

WALTER HALLSTEIN-INSTITUT FÜR EUROPÄISCHES VERFASSUNGSRECHT



FORUM CONSTITUTIONIS EUROPÆ

**FCE 4/06**

**UNITE AND LEAD:  
UK-GERMAN PARTNERSHIP IN EUROPE**

GEOFF HOON

BRITISCHER EUROPAMINISTER

Vortrag an der Humboldt-Universität zu Berlin

am 17. Mai 2006

**- ES GILT DAS GESPROCHENE WORT -**

*Das Forum Constitutionis Europæ ist eine gemeinsame Veranstaltung des  
Walter Hallstein-Instituts und der Robert Bosch Stiftung.*

## Introduction

I am delighted to be here today. I would like to thank the Humboldt for hosting this event.

I am very pleased that my first full visit as Minister for Europe is to Germany. Although I wish we could have delayed it by a couple of weeks because I would like to see for myself how Theo Walcott, the youngest recruit to our world cup squad fares against Britain's latest import, Michael Ballack! I'd also like to support Lothar Mattheus' belief that England is, in his words I might emphasise, 'the best team in Europe'. I hope that he is proved right!

I am also very pleased to see so many old friends here today. My visits to Germany date from my days as a Member of the European Parliament. During the ten years I served in Brussels and Strasbourg, I visited Germany regularly – envying the success of your economy and the way in which you dealt with the challenges both domestically and in Europe.

On one memorable visit, I arrived in Berlin on Thursday 9 November 1989 to attend a meeting of the European Parliament's legal committee. It had been arranged by the Committee Chairman, Franz von Stauffenberg, who wanted to pay tribute at the site of his father's execution in the Tiergarten.

I had been to East Berlin a few weeks before. I had seen the demonstrations that were becoming almost daily events. I wanted to go back and see what was happening. After the committee meeting ended, I walked along the wall to Checkpoint Charlie. Unfortunately, I'd left home in such a hurry that I only had my European Parliament documents with me. Without my British passport, the East German border guards refused to let me through. Although of course, they took an hour to make their decision. This was about 8.30 in the evening – so I believe that I was probably the last person in history to be refused entry to East Germany!

The wall of course came down that night. I saw young East Germans flooding across the border. Despite the drama of the moment, they were probably most amazed about the perfectly normal consumer goods stacked in the shops of West Berlin.

Older West Berliners went the other way to Check Point Charlie – hoping to see family members or friends who they had not seen for a generation. 10 months later, Germany was reunified. An extraordinary achievement in such a short space of time. And at that time, in the wake of such momentous events in Germany and across Eastern Europe, we all knew what the European project was about. It was about freedom and opportunity. It was about ensuring that the wars and occupations that blighted most of the 20th Century could never happen in Europe again.

Historically, the States of Europe do not have a good record of co-existing peacefully. We have fortunately forgotten in the last 60 years what an unstable place Europe always was. Many of our medieval wars were named, not after the names of the sides fighting, but by the number of years they lasted.

My father, like many of his generation across Europe, fought in the Second World War. When I was elected to the European Parliament in 1984 he came to see me in Strasbourg saying that

what I was doing was better than what he had had to do. At the time of the EU's founding, the British Prime Minister Harold Macmillan commented that, 'it is a grand [political] design of a new Europe - a revolutionary concept. It has indeed been a revolution.

The European Union has achieved what was never before possible: a lasting peace across Western Europe. The fact that a return to conflict is unthinkable has made possible the open expression of different cultures, languages, peoples and identities without the prospect of them being crushed by a centralised, all powerful State. At a time when there are more civil conflicts across the globe than at any other time in our history, this in itself is an amazing achievement.

### **Where is Europe? Back to Basics**

So given that background why today do I find myself worried about the future of Europe? It is not just due to the sense of shock that was widely felt after the French and Dutch Referendums last year. There is a more deep-rooted problem. I worry that our citizens – who live and work and travel across Europe - experiencing the huge benefits membership of the EU provides – do so without always understanding how hard we have had to work to create those benefits. This is against the backdrop of a worrying trend of declining electoral participation across the board – particularly in the UK with increased cynicism. Not just about Europe, but about the ability as well of domestic politicians to deliver change and necessary reform.

If we are to rebuild the connection between the people we serve and our national Parliaments and European Institutions, we need to work from first principles. If I can refer to the regular findings of the Eurobarometer. It makes for sober reading. Only 49% of Europeans believe that EU membership is a good thing. Only 39% think the EU is going in the right direction. That goes down to 33% in the UK. 60% think the EU's greatest success is ensuring peace. Yet 64% think future enlargement would affect their national job markets. I do not intend to be a merchant of doom. I do not intend to focus only on the problems. But I believe it is a matter of concern that our citizens do not believe Europe is heading in the right direction and apparently see enlargement as some sort of threat. I therefore greatly welcome the opportunity to return to the role of Europe Minister at this time. Europe is something I am passionate about.

I believe in its power to transform and change the lives of the people of Europe. And that is why I worry about our citizen's current sense of disillusionment about Europe. When as a project it has had such an amazing success rate. When it should grab hearts and minds and go on changing the course of history.

### **Future of Europe**

We need to analyse and understand why this is happening. Why do our citizens not feel they are connected to Europe? In part, it must be because even if we are addressing the issues people really care about, we are not always explaining how we are doing so. We are not winning the arguments on how enlargement can make us all better off and not threaten domestic employment. Above all, we as political leaders, need to be confident about how we address the problems. It is about what we make of Europe. Because the European Union has been a great success. The world's biggest single market of 460 million consumers. The highest global GDP since the 1970s.

The liberalisation of our markets which allows European business to compete and succeed, and allows our citizens to live and work right across Europe. Joint efforts to tackle terrorism, trafficking and organised crime and corruption. These are the fundamentals of the modern Europe. And the reality is that being part of the European Union has become part of our everyday lives.

## **UK-Germany**

I know I do not really need to tell this audience any of this. The Federal Chancellor, Angela Merkel – as she set out to the Bundestag last week – fully understands the problems. Whilst we may not always agree on all of the solutions, we need her kind of vision and leadership in Europe. She has already earned huge respect for her approach on the international stage, not just within Europe. And the UK does share the approach of Germany. Not surprisingly, our citizens have very similar attitudes and concerns. Once again, I refer to the Eurobarometer.

It shows that our citizens share exactly the same views about which issues should have 'less decision making' at the EU level – unemployment, social rights, economic growth, and yes – agriculture. They are also agreed on the areas where we have to work as a Union – international development, furthering world peace, protecting the environment. These are the big modern issues. I believe that we can build on these shared concerns to find shared solutions. And build an approach that will ensure that the Union faces the challenges positively.

During this current 'period of reflection' I would argue that the most important step that we can take is to show that Europe is still delivering. I agree with Chancellor Merkel that Europe will of course need to address how its Institutions respond to the huge changes that enlargement and globalisation are producing. But it is still too early to come to any conclusions. What the EU needs now is a practical agenda – only then will EU citizens understand what the EU can deliver for them, and only then will they care about the debate about Europe's future. That is why the UK made these very practical issues the focus of our EU Presidency.

This forward-looking and positive approach has also been taken up by Commission President Barroso. Last week the European Commission published 'A Citizen's Agenda for Europe'. A large part of it is devoted to how we deliver 'a Europe of Results'. The Commission is absolutely right to focus on making the EU deliver effectively today – not waiting for an institutional settlement in the future. The paper focuses on the big issues that really matter – the challenges of demography and environmental change; the need for more action on security to make Europe a fair and safe place to live; the need to respect and promote fundamental rights; and the importance of removing the barriers to a single market which prevent European citizens from fully enjoying its benefits.

## **Challenges**

Against this backdrop of priorities, I do however disagree with one of the conclusions reached in the Eurobarometer poll I just referred to. It is the view that the EU should not be involved in economic growth. In fact, it needs to be just the opposite. Only with real and effective EU engagement can we tackle the biggest challenge that Europe currently faces – that of globalisation.

Current global economic growth may well be the best since the 1970s. But the statistics show that Europe is lagging far behind in its growth and productivity. At the same time, Europe faces the twin challenge of an ageing population and falling birth-rates, which by 2050 could produce twice as many pensioners for every person of working age in the EU. Asia's GDP is accelerating at an average of 3 times that of Europe. With an average GDP growth above 9%, China has just displaced Britain as the World's 4th largest economy.

So where does that leave Europe? Still in the race but at risk of falling behind. The EU has been an example to the world that taking down trade barriers between nation states leads to greater stability, security and prosperity for all. But it is foolish to think that in the face of competition from emerging industrial giants like China and India, pulling up the drawbridge and retreating will make us better off. Businesses which are sheltered from competition in their domestic markets are unlikely to cope with the rigours of increased international competition. We will only damage our ability to succeed in the global economy if we turn inwards.

The Commission's 'Agenda for Citizens' sets out the challenges, and some of the possible solutions. By linking EU social policy initiatives with the economic reform agenda, it shows that Europe can continue to deliver peace, prosperity and solidarity in the face of the challenges posed by globalisation. There are three other areas I want to highlight today where I believe we need to work even more closely together. All of them are areas in which the UK and Germany have a long, and successful history of partnership.

The first is energy. This is a subject that is making newspaper headlines on a weekly basis. You don't need to be an economist or a politician to know that gas and oil prices have increased sharply in the past two years. Access to natural resources – everything from water to natural gas and oil – are no longer questions just for energy companies. We all notice the effect of the civil unrest in the Niger delta on the number of barrels of oil on the global market every day; or when Russia decides to turn off the gas to Ukraine. The simple fact of the matter is that over 50% of the cheap and easily accessible oil and gas is now in the Middle East. And the EU, already importing over 50% of its energy needs, will have to increase its imports to 70% by 2025.

With such a scenario, it is only common sense to argue that the EU needs to engage actively with those countries that will meet those future energy needs. The EU needs a direct dialogue with producers on energy. This needs to supplement the normal bilateral relationships that EU members have with suppliers, because it is obvious that an EU seen to be representing 460 million consumers will have more power in the market than if each member state acts independently.

But we can only do so if we create the right business environment within the EU. As Angela Merkel has said, echoing Commissioner Kroes, the single market can only work 'when electricity flows freely and when we accept European champions and not just think nationally.' We need to create the conditions where Europe's best energy companies can grow, be innovative and bring benefits to all member states. Our energy companies need access to both internal and external European markets which means creating a liberalised energy market with EU deregulation.

A second area where the UK and Germany share a common view is the current round of WTO trade negotiations – the Doha Development Agenda (DDA). Quite rightly, development has

been the focus of the negotiations. They offer hundreds of millions of people the hope of a sustainable route out of poverty and a decent future both for them and their families.

But the Doha trade talks are now at a critical stage. They have reached the end of normal play and are already in extra time. We must avoid penalties. We must either find a grand bargain to meet our respective economic needs or face the consequences of indefinite postponement, or even collapse. The EU could choose to close its eyes to the opportunities of liberalised international trade. But this would be a serious mistake, especially for export-driven economies such as Germany and the United Kingdom.

We should not fool ourselves that the Doha negotiations can continue indefinitely. The end of this year is a real deadline for a deal, if the US is to be able to put it through Congress before the Administrations' Trade Promotion Authority runs out in mid-2007. The EU must continue to show the leadership it has done right from the beginning of the Round and help broker an early agreement. Germany will play a key role, and I welcome Chancellor Merkel's strong commitment to the Round. After all, it is companies like Siemens, E.On and Volkswagen who will stand to gain from a successful conclusion.

The third area is ESDP and defence. The relationship between Britain and Germany in matters of security has always been close. As long ago as 1950, Britain backed the Plevin plan which aimed to create a European Defence Community and with it a West German military component in a European army.

When this plan was voted down in the French parliament, Britain became the strongest advocate for German membership of NATO. As Angela Merkel outlined last week, we share the view that key European priorities must involve internal and external security. I fully agree with her that we must be ready to meet our obligations by delivering troops on the ground.

As defence Secretary I worked to develop the European Defence co-operation agenda with Peter Struck, my opposite number in the German Defence Ministry. It has been remarkably successful. Since the end of the Cold War, NATO – and now increasingly the EU – has led the way in deployments outside our own countries in an attempt to bolster peace settlements. Germany has around 2,500 troops in Kosovo, 2,800 in Afghanistan, 1,000 in Bosnia. The UK will have around 3,300 in Afghanistan, 8,800 in Iraq and 1000 in the Balkans. And the progress that has been made, in particular in the Balkans, would have been unthinkable without the presence of UK and German troops on the ground, working alongside our NATO and EU allies.

## **Enlargement**

Before I conclude, in the context of what our peacekeepers have achieved in Europe, I want to make a brief observation about enlargement. The power to transform neighbours is unique to the European Union. The EU's history has been one of steadily successful enlargement. The prospect of potential membership alone stimulates democratic change and political transformation. Enlargement has been about transforming countries blighted by totalitarianism, by Soviet occupation or by war; it is about democracy and the rule of law; about creating decent living standards; and about completing the unfinished business of bringing Europe back together again. We should therefore avoid reading the wrong messages into the 'no' votes.

At the time, there was no suggestion that the public rejection of the Constitutional Treaty in the Netherlands and France was solely, or even mostly about enlargement. According to a survey taken following the referendums, the main reason for the rejection of the Constitutional Treaty in France was the perception that it would damage employment prospects (31% of respondents mentioned this). Only 3% of 'no' voters cited opposition to further enlargement as a reason for voting against. Certainly the impact of enlargement – particularly on jobs and our society – is something our citizens care about. But we need to be winning the arguments on why enlargement and a larger single market and greater movement of labour has a positive effect on jobs and is good for the EU and for all of our citizens.

Of course there must be rigorous conditions for membership. Conditions that we must maintain throughout the accession process. As the Commission is rightly doing with Bulgaria and Romania. The EU is a union of values and standards, and they must be met before new members can join. But the fundamental issue at stake is not if the EU should continue to enlarge, but how we do it in a way that works for everyone.

### **Conclusion**

I believe that the UK and Germany can achieve a great deal together - much more than the sum total of what we can achieve alone. The title of this speech is taken from the famous Goethe quotation: 'Divide and rule, a sound motto; unite and lead, a better one'. That is our challenge. And it is one that the United Kingdom is committed to deliver on in partnership with Angela Merkel and her colleagues in government here. If we don't, we won't win the arguments. In Brussels. In London. Or in Berlin. Because the question is not about whether we can live without Europe. It is about how we can make it continue to work for us – and for our citizens - in the future.

\* \* \*