

The Honorable Georg Milbradt – Minister President, Free State of Saxony

On the subject:

**“Economic and Political Challenges on the Eve of EU-Enlargement:
The View from Saxony”**

Dinner Speech hosted by the Konrad Adenauer Foundation

On March 1st 2004 at the Willard Hotel in Washington D.C.

Distinguished guests,

Ladies and Gentlemen,

I am very pleased to be your guest here at the Konrad Adenauer Foundation in Washington. This is a wonderful opportunity for discussion among people to whom the matter of friendly relations between the USA and Europe is something important. I should like to thank you, Mr Reuter, and your team, for your tireless work in promoting friendship between the United States and Germany.

Three days ago I had the honor of opening the exhibition “The Glory of Baroque Dresden” in Jackson, Mississippi. We are extremely pleased that our Saxon art treasures are able to open up a window on European history.

This evening, I am looking forward to discussing the subject of Europe with you, as well. The title of tonight’s program makes a good starting point. It mentions European “enlargement”, but I am sure none of you came here imagining that Europe is about to get bigger.

Of course, Europe will continue to be Europe, even after the first of May. Europe will not grow larger. What will happen, though, is that after a long period of political and ideological division, we will be healing a rift. A rift that split the continent down the middle.

As you know, the opening up of Eastern Germany began in Saxony in the fall of 1989. The call for freedom turned into the call for the reunification of Germany. But the way was not yet clear. Some West German politicians recoiled at that idea, saying “Never again Germany!” And our closest neighbors in Europe were anxious, too.

As far as the USA was concerned, the reunification of Germany after the second world war was always the undisputed goal of western policy. George Bush senior and his then Secretary of State, James Baker, always regarded the 1952 Germany Treaty as an obligation and strove for its implementation.

That is something we Germans will not forget. The Americans shared with us the joy and excitement at that providential moment in history. The Americans stood up for the liberty and self-determination of the German people just as much as for their own.

That support was something Helmut Kohl, the former German Chancellor, could be sure of. On the 19 of December 1989, he stood in front of the ruins of the Frauenkirche in Dresden and promised the Germans and the world at large that Germany would be reunited. That was a courageous thing to say. Yet his vision went even further.

He said at that time: “The ‘House that is Germany’ must be built under a European roof.” For him, German unity was a gate to a Europe that would guarantee its peoples peace and protect their liberty.

This year, the dome of the Frauenkirche will be completed and crowned with a golden cross. This year, too, Helmut Kohl’s Europe will become a reality. In eight weeks’ time, the states of Eastern Europe will be joining the European Union. More than a decade after German reunification, we are about to see the reunification of Europe.

Poland, the Czech Republic, the three Baltic states, as well as Slovakia, Hungary and Slovenia, not forgetting the Mediterranean islands of Malta and Cyprus: these countries have always been part of Europe — with or without the Iron Curtain.

Saxony is located in the geographical center of Europe. When the trading barriers fall this year, we will again be in the economic center of Europe. With over 450 million consumers, the European trading area is about to become the largest single market in the western world.

This is a magnificent opportunity for Saxony. For Europe however, the accession of the eastern European states is also a huge challenge. Such a development is without historical precedent. No previous enlargement can be compared with this enormous step.

Never before have several formerly socialist systems been integrated into an established democratic community of states at a single stroke. Never before have territories of this size that for over 40 years were characterized by a socialist planned economy become part of a trading area based on an open- market economy. We have no experience in balancing out social differences such as will exist in the enlarged European Union.

There is a huge economic gap along what used to be the border between the eastern and western blocs in Europe. There are enormous economic and administrative differences between the current EU Member States and the new members. Per capita GDP in Poland is only a little over half of that in Saxony. Hourly wage costs in the manufacturing industries in Poland and the Czech Republic are only about one fifth of those in Saxony.

These differences will release enormous potential — both, economic and social. Just imagine if, on the Rio Grande, there were to be unrestricted movement of labor between Mexico and the USA.

Ladies and gentlemen, Compared with the accession of the eight eastern European states to the EU, German reunification was just a first short step. We have been working on it for 14 years and we must say in all frankness: we have achieved a great deal, but we have also made many mistakes. That is why Saxony and the other eastern German federal states will play a very important role in the enlargement process. Over the coming years and in view of the next steps of the European Union, our experience will be a valuable asset.

This year's enlargement will not be the last stage in the process. Romania and Bulgaria are both candidate countries as well as some Balkan countries. And the EU has also discussed membership with Turkey.

In my opinion, this issue now takes on a new quality. If we want to integrate Turkey, some fundamental questions are in order.

Firstly:

Where are the borders of Europe?

Secondly:

How diverse can Europe be?

And third:

What role does Europe wish to adopt in its relations with the Arab world?

For the European Union would then have common borders with Iran, Iraq and Syria.

Ladies and gentlemen,

Last year, Europe was unable to agree on a joint approach to the Iraq conflict. We are evidently still far away from having a common foreign policy. And what is more: last year saw the failed attempt at drawing up a European Constitution. These failures constitute a major set-back on the path towards establishing a true community of states. While we are reuniting Europe economically, we are encountering serious obstacles in the process of political unification.

However, Europe is more than just a free trade area. The idea of a European roof can only bring peace and liberty if we preserve our shared values and objectives. That, of course, means subordinating our national interests. And that, of course, is associated with the limitation of nation-state sovereignty.

Neither the institutions in Brussels nor the populations of the Member States are prepared for that step! We have failed to make the consequences of European unification clear to the peoples of our various countries. And many European

politicians are reluctant to explain the effects of globalization. The people have no concept of the Europe they will be living in 10 or 20 years' time.

Helmut Kohl had a concept of Europe. That was more than a decade ago. German policy over the past few years has failed to present a vision of Europe. And we are now paying for this failure. Much too late, we are now starting to understand the challenges posed by a united Europe.

Ladies and Gentlemen, In Saxony, we work in partnership with our neighbors in Eastern Europe. Just a few weeks ago I met the Prime Minister of Slovakia. We agreed to hold a Saxon-Slovak economic forum. We want companies in the automobile industry, in particular, to utilize the existing structures for their mutual benefit as partners.

Similar models for the promotion of cross-border economic cooperation have also been agreed with Poland and the Czech Republic. Many cooperation agreements between companies have already been established as a result.

The bridge between eastern and western Europe that Saxony represents is, however, only part of a much bigger and more important bridge.

United Europe has an ambitious goal. Four years ago, the heads of government of the EU Member States meeting in Lisbon formulated a model for the future of Europe. The economic area of Europe is envisaged as developing into the most dynamic and fast-growing region of the world.

Europe will not be able to achieve this goal on its own, however. Today, the economic output of each EU citizen is only 72% of that of an American citizen. Europe wants to open up. Therefore, Europe needs to work with America in a spirit of partnership and friendship. The bridge that we are building between east and west in Europe is part of the greater bridge between Europe and America.

The accession of the eastern European states to the European Union is a historic opportunity not only for us in Europe. We can pick up our history at a point prior to the wars and horrors of the past century. We are about to celebrate the end of the division of Europe. Europe is no longer weak, with only itself to blame for that weakness. United and imbued with new vigor, we are a bridgehead of transatlantic relations.

Thank you.