

**EU Enlargement: Meeting the Challenges of the
Global Security and Trade Environment**

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Introduction

Thank you Don (Don Kenyon, Chair), members of the diplomatic community, ladies and gentlemen. I am very pleased to be able to open this Conference on EU enlargement and I congratulate the National Europe Centre on its initiative in organising it.

European integration has been an extraordinary and visionary enterprise, built on practical steps towards unity. The European Union is not only a complex work in progress, harmonising the internal policies of its members, but a force in world politics. This sixth wave of enlargement is one of the great moments in its evolution. This conference has an ambitious agenda and brings together a body of experts intimately concerned with the engineering of this grand design.

And the conference is timely and relevant for Australia, because it is important to our relationship that Australians comprehend the dynamics and changing nature of the EU. My theme today is the opportunity that the imminent expansion of the EU offers for tackling global security and trade challenges. I want to expand particularly on areas where Australia's interests are strongly engaged.

The significance of enlargement

But I want first to go back to the European Union's beginnings. One of the forefathers of European Union, French Foreign Minister Robert Schuman, articulated a grand moral and political rationale for a united European approach in his Declaration on 9 May 1950: "The contribution which an organised and living Europe can bring to civilisation" he said, "is indispensable to the maintenance of peaceful relations".

But the most visionary aspect of the Schuman Declaration was the simple and practical foundation he proposed as the catalyst for unity and peace: to have Franco-German production of coal and steel jointly managed under the control of an independent authority, and allowing participation in that enterprise by other Europeans.

With great foresight, Schuman argued that the solidarity of production between France and Germany would make it plain that any war in Europe "becomes not

merely unthinkable, but materially impossible”. In short, a commercial and economic means to realise a decidedly political end. Furthermore, Schuman saw this as a first step in a grander evolution. As he put it “Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a defacto solidarity”. This incremental approach has continued. Ever since the treaty establishing the European Coal and Steel Community in 1951, the European Union has continued to integrate and expand, from the initial six members to nine, 10, 12 to the current 15. We are now on the cusp of another great political and economic transformation with the largest expansion in the EU’s history to an EU of 25.

This new European Union will have over 450 million citizens. Its GDP will be one quarter of the world’s total GDP (on a purchasing power parity basis), and it will account for nearly 38 per cent of world trade. Beyond its global economic significance, it also has the potential to exert increased strategic weight and influence in international diplomacy. Put simply, enlargement to an EU of 25 members will have a major impact within Europe and globally.

The European Union has already created stability across a continent which has historically been scarred by war, ethnic division and antagonistic ideology. The prospect of EU membership alone has been a powerful incentive amongst aspirants to embrace habits of democracy and economic liberalisation. As we convene today, 10 new countries will sign the Accession Treaty in Athens. With full membership from May 2004, they will be bound to legal and institutional norms of good governance, transparency and openness. More countries – including Bulgaria, Romania and Turkey are already formal candidates and others aspire to join.

Australian interests

Let me now turn to Australia’s enduring interests in all of this. In our recent White Paper “Advancing the National Interest”, we devoted a chapter to Europe and the EU: a powerful statement of the importance we attach to our relations.

The EU, taken a single entity, is our biggest trade and investment partner. We have substantial bilateral relationships with many European countries. We have close people-to-people links - 88 percent of Australians have European ethnic origins. The

accession of 10 new members will engender both new opportunities and new challenges in our partnership. Europe's ambitious agenda has many facets, almost all of which will impinge on Australia's interests. Enlargement will see collective policy orientations across a wider ambit of issues.

An enlarged EU will have an even stronger capacity to assert its policy goals as international benchmarks. It is axiomatic that a larger, increasingly powerful European bloc will increase the EU's capacity to support or disadvantage us. With 25 votes in multilateral fora, the EU will have substantial weight in international affairs. But with that weight comes responsibility- a responsibility to be fully aware of the international dimensions of its own actions, and to take full account of the interests of others.

Our concern is that as Europe becomes ever more intensely focused on managing the practicalities and politics of greater union, it not lose focus on engagement with third countries and with other regions. This makes it all the more necessary for Australia to be an alert and active partner. The White Paper sets out the need for creative strategies in our engagement with the new EU and makes clear that we see a key role for the EU in our region. It reaffirms the relevance of our current approach: vigorous engagement with EU central institutions as well as strong capitals-based advocacy. The frequency and breadth of our high-level meetings allow us to deepen dialogue with the EU on areas of common purpose and to explore the "give" in areas of difference.

I will be leaving here today to take part in our nineteenth Ministerial Consultations in Melbourne. At last year's Ministerial Consultations, Commissioner Patten and I agreed to renew the document we signed together in 1997 – the Australia – European Union Joint Declaration – and to identify priorities for future cooperation in our relationship. It has been abundantly clear in carrying out this review that there is strong 'whole-of-government' commitment to deepening cooperation with the EU across a range of areas.

This comprehensive engagement across a broad range of common interests represents strong ballast for a dynamic and comprehensive relationship with the new enlarged European Union.

On mapping out an agenda for our future cooperation, we will be looking at initiatives on strategic issues, trade, transport, environment, education and science and technology, development cooperation, and migration and asylum issues. Just as we have broad and vibrant exchanges, so too we have areas of difference.

Australia is deeply troubled by the EU's narrow and minimalist approach to global agricultural trade. The EU's failure to move forward on reform of the Common Agricultural Policy (CAP) is a lose-lose policy for Europeans and non-Europeans alike.

The EU tells us that it is making a serious agricultural offer in the Doha Round. But an offer which retains subsidy levels at over a third of farm incomes, subsidises the sale of surpluses on international markets, and effectively retains a closed market for many products, cannot be considered a serious step towards meeting the undertakings we all made at Doha. And it is not only Australia which makes these points forcefully to the EU. The world needs the EU to make real progress on agricultural trade liberalisation. Developing countries in particular need to be able to capitalise on their comparative advantage in agriculture and generate the economic growth which will lead to greater prosperity. Continuation of the current flawed policies providing limited access for some developing countries to the EU is not the answer.

We do share a broad agenda with the EU. On many trade issues, we have similar interests. But on agriculture, we will continue to put our position forcefully. And in more general terms, we need the expanded EU not to get distracted by internal differences - but to face outwards and exert its international weight constructively, as a force for liberal democratic values and economic growth.

The role of the new EU in the global security environment

The gravity of recent events brings sharply into relief the need for decisive and coordinated international responses to global security challenges.

With two permanent members of the Security Council and 23 more votes in the United Nations, an enlarged EU – an EU 25 - will have an obligation to play a significant role on the world stage. The challenge of Iraq has left the EU shaken and

divided. These are times of tectonic shift in international strategic relations. But how the EU addresses the challenges - including to its Common Foreign and Security Policy – will be critical to the influence Europe can exert on the international security agenda.

I would first like to consider the important stabilising role Europe has to play in its own region. And Australia, as a source of large scale European migration, retains an interest in this. A recent example of particular interest to Australia is Cyprus.

The prospect of EU membership was a driving force behind recent UN-sponsored talks designed to achieve a commitment to reunification before today's signing of the Accession Treaty. It is a great matter of personal regret that these talks ultimately collapsed and that the people of Cyprus were not given the opportunity to vote in a referendum on the future of their country. In spite of this disappointing outcome, the Cyprus reunification process was a powerful example of where the EU – in effective cooperation with the good offices of the UN Secretary-General – can drive positive, political movement.

Which leads me to another country of European regional and global strategic significance: Turkey. The case for Europe to embrace and support Turkey is compelling. Turkey's strategic importance will not diminish after the Iraq conflict. It is in all of our interests that Turkey's commitment to secular and democratic government is bolstered. And then there is the tragic recent history in the Balkans. If any good has come out of this sad period, it is the catalytic effect it should have, and I hope will have, on the EU's consideration of its regional security role.

The EU is playing an important role in helping Serbia and other former Yugoslav states make reforms which will allow them one day to be fully-fledged members of Europe and the democratic world. European security, of course, cannot be considered without reference to NATO. While questions surround the future shape and role of NATO, one certainty is that the path forward will be inextricably linked to the development of the EU's own security identity. The recent NATO-EU agreement on the use of NATO planning assets is a welcome step forward – allowing the launch on 31 March of the EU's first military operation "Concordia", assuming operational

responsibility from NATO for peacekeeping in the Former Yugoslav Republic of Macedonia.

This significant development follows the 1 January commencement of the EU police mission in Bosnia-Herzegovina. Outside Europe, the EU has served as an important force in generating European policy responses to foreign crises, as in Afghanistan. The EU is also playing an important role in generating a pan-European response to counter-terrorism and trans-national crime. Australia's cooperative counter-terrorism endeavours in Asia have been a focus in our bilateral dialogue with the EU. The EU has also served to supplement and centralise the "soft" power tools of its Member States, particularly in development aid and reconstruction. We have welcomed the benefits of the EU's generous financial support to East Timor, PNG and the Solomon Islands and of its Euro60 million contribution to current projects in the ASEAN region.

As the European Union undergoes further profound change, it is important that an understandable focus on consolidating peace and prosperity in Europe not detract from the EU's political and economic engagement with our region.

The need for greater cohesion

A fundamental challenge to an EU with 25 members will be to demonstrate to its own citizens, and to others, that it has the capacity to fulfil its responsibilities to undertake meaningful collective action outside the European theatre. The disparate European approaches to Iraq has generated serious tensions in trans-Atlantic relations. While sharing the goal of disarming Saddam Hussein, a several EU countries seemed prepared to abandon longstanding security partnerships with the US, doing great collateral damage to the Security Council in the process.

Australia has a direct interest in seeing a strong European partner to the US: a solid stable transatlantic relationship - a relationship which affirms and reinforces common values of liberal democracy - is of central importance to global security. As EU High Representative for the Common Foreign and Security Policy, Javier Solana, recently pointed out, the international community cannot tackle global security challenges unless there is sense of common purpose across the Atlantic and the most intimate and

detailed cooperation. The EU's stance on Iraq also delivered a deep blow to the confidence of third countries in European like-mindedness and partnership on security issues.

Commissioner Chris Patten told the European Parliament in mid-March that the EU's Common Foreign and Security Policy had suffered a severe setback because Member States chose to take national positions on Iraq as if they spoke for the European Union as a whole. As one would expect, Euro-commentators have put forward diametrically opposed prospects for the EU as a result of the split between major Member States. Some have already proclaimed the demise of the EU's Common Foreign and Security Policy. Others - including me - maintain that the Iraq experience will provide a powerful jolt and bring EU members to their senses - the fallout will engender greater discipline and unity in external engagement. But there is a danger that if an EU15 cannot deliver as a global actor then an EU25 may not prove any more united as a force in international affairs.

So how can Europe emerge not just healed but strengthened from what Chris Patten has aptly described as a "very bad passage" for the EU? Certainly, it will help to repair its international credentials if, on the cusp of enlargement, the EU contributes in a significant way to rebuilding Iraq.

We hope the EU will contribute generously to support post-war reconstruction in Iraq. But challenges to our security will not end with the reconstruction of Iraq. The asymmetric threats which have struck at many of us - the threats of weapons of mass destruction and terrorism - will remain. World security needs Europe to find a level of cohesion among its 25 members which will enable it to act as a powerful force against these threats. That will require a continuation of the good work being done within the EU and the EU's participation in international efforts to counter terrorism and weapons of mass destruction. Without a strong Europe united in common purpose, the vulnerability of all of us increases.

Conclusion

Australia is committed to developing our relationship with the EU and its members, old and new. We recognise the magnitude of the tasks the EU faces. But let me return to Robert Schuman's famous Declaration. Its first sentence reads: "World peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it".

The EU has proved its capacity as a force creating regional peace and prosperity. The more cohesive the new EU is internally and the more coherent the efforts of the new EU in response to major international challenges, the more credibility it will win as an architect of global stability. Australia has every interest in seeing the EU achieve its historic enterprise on consolidating peace in Europe, and in seeing the EU as a strong contributor to reinforcing liberal democracy and security against the danger which threatens us all in the global community.

Thank you