

German Federal Government statement on Agenda 2000 following the resignation of the European Commission (18 March 1999)

Caption: On 18 March 1999, following the collective resignation of the European Commission under its President, Jacques Santer, on 15 March, the German Foreign Minister Joschka Fischer reviews the state of negotiations relating to Agenda 2000.

Source: Web-Archiv - Fischer: "Erklärung der Bundesregierung zum Stand der Agenda 2000 nach dem Rücktritt der Europäischen Kommission". [ONLINE]. [Berlin]: Auswärtiges Amt, [05.11.2004]. Disponible sur http://www.auswaertiges-amt.de/www/de/infoservice/presse/presse_archiv?archiv_id=747.

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German Federal Government statement on the position with regard to Agenda 2000 following the resignation of the European Commission, delivered to the Bundestag in Bonn by Joschka Fischer, Federal Minister for Foreign Affairs, on 18 March 1999

In a week's time the Heads of State or Government of the European Union will have to take a decision on Agenda 2000, in other words on core reforms to the most costly areas of EU activity, on reform of the common agricultural policy, structural policy and the system of contributions by Member States as well as on the financial framework for the Union for the period 2000–2006. The sums involved total around EUR 600 billion.

For all those taking part there are massive national interests at stake as well as a very great deal of money. The key issue, however, is the political significance of Agenda 2000 for Europe's future. A successful conclusion to the Berlin Summit would eliminate one of the two crucial obstacles in the way of EU enlargement to include the countries of Central and Eastern Europe. For the applicant countries this would constitute both a signal that the Union is seriously preparing to take them on board and a further spur on the road to reform. Failure in Berlin, on the other hand, would jeopardise the timetable for enlargement. We do not want that to happen and in no circumstances must we allow it to happen! After the successful introduction of the euro, enlargement is the most important project for the future of the European Union, and the Federal Government will do its utmost to achieve it as soon as possible. EU enlargement is, moreover, not only in Europe's interest but also and primarily in Germany's interest too.

There is even more at stake in this regard, for agreement on Agenda 2000 would send out the vital message to the people of Germany that the EU remains operationally viable. In order to secure popular approval for Europe, we have to demonstrate that the EU has the capacity to bring about reforms and to pursue a sensible budgetary policy. Failure by the EU to put its house in order, particularly in the current situation following the Commission's resignation, would reveal it to be operationally incapable and politically split, and that would trigger a retreat into national self-interest.

Honourable Members, the Commission's resignation represents a tough test of endurance for Europe in its day-to-day business. By resigning, the Commission has accepted political responsibility for the accusations made in the independent experts' report — and that merits respect. However regrettable this unprecedented step may be, it does highlight the slow but steady emergence of a European-level public and of enhanced parliamentary democracy within the EU institutions — which we must surely welcome.

What is crucially important now is to ensure that agreement on Agenda 2000 at the Berlin Summit is not jeopardised. In the current situation, suspending Agenda 2000 would send out a disastrous signal about Europe's operational capability. That view is shared by my EU colleagues, with whom I am in very close contact on this matter. Now, more than ever, Europe needs to achieve reform of its constitutional arrangements for financing!

The proposal put forward by Mr Huber, Mr Stoiber and Mr Glos, on behalf of the Bavarian State Chancellery and the CSU, to call off the Berlin European Council, is not only contrary to Europe's interests and irresponsible, it is also an attempt to stab the German EU Presidency in the back at what is a vitally important time for our country — and it is motivated by the most transparent domestic political considerations. Postponing the Council, as previously urged by the Bavarian Prime Minister, is not a realistic option: it could have only negative consequences and the nature of the compromise to be reached at a later stage would be unchanged. For those reasons the Federal Government will continue, together with its EU partners, to work hard for agreement in Berlin.

In the immediate future the Commission will remain in office. This is necessary in order to ensure a smooth transition. Given the major credibility problem that the Commission now has, however, the Federal Government will push for the appointment at the earliest possible date of a new Commission President, who can then put together a fresh team of Commissioners. At the same time we must remember that resolving this question requires the agreement of all the partners.

Honourable Members, our role in the Presidency requires us to perform a tricky balancing act. We bear responsibility, at this decisive time, for Europe's future. Like the other partners, Germany is steadfastly defending its interests, and we shall continue to do that. Our aim is to achieve a fair and balanced overall solution, with no winners or losers.

In practical terms, the discussions in Berlin will focus on three elements that, together, must constitute a balanced overall package.

Firstly, agricultural policy reform and a reduction in agricultural spending, which have become unavoidable in the light of enlargement and the forthcoming round of WTO negotiations. The common agricultural policy has to be reformed so that it becomes more competitive and causes less damage to the environment. It is particularly important to us that the interests of German farmers, in the east and in the west, should continue to be protected — and that was the case with the compromise reached at the Council of Agriculture Ministers on 11 March.

Secondly, as regards structural policy, we need to achieve greater efficiency and to concentrate on those regions that are structurally weakest and most in need of support, with more resources for the German Objective One regions — that is, the new *Bundesländer* — and sufficient flexibility for the Member States in the selection of Objective Two regions, in our case the old *Bundesländer*. We also need to leave an appropriate degree of discretion at national level for independent regional policy in the Member States.

Thirdly, we need fairer burden-sharing within the EU. An important goal for the Federal Government is to redress the injustice with regard to Germany's net contribution. The situation in which one single state shoulders 60 % of net transfers to the EU is untenable, and our partners also recognise that. We need to proceed here, however, with a sense of realism and a clear perspective. Germany will continue to be the biggest net contributor. What is crucial is to achieve a fairer sharing of the burden, and that will be anything but easy, given that we require the agreement of all our partners.

The CDU/CSU has set up what it calls a 'threshold' target for the Federal Government — namely a reduction in Germany's net contribution of EUR 7 billion, or if Mr Stoiber has his way, EUR 14 billion, to be achieved in part through 50 % co-financing for agricultural policy — even though it is well aware, and the fact has since been demonstrated, that France, our most important partner, will never go along with such a solution. These demands have no bearing on reality and what we see here is a tendency, on the part of those who should know better, towards irresponsible populism which will, moreover, be detrimental not only to Germany's standing in Europe but also to our most important interests.

Everyone knows that our current position as net contributors was fixed at the 1992 Edinburgh European Council, with the active involvement of Chancellor Kohl and the CSU Chairman and Finance Minister of the day. The real inconsistency and duplicity, however, lies in the fact that the Opposition publicly advocates, on the one hand, rapid enlargement to include the countries of Central and Eastern Europe (Mr Stoiber urged this just recently in Budapest), while at the same time arguing for the postponement of Agenda 2000, and says that it wants to pay less to Brussels while at the same time demanding more for Bavarian farmers. Such a posture is not merely naive: it represents a conscious attempt to mislead, it is deeply at odds with the lessons of history and, with regard to our partners in Central and Eastern Europe, it is highly ungrateful and irresponsible!

What particularly aggravates the situation, however, is that the CDU/CSU — which for half a century was the party of Europe *par excellence* — is tending more and more, through its unrealistic demands, to abandon its belief in Europe, with the end result that it also fundamentally and quite unscrupulously calls into question (for reasons of domestic politics and against all good sense) the prime importance of our partnership with France.

Honourable Members, last weekend at the informal meeting of EU Foreign Ministers in Reinhartshausen we made substantial progress. The prospects for achieving a solution in Berlin have thus improved, but there remains a great deal of work to be done.

— In Reinhartshausen, and also at the Ecofin Council on Monday, we managed to hold together the

compromise deal, agreed by the Agriculture Ministers on 11 March, on benchmark figures for substantive reform of the common agricultural policy. This means that a solution is in sight on one important and hitherto controversial area of Agenda 2000.

Our colleague Mr Funke deserves all our thanks and appreciation for negotiating what was a difficult compromise. It represents an important step towards a market- and environment-oriented policy and it also makes our agricultural sector more competitive. We would have preferred a more far-reaching solution but we could not achieve a consensus on this among some of our partners. The agreement that we did reach is a compromise that everyone can accept and it is close to our target of a constant annual average spend in real terms of EUR 40.5 billion over the seven years from 2000 to 2006. Several of our partners believe that further efforts to reach the target will have to be made — but without calling the compromise package into question.

— There is light at the end of the tunnel, too, with regard to the structural funds. All the elements of a compromise deal are now on the table, although difficult questions remain to be resolved.

There is also a willingness emerging within the EU to stabilise structural spending — including the Cohesion Fund — for the period up to 2006 at a level of between EUR 190 billion and EUR 216 billion. The exact amount has yet to be fixed. The intention would be to maintain the current level of per capita support. It should be accepted in principle that euro zone countries will remain eligible for support from the Cohesion Fund if their per capita GNP is less than 90 % of the EU average. Decisions have yet to be taken, however, on the resources to be allocated to the fund, and various partners are of the opinion that economic progress in the cohesion countries — what is termed ‘convergence in real terms’ — is a factor to be taken into account here. It is also likely that the aims of Cohesion Fund support will be more concentrated and that the number of Community initiatives will be reduced. These measures will significantly help to improve efficiency, which in turn will benefit Germany, and particularly the economy in eastern Germany.

— We are agreed within the EU that there is an urgent need, at this time of national belt-tightening, to stabilise expenditure and to impose budgetary discipline. The principle of constancy in real terms has gained broad acceptance, and there is also a large measure of consensus on retention of the current ceiling for own resources of 1.27 % of the EU’s GNP, as well as the need for clear separation of spending on the 15 Member States from the resources earmarked for enlargement. All this will result in future spending levels lower than the Commission’s original estimates. Given the massive budgetary increases of the past, such an outcome was by no means a foregone conclusion. The view has prevailed that we could no longer continue to sell the public a policy based on ‘more of the same’.

Most of the outstanding issues at this stage concern reform of the ‘own resources’ system — that is, the EU’s own revenue. In this regard there seems to be a general willingness to amend the Council Decision on the system of the Communities’ own resources, as of 2002, as part of an even-handed overall compromise. Matters still to be negotiated include substituting revenue from the GNP resource for that from the VAT resource — which will mean linking levels of payment more closely to economic performance, thus reducing Germany’s net contribution — and increasing the proportion of traditional own resources (customs and agricultural duties) retained by the Member States against collection costs, as well as an adjustment of the UK rebate and, lastly, a general corrective mechanism as a safety net for all net contributors.

Our aims in Berlin are to move closer to our goal of fairer burden-sharing and to initiate a downward trend in our net contribution.

Honourable Members, Chancellor Schröder is visiting our partners’ capital cities this week to sound out the prospects for a further *rapprochement* of our respective positions. The Foreign Ministers will discuss the latest situation again when they meet in Brussels on 21 March. Then on 24 and 25 March, the Heads of State or Government will gather for the special summit in Berlin in an effort to reach political agreement on an overall package in respect of Agenda 2000.

Currently, as a result of the Presidency’s hard work, the chances of securing that agreement look reasonably good. We can only get the right result, however, if everyone contributes to the necessary compromise. I am

confident that, despite the individual unresolved issues, we shall manage to reach a fair and balanced solution in Berlin. At the same time we should be wary of pitching our expectations too high. It is always an indication of a good compromise if no one is delighted by it but, at the same time, no one regards it as a national disaster — and that is what we shall see in Berlin.

A great deal will be at stake for Europe in Berlin. A comprehensive solution to Agenda 2000 would constitute the most significant financial reform of the EU since its establishment and would also remove the major outstanding obstacle to early acceptance of the countries applying for accession.

For these reasons, I urge the Bundestag to back the Federal Government in its efforts to achieve a successful outcome on Agenda 2000 in Berlin. I would also appeal in particular to the Opposition to support the Federal Government's objectives for the European Council, instead of attempting to thwart them by making demands that cannot be met and sowing seeds of doubt with regard to Germany's stance on European integration.

The CDU/CSU should remember that Germany has a very great deal to thank Europe for. Our country has been the major winner in the process of European integration. It is a process that has relieved us of the burdens imposed by our geographical position in the middle of the continent, and reunification would have been impossible without the agreement of our European partners. For decades, saying 'yes' to Europe was a matter of basic democratic consensus in Germany. To loosen our ties with Europe at this stage would be misguided; it would be a dangerous backward step detrimental not only to Europe as a whole but also and chiefly to ourselves. For that reason we should do our utmost to sustain the basic consensus within Germany on European policy.

Honourable Members, bringing European integration to fruition is the major task that now awaits us as we look back on the end of the Cold War and forward to the next millennium, and we must find practical ways of accomplishing it. Germany will have a decisive role to play here. Our country cannot afford to shirk its responsibility in terms of European policy, for in so doing we would only harm ourselves. After the introduction of the euro, we need to overcome the next historic challenge on the road to European unity, namely the enlargement of the EU to include the countries of Central and Eastern Europe. Agenda 2000 is an essential pre-requisite here, and that is why it is so important that the Berlin European Council should produce a successful outcome. Alongside the institutional reforms that will then have to be tackled, achieving reform of the Union's constitutional provisions for financing and its financial burden-sharing is one of tasks now to be accomplished in order to make a shared Europe, with political union, a reality.

This Government, like all previous Governments of the German Federal Republic, recognises its duty to take up what is a historic challenge, and it will therefore do its utmost to make the Berlin European Council a success.