

**AMBASSADOR  
OF THE CZECH REPUBLIC**  
Marie Košťálová

Copenhagen, March 21, 2001

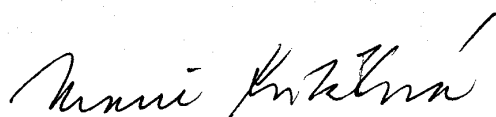
Dear Mr. Chairman,

On March 19 Czech Deputy Prime Minister and Minister of Foreign Affairs Mr. Jan Kavan delivered a speech on the relations between the Czech Republic and the European Union.

It is a pleasure for me to send herewith a copy of Mr. Kavan's Brussels address "Czech Republic joins an ever closer Union" to you for your information.

Wishing you much success in your work, I remain,

Yours sincerely,



Enclosure

Mr. Claus Larsen-Jensen, M.P.  
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## "CZECH REPUBLIC JOINS AN EVER CLOSER UNION"

Jan Kavan

Deputy Prime Minister and Minister of Foreign Affairs of the Czech Republic  
Centre for European Policy Studies, Brussels

March 19, 2001

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I am honoured to be able to exchange with you some views on current issues of European integration. Initially, I would like to present you with brief information on the situation of the Czech Republic - even though she is not far away from here and thus not unknown - and in addition to it, I would devote some words to the enlargement and the Czech Republic's accession to the EU.

Several days ago, a debate on the future of Europe was launched. I would like to appreciate that it is the Centre for European Policy Studies which made this subject the centre of its attention. I am glad that I am among those invited to address the subject.

In the last part of my contribution, I would try to respond to what has been said already. But to begin with, allow me to say few words about the home situation.

### Czech Republic

I am glad to be in CEPS in 2001 and not in 1998 when I took up my office as Minister of Foreign Affairs. Now I can tell you the Czech Republic finds herself in a far better economic situation than she was in 1998. While in 1998 the Czech economy absorbed a serious shake-out of a crisis, this year the situation is of a far different kind. I am glad to make note of these facts because, in an important phase of accession negotiations we are able to give a clear proof that we shall be able to contribute our part to an economic growth of the Union once we have joined it.

I believe many of you must have taken notice of the Czech economy going into a fresh upswing again. Last year a GDP growth of the Czech economy represented a 2.8 % which was a decent achievement given our starting point. This year the GDP has continued to increase and has reached 3.6 % which was to be expected. Few weeks ago the Czech Republic signed a facilitating agreement with the EU extending the access to the single market for industrial goods to a full extent (so-called PECA Agreement).

As to other relevant economic data I can reveal that aggregate accumulation rate of fixed capital went up in the Czech economy by 6 % last year which is 4/5 of an similarly quantified EU indicator.

A higher current account deficit was largely aggrieved by soaring oil prices. Last year it was measured as an equivalent of 4 % GDP which is deemed as a safe border area. A current account deficit means virtually nothing if compensated by an inflow of foreign direct investment. Here

we can be really proud. The Czech Republic attracted 10 % of its GDP in foreign direct investments. Four billions USD the foreign investors placed into Czech companies in 2000, either into those existing or being newly built. This meant second best result in the whole of Central Europe and the premium position in internal investment *per capita ratio* all over the entire region. Philips of Holland, Matsushita of Japan have recently overcome some cautiousness typical of many an internal investor and they are now highly credited and rewarded for that. Being now on a Belgian soil let me also tell you that there is Belgian Interbrew, a third largest beer maker in Europe, which recently discovered Staropramen brewery of Prague.

Privatisation of our economy does not lose its momentum. Its revenues help bring balance into our public finances. Those with a keen eye on the Czech economy have undoubtedly let it be known that our energy sector is about to go under a privatisation hammer soon.

Let me complete the basic data on the Czech economy by adding that the inflation rate in 2000 was 3.9 % and unemployment rate 8.9 %, but owing to a speeded-up growth this year the number of unemployed is expected to slim down further to 7.5 % - 8.0 %.

A highly valued factor of social health of the economic development is purchasing power parity. The Czech PPP index still reliably stands at 64 % of EU average as related to GDP. It is the second best position amidst all candidate countries. The rate of public debt still hovers around 40 % mark as an expression of GDP. Just this gives an unequivocal proof of a growing and sustainable capacity of the Czech economy to withstand the pressure of competition at the single market even in a shorter-run perspective than it may have been assumed by some a year ago.

### **EU Enlargement/Accession Negotiations**

I will not repeat the indisputable and well-known facts about the necessity of getting to grips with the unique historic opportunity of uniting the Continent. The Czech policy takes this challenge very seriously and will do its very best to turn it into reality. **We continue to stick to our target date for the EU membership and that is invariably January 1, 2003.**

The Czech Republic appreciates that the European Council in Nice gave a political blessing to a scenario for stipulating parameters of expanding the Union. Enlargement Strategy Paper (ESP) outlined last November by the European Commission largely corresponds to what the Czech Republic had advocated for some time before. **But ESP remains a minimal programme. I think it is crucial at present for the ESP to be progressively implemented and to move on in negotiations further. As a next step, the summit of Göteborg could set a date when the accession negotiations could be completed with the most advanced candidate countries and then, the summit of Laeken, Brussels, could select these countries specifically.** As the European Council has repeatedly stressed, every candidate country should be evaluated on its own merits. Prime Minister Tony Blair put it in Warsaw last autumn quite succinctly: "There are, of course, no guaranteed places. Reform is the only entry ticket."

In order to contribute to the acceleration of the accession talks, the Czech Republic has recently revised its stock of open negotiating chapters and has withdrawn several requests for transitional periods. This decision was based on our two-year long experience from the negotiating process, on the legislative progress achieved on the home front and also on the economic restructuring. This enabled our positions to become more flexible and up-to-date. Some requests for transitional periods became obsolete, for example one dealing with the energy market became out of date when the Czech Parliament passed a law which speeded up the liberalisation of this market. Other positive development could be noted in cases where our interpretations proved to be stricter than those of the current Member States which was acknowledged also in the technical consultation with the Commission. Examples revolve around important chapters like Social Policy and Environment.

I admit that we have a huge expectation of the Swedish Presidency which gives a clear impression that it wants to achieve a notable advance in the accession process.

As far as crucial Competition Policy chapter is concerned we have repeatedly consulted our investment incentives programmes with the Commission. The Czech Republic has got used to be guided by the EU practice also in this field. Consequently, this chapter ranks high among those we hope to close soon. Others include, for example, Audio-visual Policy, Social Policy, Financial Control and even Energy and Environment. We are determined to move on in the negotiations in line with the Road Map and then to add those chapters where we have made sufficient progress and feel able to withstand the scrutiny.

### **Future of Europe**

We saw a broad and transparent debate on the future of Europe being launched on March 7, 2001. I share the view of Nicole Fontaine, the President of the European Parliament, that "Heads of State or Government did take an enlightened and democratically courageous decision in Nice: to adopt a radically new approach in the process of further European integration, expressly signifying their intention to ask the people more often for their opinion and to involve them more directly in defining the future of Europe". This approach is precisely what **I would like to build upon. I would therefore like to encourage representatives of both candidate countries and EU member countries to use the occasions of their bilateral and, if possible, multilateral fora to find space to discuss with ordinary citizens the future of Europe. My own intention is to ask my partners from Member States and candidate countries, who will visit the Czech Republic to find time - outside our official talks - for our joint meetings with the public.** These activities will also be included into the Communication Strategy the Czech government has embarked upon to make available information on the EU to the public in general and at the same time to obtain some feedback. Public support is a fundamental condition for further integration. As President Jacques Chirac put it: "*Le rythme de la construction européenne ne se décrète pas*".

I share the definition of consecutive stages of the debate on the future of Europe formulated by Romano Prodi, the President of the European Commission: First "open reflection" and then, after the summit of Laeken, "structured reflection, leading ultimately to a brief and decisive Inter-Governmental Conference". Let me add that **for the Czech Republic it is crucial to take part in this IGC as a full Member State.**

I appreciate the main contributions we have already heard in the debate on the future of Europe. I believe the debate will be conducted without any prejudice, in a sincere effort to find the most suitable model for a given phase of development. **This debate cannot be understood as a kind of confrontation but as means of submitting various visions and approaches and then to explore their possible convergence towards generally acceptable conclusions.** It is quite natural for everyone to believe that his or her idea is the best, however, none can implement it within the European framework exclusively on their own, without others. That is the beautiful essence of Europe.

As far as I know commitment to EU enlargement has been expressed in all the main contributions to the debate. In many of them, this was perceived as a principal challenge. I could not agree more. At the same time it is obvious that **the enlargement of the Union does not exclude its own progress** - euro banknotes and coins are being prepared, Common European Security and Defence Policy is being swiftly developed, Lisbon process gets along. "Enlargement and deepening go hand in hand" - Prime Minister Göran Persson reminded us while opening the debate.

**I do not think the achieved level of integration of the Union will be diluted by enlargement.** After all, we have chosen such a method of enlargement process that requires every new Member State to fulfill ambitious and demanding criteria of *acquis*, and to do so only with an absolute minimum of temporary exemptions. On top of that a new Member State joins the Union with all its varied dimensions, those which already exist as well as those still being formed. That is why I regard as irrelevant the fears, which are occasionally voiced, that due to the enlargement the Union will be reduced to a free trade area. This view underlines the fact that not everybody has fully comprehended that the current stage of European integration is indeed irreversible. Moreover, talking to my partners I have not noticed that any candidate country would link the European integration exclusively with trade exchanges. Just the contrary.

**The Czech Republic, the government of which I represent here, wishes EU to be strong and to play a significant role in the world. We see the EU as a unique open project that has been successful in safeguarding its basic objectives - a durable peace, stability and prosperity.** And all of that based on a social market model of economy. The permanent changes of internal and external conditions will continue to present the EU with new challenges which EU will have to withstand. I am convinced that EU will be able to do so. I agree with Chancellor Gerhard Schröder who stressed that: "With regard to an ongoing process of globalization, the Europeans have to remain close to one another, there is a need not for less, but for more Europe". It is indeed the case that the challenges at the dawn of a new millennium can be tackled successfully only by

Europe that is strong not only in terms of economic capacity but also in terms of political efficiency.

Therefore, here in CEPS, Brussels - *I do not know where closer I should go* - I state loud and clear that the Czech Republic will embrace the Union as it will stand at the time of its accession and it looks forward to work with others on an ever closer union.

Given the accelerating dynamism of today's world, it is difficult to predict what the architecture of Europe will look like in the future. Each generation would have to leave its own imprint on the ever-evolving shape of Europe, and will do so by reflecting its own ideas and preferences. **We are all following a path which so far has no final, definitive blueprint and a question is whether it would be wise to offer anything absolutely definitive.** Nevertheless, we should never lose touch with the basic values the Union is based upon - **democracy, rule of law, respect for human rights, mutual solidarity and efficient social market economy.** There is no blueprint but that does not mean that the direction of the path is unclear. Just the contrary, we want this path to lead towards a **dynamically developing, socially just, ecologically sensitive and politically unified Union based on free citizens and cooperating regions.** Such a Union obviously needs to create instruments needed to defend its values and assert its interests in the world of the future.

At the same time, every future step has to be taken in such a way that it would not divide us. I have here in mind a mechanism which would enable some countries if they wish to integrate faster not be slowed down by others. However, at the same time this should not lead to the emergence of an exclusive hard core of countries which would be separated from the others. This would undermine cohesion and solidarity of the Union. Minister Joschka Fischer put it in his speech last May as follows: "It would be historically absurd and utterly stupid if Europe, at the very time when it is at long last reunited, were to be divided once again".

If we identify such a basic direction towards Europe of tomorrow, it can be easier to find solutions to the issues we have to face at present. Declaration on the future of Europe, annexed to the Treaty of Nice, puts forward four of them to be discussed.

Clear and logical delimitation of competencies between EU and its Member States including regions based on the principle of subsidiarity is surely topical and desirable. However, the efforts to transfer responsibilities and decision-making powers to a lowest possible level should not result in casting doubt on the existing role of supranational institutions. Frankly speaking, **on the European level I support the Community method of governance.** This is not to say that I have any doubts as for legitimacy and purposeful character of intergovernmental approach in areas where, for one reason or the other, this approach works to everybody's satisfaction. I think Community policies can go hand in hand with policies based on intergovernmental cooperation including coordination and bench-marking. It can lead to useful synergy. I can very well imagine that an originally intergovernmental cooperation will be transformed into a new Community policy, as was the case with part of the Third Pillar. Incidentally, further progress in the search for a common approach to the issues of immigration and asylum

procedures within the EU is, in my view, one of the significant, though partial, challenges of today.

I have been pleased to note that such a cohabitation of various forms of integration has its convinced advocates. As far as I know Peter Ludlow, director of CEPS, is one of them.

**However, we cannot go backwards and dilute integration in the Community policies and reduce the significance of supranational institutions. In the Union, which is being enlarged, the role of the European Commission should be reinforced accordingly, mainly as an initiator and engine.**

**Also significance of the European Parliament cannot be doubted. To my compatriots, who will stand for the European Parliament in 2004,** I would send this message: the role and place of the European Parliament will be mainly derived from its gradually increasing respect among the European citizens, from higher participation in the EP's elections and, for example also, from the extent all-European issues will play in these elections. Answering these questions will contribute at the same time to a discussion on the role of national parliaments in European architecture.

Although being aware of the fact that it is not only a technical process, but also a political one, I fully support all attempts aimed at simplification of the founding treaties. As for the EU's Charter of Fundamental Rights, I am convinced we should support endeavours to strengthen its current purely declaratory status.

I suppose that it could be possible to take relevant parts of the Charter and the results of the debate on the delimitation of competencies, **and compile a basic document which should make clear what the European Union is about.** Such a document, be it called the Constitution or something else, should express fundamental goals and means of the Union in a transparent and comprehensible fashion. It should address not only the peoples of our old Continent but also to become a kind of universal source of a comprehensive information about this unique form - the European Union.

I am glad to say that I have not come across anyone who would advocate - within the framework of the discussions on the future of Europe - that nation states should be abolished, irrespective of the various role particular speakers ascribe to nation states and the future shape of the Union. It seems that a broad consensus on this issue begins to acquire some basic contours.

**My vision of the future enlarged European Union is a vision of an open, modern and flexible system which in order to reach its goals uses to a maximum possible extent the Community approach to integration, but if necessary, the intergovernmental cooperation as well. It is also a system based on democracy and social cohesion, a system in which all citizens identify themselves with the European identity through their national, regional and local identities which will remain a very important source of a productive diversity of the Union.**

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