

Speech by Romano Prodi

President of the European Commission

“The New Europe in the Transatlantic Partnership”

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

Florence European University Institute

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Ladies and Gentlemen,

Exactly 51 years ago today, Robert Schuman delivered a famous declaration that has changed the political landscape of our continent more than anything before.

He proposed a new and thoroughly pragmatic process for uniting the nations of Europe and thus securing peace. A step- by step process that started by pooling two key economic resources – coal and steel.

Thus was born what is today the European Union. It is not just a free trade area, not an intergovernmental organisation and not a single centralised “superstate”. It is a radically novel and completely unique form of Union in which sovereign States pool their sovereignty in order to promote their collective interests.

The United States has, from the very beginning, been our closest ally. The US has played an important role in the development of European Unity, through both security and economic ties.

We also owe today’s multilateral global governance system largely to US leadership after the Second World War. The United States was the main driving force that enabled the international community to create the United Nations, the Bretton Woods Institutions and the world trading system.

The EU is firmly convinced that multilateralism is the key to continued world peace and stability. We will do all we can to preserve and strengthen our multilateral institutions of global governance.

The future of our transatlantic relationship lies at the heart of global politics. Our ability to tackle global problems will crucially depend on whether the US and the EU are in basic agreement with each other.

It is therefore of the utmost importance to further our mutual understanding and promote closer transatlantic ties. This is why I am particularly pleased that the European University Institute has been enabled to set up a Chair in transatlantic relations.

I wish you every success in your research and teaching. I and the Commission as a whole are very interested in your work, and will always be prepared to give support and engage in dialogue with you.

This year marks the 25th birthday of the European University Institute. On this occasion the Commission plans to hold its weekly College meeting on November 7 here at the Institute. In doing so we would like to stress and deepen the close working ties we have developed in recent years.

Ladies and Gentlemen,

Transatlantic understanding is all the more important now that the EU is transforming itself into the “New Europe”.

The enlargement process will create a Community of 20, 25 or more Member States over the next ten years.

We are turning a page in history.

We are putting behind us, forever, our old divisions and the wars they generated.

We are creating a peaceful Europe in which **the peoples of this continent** can live together in safety.

A free, democratic Europe where human rights are respected and the rule of law prevails.

We are reuniting our European family of nations.

But the challenge of building this “New Europe” is formidable. We have achieved a lot we can build on.

But we need to renew and reinvent ourselves, just as Robert Schuman did with his declaration 51 years ago.

The enlarged Union cannot be run in the way we have run Europe until now. Our institutions and procedures were designed to manage a Community of six Member States. They are struggling to cope with a Union of 15. Unreformed, they will not work in a larger Union.

At Nice we agreed on the necessary institutional reforms. We also agreed to have a wide-ranging public debate on the future of the EU leading to a new Treaty in 2004.

There are important questions to be addressed in this debate: the question of “competencies”; the status of the Charter of Fundamental Rights; how to simplify the Treaties and what role national Parliaments should play in the EU.

But the debate must go beyond that.

It is time to ask ourselves the fundamental question of what sort of Union we want.

What is the ultimate goal of our European project?

Only once we have agreed on this does it make sense to discuss how best to organise ourselves to achieve that goal.

We have never before really faced up to this question. The words “ever closer union” are enshrined in our Treaty, but rarely have we paused to ask ourselves what they mean – or what we want them to mean. We have been too busy getting on with the day to day business of “building Europe”.

This approach has worked very well until now.

It has brought **peace** to countries that were once at war with one another.

It has given its citizens an unprecedented level of **prosperity**.

It has delivered a **single market** and, most recently, a **single currency**.

It has created a stable European **Community** that has grown from 6 to 15 members.

But we have reached a point where the step-by-step approach towards an undefined goal will work no longer. It is time for us all to face the ultimate question of what the Union is aiming for.

We have to develop the New Europe into what the founding fathers originally designed it to be: a **genuine European Community**.

A Community of diverse nations and peoples with

- a sense of shared identity,
- a common vision and purpose,
- and the will to achieve agreed goals together.

This is what I believe we owe to future generations.

This is what our “New Europe” should become.

A “New Europe” that speaks with one voice and takes effective and united action on the world stage.

Over the past decades we have achieved good progress in developing more coherent EU external policies for the Union.

This has, above all, been the case in the economic field. In trade policy the EU has been speaking with one voice for years. The same is true for competition policy. In the development field the EU is the largest donor in the world, far ahead of the United States.

Finally with the Euro we now have a common currency that is fully the equal of the US Dollar. This is demonstrated once more by Argentina’s recent decision to link its currency and reserves on a fifty : fifty basis to the US Dollar and the Euro.

In the political field the EU has learnt its lessons from the Balkan wars. In a very short time span, Member States have agreed to create the European Security and Defence Policy (ESDP) and to set up, before 2003, a Rapid Reaction Force with up to 60 000 soldiers for crisis intervention.

The creation of the Rapid Reaction Force required and continues to require a major effort on the part of all those involved.

The first effort was a diplomatic one, starting with the St. Malo declaration by France and the UK that lead to intense negotiations among the fifteen Member States. As a result, the institutional and political structures for ESDP are largely in place now.

The second effort is still ahead of us: by means of the so-called “headline goal” we are setting up the necessary military capacities to make ESDP work in practice. This is a major challenge for our armed forces, in particular for funding and reorganisation.

Finally, it is now time to implement our cooperation with NATO. ESDP must be closely linked to NATO to avoid duplication and to maintain the strong cohesiveness of our transatlantic partnership.

ESDP will substantially enhance our capabilities to deliver in situations of crisis, which is something the US has always called for.

ESDP should strengthen, not weaken, our transatlantic links, as it will make the Union a more effective and reliable partner.

But in spite of all this progress, the EU’s external policies remain too fragmented. We are still far from having the single telephone number Mr. Kissinger once asked for.

In 2004, I would like to see the EU merge all our foreign policy instruments into one single external policy structure. This structure should be located in within the Commission, with special rules and procedures tailored to the needs of security and defence.

In practical terms this would mean integrating the position of the EU’s High Representative for the Common Foreign and Security Policy into the Commission. Such a step will not be possible without building a very broad consensus. This will not happen overnight. One would hope it could happen more quickly, but this is the price we must be prepared to pay for democracy.

The High Representative also needs to be strengthened so that he or she can play a much more effective role in bringing about coherent and result oriented policies.

The EU needs to speak with one voice not just on the Common Foreign and Security Policy, but on economic policy, too. The creation of the Euro was a major step towards integration in the monetary field. But we still do not have a proper external representation for our common currency.

Just consider, for example, that if EMU member states were a single constituency at the IMF we would technically have the largest quota of all. We must consider how to achieve progress towards this goal.

I would like the integration of our external policies to take a quantum leap forwards in 2004. We must overcome the division between the pillars and create clear-cut institutions.

We should develop the "New Europe" into a fully-fledged global player in world affairs alongside the US.

The "New Europe" should become an effective and more equal partner of the United States in global leadership.

At the same time it is imperative that the United States does not renege on its international commitments.

Let me point out some of the challenges our transatlantic partnership is facing over the coming years.

First, transatlantic cooperation will be vital in launching the new round of trade negotiations at the WTO ministerial in Qatar this autumn.

We must avoid repeating the same mistakes that led to the failure at Seattle. We need a basic transatlantic agreement on how to launch the Round.

The new Round should achieve both further market liberalisation and better rule making. We should start negotiations on a comprehensive package that gives enough room for manoeuvre to all involved.

Particular attention must be given to developing countries and to better integrating them into the world trading system. With its "Everything but Arms Initiative" the EU is already implementing a first concrete proposal that will improve market access for developing countries.

We also have to find ways to allow developing countries to adapt to trade rules more effectively and to enable them to benefit more from those rules.

The EU will actively pursue trade liberalisation with developing countries, both bilaterally and multilaterally.

After our successful free trade agreement with Mexico, we are now exploring conditions and timetable for similar arrangements with Mercosur and the Mediterranean countries. We also need progress in regional trade integration with Eastern Europe, especially Russia and Ukraine.

Regional free trade projects are important, but should not become a substitute for multilateral progress at the WTO. The WTO must remain the central plank of world trade rules and liberalisation. We must avoid fragmenting the world economy, which would leave developing countries out in the cold.

In EU-US relations, transatlantic trade disputes are often exaggerated and attract media attention far beyond their economic importance. Only about 1-2% of the trade and investment flow is subject to such disputes. I am glad that we have already been able to resolve some of the problems, such as the banana question.

Climate policy is a key area, in which the EU has effectively assumed a role of global leadership and global responsibility.

We, the wealthy industrialised countries, have the moral and political obligation to lead the way to a less resource-intensive economy with more sustainable patterns of consumption and production.

The European Union sees climate change as a central issue in international politics today. We all have a responsibility towards future generations. The science is indisputably convincing and global issues require a global response.

The United States is responsible for the largest share (25%) of total world carbon dioxide emissions, and it has a moral responsibility to act to curb emissions.

We will not accept US attempts to undermine the Kyoto Protocol, which has resulted from over ten years of international negotiations.

I am glad that President Bush has started reconsidering his position. I very much hope he will engage constructively on this issue of primary importance for the future of our globe.

The European Union has accepted this challenge and is prepared to go ahead with profound structural changes in our economies to integrate sustainability into all our policies.

This will be the main focus of the forthcoming Gothenburg European Council. The EU's aim at Gothenburg is to agree on a sustainable development strategy for which the Commission will draw up concrete proposals.

A particularly sensitive area for future transatlantic cooperation is how to deal with new security threats. These range from organised transnational crime, drug trafficking, money laundering and cybercrime to issues such as nuclear non-proliferation.

US ideas for building up missile defence shields require careful analysis and consensus building. New missile defence systems have wide implications affecting strategic stability, the Antiballistic Missile Treaty (ABM) and the defence doctrine as well as issues of technical and financial feasibility. I therefore very much welcome President Bush's recent offer to begin close consultation on these questions.

Finally it would be very desirable to find a basic common approach to macroeconomic policies, in particular to structural aspects such as the global financial architecture and to the question of how to prevent and manage financial crises.

In view of the slowdown in the US and the ongoing structural problems in Japan, it is particularly important to build a transatlantic consensus on this. No major economic player can deny his responsibility in this very sensitive field.

Ladies and Gentlemen,

The 1995 New Transatlantic Agenda shifted the EU-US relationship from one of consultation to joint action. It was a substantial step forward, as it integrated the foreign and security dimension of the EU into the dialogue with the US and formalised the Summit process.

Since then, EU-US co-operation has broadened considerably and we now work together over a wide range of areas.

There are many success stories. The most prominent in recent years is certainly our effective co-ordination of policy and action in the Western Balkans, which is crucial in re-establishing peace and stability in that region.

An important contribution to the successful broadening and deepening of transatlantic relations over the past few years has come from the efforts of business and civil society, in particular through the Trans-Atlantic Business, Environment, Consumers or Labour Organisation Dialogues.

At parliamentary level the Transatlantic Legislators' Dialogue has helped to reinforce the links between the European Parliament and the US Congress.

We should build upon these Dialogues to ensure that legislators and civil society become much more closely involved in building up a solid and well founded transatlantic partnership.

Globalisation strengthens our transatlantic links. Just think of the numerous EU-US mergers and strategic alliances in recent years such as Fiat-General Motors or Deutsche Bank-Banker's Trust. BP itself, the company that funds the transatlantic chair, has entered into a US-European joint venture, merging with Amoco.

On the purely business side, one could say that the EU is on the right track. We must nevertheless admit that the picture is not so bright in other areas. There are still considerable gaps in performance between the EU and the US in a number of fields.

Take, for example, high technology and research. While admiring the success of the genome project, I have been grieved at having to admit that Europe's contribution was only marginal.

Or take the example of education. European research centres and universities are faced with a challenge of historic proportions, as they endeavour to compete with their US counterparts. I am counting on your institution to help us bridge those gaps that remain both in education and in research.

Given the extent and complexity of the EU-US relationship, the Commission has recently kicked off a process of reflection on how to reinforce the framework for transatlantic relations.

Our objective is to focus future EU-US summits on the really big strategic issues we need to tackle together. We have made concrete proposals for streamlining existing procedures and ensuring that future transatlantic co-operation is geared as much as possible to action and to delivering results.

The transatlantic relationship has reached a high degree of maturity. This should enable us to settle our differences just as in a family – openly and on the basis of mutual trust and understanding.

Effective transatlantic co-operation is a key to achieving progress in many areas of global politics. We should try to settle our differences bilaterally, rather than burdening or blocking multilateral fora with them.

The United States and Europe share not only the same values, but also the same basic overarching strategic interests. In today's interdependent world we can only achieve these interests together. Compared to their importance our differences are only minor, and should be dealt with in a mature and effective way.

I am looking forward very much to forming close working ties with the Bush Administration.

Meanwhile the Commission will be working hard, together with the Member States, to build the "New Europe" we are determined to create.

It will be a stronger and more self-confident player – not just as a regional partner, but also in global leadership.

The Commission intends to fully play its part in this project.

Thank you.