

Keynote Address
by Rolf Schütte
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“The German Presidency of the EU: What was Achieved?”
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Ladies and Gentlemen,

former US Secretary of State Henry Kissinger, back in the 1970s, is said to have quipped: „If Europe has a foreign policy, I wish someone could tell me its phone number“. Well, it seems that the developments in 2007 – after years of uncertainty and stagnation - have moved the European Union forward considerably, in a way that may make it possible in the near future to fulfill Mr. Kissinger’s request.

I am grateful for the opportunity to address this distinguished audience of experts on the question of what happened in the EU in the past year. But let me also add that it is a great honor for me as the German Consul General in the American Northwest to be the keynote speaker at this event. Because, after all, Germany is only one of now 27 Member States of the EU – although the one with the largest population and the biggest economy. But this was probably not the only reason why the invitation was extended to me. I believe that a German representative was accorded this honor because of Germany’s role as EU Presidency in the first half of 2007: As it was during our Presidency when the foundations were laid that make it possible to give a satisfactory answer to Mr. Kissinger.

It will not be possible to describe in full detail what happened in the EU and during the German EU Presidency. And professors and keynote speakers also are not allowed to do the work of students. You will have ample time to renegotiate the future of Europe in the next two days during your simulation negotiations. And I am certain that your solutions to the most challenging questions will be even more convincing than those that were actually found by the EU government leaders. Maybe we should leave the fate of Europe in the hands of American students altogether?!?

Thus, let me highlight only some of the most important developments that have moved the EU forward considerably in 2007.

Historical Background

Before going into the details of the most recent developments, let me just underline one thing that is often overlooked, both by European and by foreign critics of the EU who tend to focus their attention on the EU's shortcomings. In March 2007, the leaders of the EU convened an informal summit in Berlin to celebrate the 50th anniversary of the signing of the Treaties of Rome which laid the foundation for the creation of the European Economic Community and later the European Union. On January 1, 1958 the European Union encompassing only six member states became a reality. 1958 – that was only a dozen years after the end of World War II, the most destructive of all wars in Europe and beyond. Today, nobody worries about another Franco-German war. Europe – with the sad exception of the wars in the former Yugoslavia – has now enjoyed more than 60 years of peace, stability and prosperity. That is an unprecedented miracle, even though it may look quite normal for an American who has never experienced war on his or her own territory.

Furthermore, when you look at the mere fact that the EU has grown from 6 to 27 member states, that – with its 500 million people – it is the world’s largest economy and biggest trading bloc, but also the most generous donor of aid to developing countries, when the EU has become an attractive model to emulate in other regions of the world - it is obvious that the EU must have done something right.

German EU Presidency and Developments in 2007

But now let me focus on the concrete developments that moved Europe forward in 2007 and about Germany’s role in them. Most observers would agree if I say that the year 2007 may be called a most decisive, even a historic one for the development of Europe, not least because of Germany’s efforts and successes in the first half of the year, successes that many would have thought unthinkable only a few months before. Germany, as one of the six founding members of what is called the European Union now, assumed the role of Presidency for the 12th time. For the first time, Germany was working with Portugal and Slovenia, the two subsequent Presidencies, as a so-called “team Presidency”.

I cannot discuss in detail all the initiatives the German Presidency pursued, but would like to focus my attention on three issues that are most important and where substantial progress was made:

- 1. Treaty Reform**
- 2. Climate Change**
- 3. Transatlantic Relations**

Treaty Reform

At the beginning of 2007, the EU grew by two new Member States: Romania and Bulgaria. After the so-called „big bang“ enlargement of 2004, when 10 States joined the EU, last year’s enlargement brought the EU membership to 27 sovereign States with a population of approximately 500 million people. If you translate the recent European enlargement into American terms, it would be comparable to enlarging and integrating the existing 50 US states by the 32 states of Mexico. I assume that this would be a formidable challenge even for the most powerful and rich US.

The EU as a whole is now the world’s largest economy. And after years of slow growth and high unemployment in many EU member states the current situation is characterized by the fact that the Euro zone has outpaced the US when it comes to growth and productivity; unemployment is falling rapidly; the EURO has shown great strength vis-a-vis the US dollar (a fact that is not so popular with American tourists visiting Europe); and – with a share of almost 30 % - the EURO is now increasingly becoming the world’s major reserve currency. Even if problems remain, tales of a sick or moribund Europe are just that: tales. In this context it should be noted that with Malta and Cyprus having joined at the beginning of this year the Euro zone now encompasses 15 countries and a population of 319 million. And when you look at what is of equal importance to the average citizen as is the common currency: 24 of the 27 EU countries are now members of what is called „Schengenland“ – the area where there are no more border controls between the states – just like between the states of California, Oregon and Washington.

But it is quite obvious that the EU with its 27 members and as the largest economy in the world, as an integrated area of free movement of goods and people cannot be governed by mechanisms that were made for a much smaller Union. That is why the German Presidency put so much emphasis on the reform of the treaties governing the EU. But to formulate ambitious goals was not easy. We have to recall the so-called “constitutional crisis” in which the EU was thrown in 2005 when the voters in both France and the Netherlands rejected the draft European constitution. Two and a half years of doubts and clouds over the future of Europe followed, euphemistically called a “reflection period”. But everybody agreed that the deadlock had to be broken, that a new initiative, a "treaty on the functioning of the Union" was urgently needed.

First step: In March 2007, at their meeting in Berlin the heads of state and government acknowledged that an agreement on treaty reform was necessary for the EU's capability to act long-term. The “Berlin Declaration” called upon the EU to put Europe on a renewed foundation until the European elections in 2009.

Second step: After careful preparations under the leadership of the German Presidency, the same group of leaders at their European Council meeting in June 2007 formulated a mandate for an Intergovernmental Conference which was then convened in the second half of 2007. The mandate for this conference was clear: to finish work on a reform treaty (instead of constitutional treaty) before the end of the Portuguese Presidency in the second half of 2007. During the October summit in Lisbon Poland achieved further concessions from its EU partners regarding minimum requirements for decision-making, Italy regarding the number of its representatives in the European parliament. Nevertheless, on the basis of what was agreed upon in principle during the German Presidency the reform treaty was signed as the “Lisbon Treaty” in December 2007.

Now, the Lisbon Treaty has to be ratified by the member states before 2009; only Ireland foresees another referendum; in all other states it will be up to the parliaments to ratify the treaty. This must take place in the current year to allow the elections to the European Parliament in September 2009 to be placed on a new contractual basis.

This is not the place to analyze the Lisbon Reform Treaty in all its details. But it should be underlined that about 90 % of the substance and most of the important innovations of the aborted draft Constitution could be preserved:

- the Charter of Fundamental Rights will be given legally binding value; only the UK opted out of these regulations;**
- the institutional package has been by and large preserved, a double majority voting system will be kept; according to this system, a qualified majority is reached when 55% of the Member States representing at least 65% of the total population of the Union approve a decision; the new system will be introduced in 2014; however, the old Polish government (which was voted out of office later in the year) managed to impose regulations which mean that majority decisions will de facto become a reality only in 2017.**
- the package also provides for an extension of the scope of qualified majority voting and the co-decision powers of the European Parliament which will make the EU more democratic and transparent; the role of national parliaments in European affairs will also be strengthened;**
- The EU's ability to act will be strengthened by decreasing the number of EU commissioners, by the creation of a new permanent office of President of the European Council, which will guarantee the continuity, coherence and visibility of EU policy both within and outside the Union.**

- The EU's foreign policy will be significantly strengthened by the introduction of the office of a High Representative for Foreign Affairs and Security Policy (even if not called that way, in reality a European Foreign Minister and thus the person that Mr. Kissinger may call in the future). He or she will be supported by a European External Action Service, i.e. a European Foreign Service (if I were a bit younger I would probably have to make a difficult choice between joining the German national or the European Foreign Service).

The most important advances achieved in the Constitutional Treaty in the area of specific policies have also been preserved. Alongside the EU's foreign policy, these notably concern efforts to combat terrorism and crime, energy policy and social affairs. The new treaty will also contain provisions on climate protection and energy solidarity. In the area of justice and home affairs, Member States wishing to move forward within the scope of "enhanced cooperation" will be able to do so more easily.

2. Climate Change

The interrelated topics of energy and climate protection as global challenges ranked very high on the German Presidency's agenda. For Germany - with its well known global technological leadership in the fields of environmental protection, of the development of renewable energies like wind and solar power and of energy efficiency - this field was also of greatest national political importance as the German population expects its government to push these issues on a European and on a global level. In many ways, Germany in the field of energy and environment policy plays the same role in Europe that Europe as a whole plays globally and the West Coast in general and California in particular play in the American context: the role of public policy leader and innovator.

Thus, under the guidance of the German Presidency the EU decided that the EU must reduce harmful greenhouse gas emissions by 20% by 2020, compared to the 1990 level; the share of renewable energies in overall consumption is to be increased to 20% by the same year; 20 % savings of energy are to be achieved through greater energy efficiency.

Decisions made on energy and climate protection were important stepping stones along the path towards the agreements reached by the G8 in Heiligendamm and later in Bali regarding the forthcoming negotiations on a post-Kyoto regime.

However, the EU is aware of the fact that its own ambitious goals in these fields do not make much sense unless other important partners do the same. In this context, the US plays a most important role. Thus, it has been one of the top priorities of the German Presidencies in both the EU and the G 8 to move the federal US government to cooperate. But Germany and the EU are also ready to cooperate with individual American states in this sphere, as it does with California and other states in the Western Regional Climate Action Initiative.

This brings me to the last subject I would like to talk about in detail:

3. Transatlantic Relations

During the EU Presidency, transatlantic relations received fresh and lasting impetus with the EU-US Summit on 30 April: in the declaration on a "Framework for advancing transatlantic economic integration" the two sides reaffirmed their strong commitment to further intensify EU-US economic relations by harmonizing standards and establishing a Transatlantic Economic Council. This Council is a brainchild of German Chancellor Angela Merkel. The TEC already held its first fruitful meeting.

In this context, let me make a few remarks about some basic facts, facts that are different from hype, facts that are often forgotten here on the West Coast where most eyes are concentrated on what happens on the other side of the Pacific; the facts are:

- **The EU and the US combined remain the world's economic powerhouses: they make up only 12 % of the world's population, but 40 % of world trade and 60 % of world GDP;**
- **The EU and the US remain each other's most important trading and investment partners; Germany alone is the largest European trade partner of the US;**
- **about 2/3 of European and American companies' investments abroad go to the other side of the Atlantic;**
- **Corporate Europe accounted for 75 % of total foreign direct investment inflows into the US in recent years;**
- **These investments are very profitable and lead to very high sales and profits: just one example: The sales of American owned companies in China soared to all-time highs and reached the level of 87 billion \$ in 2005; very impressive indeed; but the equivalent sales of American affiliates in Germany the same year were almost four times higher – 308 billion \$. Just imagine how the picture would look like if we take the EU as a whole. There is more European investment in California alone than there is American or European investments in China.**
- **Even when you look at the smaller European states, the facts are very telling: American companies make three times as much profit from their investments in Ireland and five times as much from their investments in the Netherlands than they make from their investments in China.**

Let's face it: Europe and the US remain most important for each other, not only in the fields of trade and investments, but also when it comes to the core values of our free and democratic societies, also when we look at the global threats and challenges such as terrorism, the proliferation of weapons of mass destruction or climate change. Even if there are sometimes differences on the methods and tactics regarding the solution of such problems, neither the US nor the EU has another partner in the world which might be as close and important for the other.

Conclusion

In concluding, let me sum up: When we look back not only at what was achieved or prepared during the German Presidency, but also at what has happened in the half-century since the EU was born it is fair to say that Europe has become a unique success story. Even more so when you reflect on the historical realities of Europe in the fifty years before then, in the first part of the 20th century. Who would have thought at the end of World War II that only 60 years later Europe would be the continent of peace, prosperity and stability, where people and goods move freely and without border controls (Chancellor Merkel called it the “triumph of freedom”), where freedom, justice and democracy are things the citizens of Europe take for granted?

The decisions that were taken in 2007 and what will follow on their basis will also make it easier to counter criticism of the EU and to answer questions from other international players. They have often argued that the process of European integration is slow, complicated and not without contradictions. The long and difficult process after the death of the draft Constitution seemed to prove those critics right. However, the adoption of the Lisbon Treaty once again showed that Europe can move forward despite all these problems.

The process of European integration has never been a linear development; there have always been obstacles, stumbling blocs, deviations, delays, compromises and even steps backwards; but what counts in the end, in the final analysis: Europe has always been able to move forward, even if sometimes not with the speed that one might have hoped for. Despite its open questions and challenges today it is clear that there is ample reason to celebrate. The EU is a success story. Even Mr. Kissinger may agree to this evaluation today.

Thank you for your attention.