction with the **Charter** on European Fundamental Rights. Indeed the Convention turned out to be astonishingly efficient despite the greater number of participants and the fact that deliberations took place in public. It was in particular the **participation of members of the European Parliament** and of **national parliaments**, as well as the **transparency** of the process, which contributed to its success. Discussions focussed mainly on political questions, and to a much lesser extent on technical and tactical aspects as is normally the case in an Intergovernmental Conference.

Heads of State and Government were fairly impressed in Nice by the success of the formula developed for the Convention. The broader participation and the involvement of the political level from the outset added to the **democratic legitimacy** and the political impact of its recommendations. The Convention appeared as the core of a constitutional assembly, taking into account the fact that many elements of the European Treaties affect national constitutions.

There was broad agreement that the fundamental rights, in the simple and clear language in which they were drafted, should constitute an integral part of the Treaties, thereby strengthening their constitutional character. But the time was not yet ripe for such a bold decision. The European Council agreed instead to call in another Convention, this time in an even broader composition, with candidate countries and representatives of other institutions and civil society as non-voting members or observers.

In Nice its mandate was still limited : its main task was to be the **integration of fundamental rights into the Treaties**. But the Convention was also intended to bring about a **clearer definition** of the **objectives** and **responsibilities** in the future EU, the simplification of the Treaties, including their separation into a fundamental and a more technical part, and

the clarification of the role of national parliaments in the European architecture. It was obvious that all four elements of the mandate would lead to a much broader discussion on the future character of the EU. The Belgian Presidency at Laeken took advantage of this interpretation and succeeded in convincing the European Council to agree on a very comprehensive mandate for the broad discussion on the future shape and role of the EU.

Under the Chairmanship of Giscard d'Estaing the work of the Convention is on schedule. There is a feeling among its members that, like the Founding Fathers, they will be witnesses and instigators of a new era in the construction of European Unity. The notion of a constitution seems already largely to be accepted. Giscard d'Estaing has recently presented an **outline of the possible outcome of the final recommendations**. Intellectually stimulating as it is, it nevertheless reflects to a large extent a very traditional French inclination towards inter-governmentalism. There has always in the past been also a temptation to concentrate on procedures instead of substance. It is not in adding new structures and functions that the EU will reach its crucial objectives, which should be efficiency and democratic legitimacy.

The first question which the Convention had to tackle was therefore the **definition of goals and responsibilities**. Then followed the examination of the appropriate **institutional structure** in order to achieve these goals. It is not very revolutionary to ask for a strong and powerful Europe, capable of playing a role as an actor on the world stage. This has been done many times in the past. It is much more difficult to define this role, and the appropriate structure, in the light of experience gained so far.

The most important results which we could possibly obtain from the Convention would therefore in my view be

- a **solid and lasting legal structure** in the form of a European **Constitution**;
- a **clear response** to the question of "**who is doing what at which level**", which implies further clarification about what principles like subsidiarity and proportionality really mean and how they can be applied.
- the **strengthening of integration** through the application of the Community method, as integration is the most suitable tool to act efficiently.
- **increasing democratic legitimacy and accountability** by strengthening the links between the European Parliament, the Council and the Commission; and
- an institutional structure as **simple** as possible, based on the fundamental principles of **European governance**, namely the appropriate balance of power between the European institutions.

Commission, Council and European Parliament have to look at their working methods as well, and to take into account the increasing number of Member States. They need to address **decision making procedures** as well as **language regime**, the **structure of working meetings**, and **financing**.

The **third big issue** of EU policy for the coming years must be to **restructure** and to **re-launch the economy**. Let us face it: the present economic slow-down is unprecedented and troublesome. 8,000 billion US \$ of destroyed equity wealth worldwide, deflation, excess capacity, a general loss of consumer confidence, the threat of a war in Iraq, savage terrorism

which targets our open and free society, a global "malaise" concerning corporate governance : there are many reasons to be concerned. Bold decisions are required, not medicines which cure the symptoms and leave the disease untreated. **Cooperation between the leading industrial actors is therefore of the essence.** But also political courage to proceed with a root and branch restructuring of our economy.

The EU has shown its determination to face the new challenges : In Lisbon, in 2000 the European Council agreed on the so-called **Lisbon Strategy** to transform the EU into "the most competitive and dynamic knowledge-based economy, capable of sustainable economic growth with more and better jobs and greater social cohesion in the world". This strategy was further refined in Stockholm in 2001 by adding **sustainable development as a benchmark**. The Lisbon strategy sets out a number of ambitious targets to be measured by appropriate economic indicators : employment, development of new technologies and markets, e.g. by modernising the European Social Market, protection of the environment, boosting R & D and innovation , spending more on education, completing the internal market and defining the appropriate macro-economic policy mix.

The means to achieve these objectives were, amongst other things, programmes for building knowledge infrastructure, enhancing innovation and economic reform, and modernising the social welfare and education systems on the basis of a stability-oriented monetary policy, and sound fiscal policies.

The EU has therefore not only established a solid and ambitious policy framework for its future development, but has also agreed on how to proceed in the framework of a process constantly monitored and updated by the Commission. Every spring, the European Council is now called upon to take stock and to advance this process.

Japan and the EU can learn from each other how to cope with the challenges of an open market economy by means of modernisation and adaptation, and by preserving the specificities of our societies and the values and preferences they imply. I think that we have indeed a common responsibility to re-establish confidence in our political and economic system which appears to be **under attack** both from a blind fundamentalism and - let us be frank - from the mistakes and deficiencies in our own economic and monetary systems.

Let me **conclude** on a last issue which constitutes, in my view, a key challenge for the future of the EU and which is linked to the development of all our respective societies in a free and democratic world : I refer to the need to **reflect on the role of the civil society in the process of decision making**. In the case of the EU, this need is particularly acute : European integration can only be achieved from the grassroots and not only through means of blueprints drawn up by skilled architects of European unity. We need leadership, no doubt, to achieve our objectives. But we also need to **bring the people with us** on the way to reshaping the political landscape in Europe. The quest for European **identity** and **political ownership** by the citizens of our continent has for too long been neglected. The European Unification Process therefore looks more like a **grand design by elites**, and only to a lesser extent like a political process shaped by **democratic participation**. Democratisation of these procedures and the development of a **clearly identifiable European civil society** must be essential elements in our endeavours.



What is our **final objective** ? Do we want to become a **nation state** at a higher level according to Montesquieu's rules of past centuries ? Do we want to build something new, with no reference to historical examples, but which responds to our need for a modern society, open to the world, allowing freedom of action and individuality at the same time as the rule of law, togetherness, solidarity and peace?

Few intellectuals so far have focussed on the pioneering character of European unification searching for practical answers to these questions.

Everybody agrees that the EU should be something different from a nation state but more than an international organisation . This is not very enlightening. The German philosopher Peter Sloterdijk has suggested viewing the European Union as a kind of university where people learn to live and work together and **better to understand** notions like solidarity and tolerance. I like this idea, but it is certainly a rather idealistic approach which neglects the political and economic dimensions. Let us be more down to earth : the EU is the answer to what the people wanted after too many bloody wars and civil wars on European soil - a solid political process which brings about peace and prosperity and which **frees** the European nations from the very egocentric and narrow world view of the small to medium-size countries which deep down, they **all** know they **are**, despite their sometimes glorious or not so glorious pasts.

In this sense European Unity is **more a process than a goal**. The institutional framework is tailored to solve specific problems, when they come up, in a step-by-step process. This is a bottom-up not a top-down concept and a future European constitution should reflect this.

Maybe one day a new Montesquieu will emerge to shape this new concept of statehood. It is in this perspective that the construction of the European Union is so exiting - precisely because it shows the most promise of becoming our answer to dealing with the unsettling challenges of globalisation.