

Germany and the enlargement of the European Union

Ladies and Gentlemen:

Let me begin by expressing my thanks to the National Europe Centre for giving me the opportunity to share with you some reflections on the enlargement of the European Union as seen from Germany. I believe it is legitimate for Australian academics, business people and politicians to retain an awareness of the changing realities in Europe because they impact on Australia:

- the EU has been the largest economic partner of Australia for the past 12 years
- the two-way trade between the EU and Australia totalled 47.2 bn A\$ in 2003, that is 19 % of all transactions of Australia
- Euroland (12 EU countries with a single currency) is the second largest financial market after the US. 45 % of Australia's reserves are held in Euro.

These are just a few figures to demonstrate to you the significance of EU-Australian relations.

Ladies and gentlemen,

the German constitution of 1949, in its Art. 23 and 24, foresees the integration of Germany in the international community, such as integration in terms of international law, integration in a united Europe and in international organisations and in a system of collective security.

This article of the German constitution constitutes the legal basis for the membership of Germany to NATO in 1955, to the European Union in 1957 and to the United Nations in 1973.

It is fair to say that the policy of post war Germany from the outset was geared towards her integration into multilateral and international structures. And this basic policy has not changed after unification. Germany became and still is the champion of integration because she firmly believes that her national interests are best being preserved within a family of like-minded European nations.

In the early nineties I was responsible for security and defence matters in the Ministry of Foreign Affairs. The Cold War had ended, the Soviet Union disintegrated and the European Nations - old and new - had to reassess their identity in a new political environment. I remember vividly the papers we wrote during the German presidency for our Minister recommending an early informal discussion of EU foreign ministers about an eventual enlargement of the EU and of NATO to integrate the new emerging democracies into the Euro-Atlantic structures. The discussion took place as recommended and the ministers applauded this long-term vision formulated by the German presidency.

However, when our US allies learned about this discussion, they were not amused - to say the least - that they had not been consulted, before the Europeans discussed the future of NATO. For the next 12 months, the US objected vigorously the idea of an enlargement of NATO. Then, suddenly, they changed their approach and became the most fervent promoters of the enlargement of NATO.

Of course, we knew full well that the enlargement of the EU could not come about without a thorough process of preparation by the central and eastern countries of Europe.

After 50 years of communism these countries had to undertake dramatic reforms towards democracy, market economy etc. to become eligible for membership to the European Union. After many years of thorough negotiations with the EU, (Cyprus), Czech Republic, Estonia, Hungary, Latvia, Lithuania, (Malta), Poland, Slovakia and Slovenia will accede to the EU on 1 May 2004, just one month from today. The first of May 2004 will be a historic moment in the history of European integration. The accession of 10 new members to the European Union marks the final overcoming of the artificial division of Europe into "East" and "West" and makes the historical victory of liberty irreversible. 75 million people then become new citizens of the European Union. The EU will then comprise 455 million people. This enlargement means extending the successful model of European co-operation on the basis of democracy, free-market economy, rule of law, human rights and minority rights. Thus the lesson taught from the political and humanitarian fiasco of the first half of the 20th Century in Europe was learned. In the German view there never was and there is no alternative for enlargement. Enlargement offers promising chances. It is good for new Member States, and it is good for old Member States. Also third countries can profit from the enlargement. This win-win situation can be exemplified in many fields:

Chances and benefits of enlargement

- First and most important: Peace and stability become a reality all over Europe. Nightmares of war and armed conflicts, by which Europe was haunted over most of its history, are now banned. This needs to be repeated again and again because it is the deepest reason for the existence of the EU, not - as still too often perceived by the public - the competence to define the shape of a perfect European cucumber. And as a German, I know what I am talking about.
- International politics and security in Europe: By the bundling of their forces, Europe can increase its influence in the world, without losing its individual peculiarities or its cultural identity. Also third States will benefit from the political surplus of enlargement.
- Culture: Cultural links of Western with Central and Eastern European countries can fully unfold again, and so work against the revivification of the spirit of the past.
- Economy: With this enlargement, the EU will become an economic area with a population of almost 455 million, thus creating the most important market in the world, a market fully equipped for the challenges of global competition. The economic potential of the Accession Countries is considerable: the EU will thus integrate valuable growth markets with these countries. This has become evident already in the past by a major increase of trade between Member States and Accession Countries in the past years: trade tripled in the nineties. Also third states will benefit from enlargement: The process of legal and administrative reform leading to stable laws, regulations and standards enable businesses and investors to make long-term decisions and investment. Third states will have access to the enlarged European market with common EU standards and regulations.
- Further examples: The high environmental protection level reached in the member states will be expanded to accession countries; internal security and the common fight against international terrorism and organised crime will be strengthened. The EU summit last weekend for example, took far-reaching decisions concerning a much closer cooperation among the security services of EU member countries.

Benefits of enlargement are already visible:

- In Central and Eastern Europe, stable democracies have emerged, with democratic institutions and increased respect for minorities.
- Numerous economic reforms in the accession countries have led to high rates of economic growth (higher than the EU average).

Risks and tasks

The accession of ten new member states is, however, not without risks, and gives both the European Union and the new member states a lot of homework.

The acceptance among the public needs to be secured, worries about the consequences of enlargement to be soothed - on the side of member states as well as of the new members:

- Worries of old member states: additional financial burden; influx of cheap labour; lacking ability of accession countries to implement the Acquis communautaire; increase of crime with open borders etc.
- Worries of accession countries: loss of newly acquired sovereignty; difficulties in coping with competition in the common market; sell-out of cheap agricultural land; second-class membership etc.

The Accession Treaty has tried to find solutions to all these questions: financial burden-sharing (e.g. phasing-in direct payments); transition periods for free movement of labour and for purchase of agricultural land etc. However, it is important for both, old and new member states to accept the challenges lying ahead. The enlarged EU will be different from the cosy old EU-15.

Reform of the institutions

But is the EU sufficiently prepared for enlargement? Will an enlarged Union still be able to function. A Union which increases the number of its members dramatically needs effective structures. The larger the EU becomes, the more difficult it will be to produce satisfactory results in the European Union. Enlargement must go hand in hand with a fundamental reform of the EU and its institutions. The central goal is to ensure that the EU of 25 becomes more effective and transparent. The convention draft provides an opportunity to create effective institutions in an enlarged Union. Regrettably it was not possible to achieve consensus at the IGC in Brussels in December 2003. Only a few but key issues could not be solved and Germany thinks the Italian presidency was right not to seek to agree on some kind of false compromise or bad treaty by repeating mistakes made in Nice. Eventually, prerequisite for a success of the IGC will be realisation that Europe must enjoy priority over possibly higher perceived national interests. Federal Chancellor Gerhard Schröder formulated this conviction as follows: *"I believe that the crux of the differences was the following: some states did not attach an adequate degree of importance to our common goal of deepening the European integration, enhancing the Union's capability to act and, above all, creating greater transparency as a basic condition for a democratic Europe, as opposed to their national interests - something which is essential in a united Europe"*.

One of the major points of contention among member states was the future decision-making procedure in the Council. We recognise with great appreciation that at the European Council

meeting in Brussels last weekend, Spain and Poland, the two countries which had prevented an agreement in December last year, are now prepared to compromise on the basis of the draft. So we are hopeful that an agreement will be reached in the next few months during the Irish presidency. That will be a major step forward.

However, let me offer you a small caveat.

Despite a considerable improvement of its decision-making procedures it will be very difficult indeed in an EU with 25 member countries to discuss and decide conclusively in the Council. I fear that the Council will lose significance as a forum for consultation. I believe the opinion-building and negotiations will in the future take place outside the official Council meetings, in smaller circles, in specific regional groupings etc. These informal circles will grow in importance and influence. It will be crucial that all member countries remain informed or are invited to participate in order to avoid mistrust or creation of a directorate.

After 1st May 2004: Enlargement continues

The enlargement process will not take an end on 1st May 2004. The next stage in the EU enlargement process will involve Bulgaria and Romania. We expect the Commission to present its proposal regarding the financial package soon. Both countries continue their intensive efforts in order to join the EU in January 2007.

Turkey has already the status of a candidate country and is linked to the EU by close ties. At the end of this year the European Council will make a decision on the basis of the Copenhagen criteria whether accession negotiations with Turkey should begin.

Foreign Minister Fischer, in a recent interview, said that the historic project of creating a new European order has three dimensions:

a historical dimension
a pragmatic dimension
and
a strategic dimension

The overcoming of Franco-German enmity through integration was in his words the essence of the historical dimension. The Franco-German engine and the rapprochement between our states continue to be of central importance.

The pragmatic dimension conceived by Schuman and Monet was the integration of economic interests, Fischer argues. I would personally offer that both politicians were as a matter of fact far more visionary: They considered the economic integration a first step towards the political integration of Europe.

The strategic dimension, according to Foreign Minister Fischer, is exemplified by two dates: 11/9 1989 and 9/11 2001. The first date marked the end of the Cold War. It meant that Europe could no longer just develop in the shadow of the East-West conflict where the strategic burden had been passed to America. And 9/11 showed that the EU was not yet capable to handle this strategic dimension of war and peace at the time.

Minister Fischer argues that strategically we have to "reconstruct the West".

This will have to take into account various crucial factors:

- The growing relevance of an enlarged European Union.
- The modernisation of the Middle East. While the US has mainly strategic interests in the region, the EU has interest as an immediate neighbour.
- The accession of Turkey (strategic importance of a bridge) to the EU.
- The challenge of terrorism.
- The development of a new transatlanticism.

One need not agree with this vision, ladies and gentlemen, but it clearly demonstrates that Europe remains a fascinating continent with the European Union as its major construction site. And whether I want it or not: Germany is situated at the very heart of it all.