

*CHECK AGAINST DELIVERY*

**Speech by Mr. Andrus Ansip  
Prime Minister of Estonia  
at  
the London School of Economics  
23 January 2007  
London**

*The European Union: a positive view*

Director Davies,  
Ladies and Gentlemen,  
Dear students,

It is a great pleasure to be here at the London School of Economics and to contribute to your lecture series on the European Union. Thank you for inviting me.

Today, as the title of my talk suggests, I would like to share with you a positive view on the European Union. As we all know, the general mood in Europe today is not overly optimistic. The European Union is making significant progress in many areas but regrettably internal and constitutional problems have overshadowed real achievements. The perception is that things are not going as smoothly as they should be. Against this backdrop, in an environment where doubts about Europe and its future are growing, I believe that it is important to send a pro-European message, to present a positive view.

I admit that as an Estonian, it is quite easy to be positive about the European Union. After all, we have experienced very real benefits since accession. Our economy is growing in double digits, exports are up, the level of unemployment is down and we continue to score high on economic freedom and competitiveness.

Like in many EU countries, we too had our fair share of sceptics who argued that as a member of a stagnated economic bloc entangled in red tape, Estonia's competitiveness would suffer and the command economy would make its return. Of course, this did not happen. Thanks to our own instincts, we rapidly demolished the legacy of the Soviet Union. And once this was achieved, the EU served as a useful role model for building up a modern state with a functioning economy.

Of course, EU membership has not solved all of our problems. Increasing our economy's competitiveness, maintaining a favourable business climate and catching up to the wealthiest EU countries will require hard work in the coming years. But as reflected in numerous opinion polls – overall life for Estonians is improving steadily. According to the most recent poll, 78 per cent of Estonians believe that membership in the EU is a good thing. This level of support is the highest in the European Union. Obviously, this is good news for my country and my government. But it is also good news for Europe as a whole.

Enlargement has not just been a success for Estonia and the other so-called new member states. It has been a success for Europe as a whole. There are numerous comprehensive studies, including several by the European Commission, to prove this. Trade between the so-called old members states and the new ones is booming. And overall security within Europe has been strengthened. Enlargement was and is one of the EU's most successful projects.

Unfortunately, not everyone is ready to admit this. Three years on there is still a lot of unfounded apprehension, too many false preconceptions related to enlargement. One need only look at the number of negative articles about the so-called new member states that have recently been published in major European newspapers. One of the most common stereotypes is that new member states are ultra-liberal, low-tax economies unfamiliar with the solidarity of the European social model. Another popular claim is that enlargement has created unfair tax competition within the European Union. And, on the political front, some argue that the last enlargement has made the EU's decision-making process more complicated while others complain that new member states are not mature enough to contribute to it in a constructive manner. Most of these claims are exaggerated and some are outright wrong. The best way to overcome them would be increasing people's knowledge about enlargement's real benefits.

Regretfully, the mood surrounding further enlargement is even worse. At the December European Council, the member states confirmed that the European Union would keep existing enlargement related commitments. But if you follow the broader discussion on the EU's borders, listen to what some European politicians say, a different picture emerges. Indeed, despite some fairly decent European Council conclusions, the prospects for further enlargement do not look good. In several member states, enthusiasm for further enlargement is limited and unfortunately next to nothing is being done to turn negative views around. There is a serious possibility that at some stage in the future the whole project risks grinding to a halt.

The situation before the last enlargement was similar but not nearly as serious. Before we joined, there was a noticeable desire in some member states to postpone enlargement for as long as possible. Yet underlying the scepticism and prejudice, there was unanimous acceptance that enlargement to Central and Eastern Europe was politically necessary and inevitable. Sadly, this is no longer the case.

Not only has the enlargement policy lost its political and historical urgency, but also its popularity. According to recent polls, 51% of European citizens support further enlargement. I actually think that this is surprisingly high, considering the amount of enlargement-related preconceptions in circulation. But for enlargement critics this figure is infallible proof that the enlargement policy is unpopular and should be put on hold for the time being.

Another popular argument is that the EU is busy getting its own house in order and simply not ready to take in new members. The EU, they maintain, lacks the capacity to absorb new members. What they really mean is that we are too absorbed with ourselves to absorb others. I am not convinced and frankly, find the whole discussion on the Union's so-called 'absorption capacity' nonsensical. As Swedish Foreign

Minister Carl Bildt recently pointed out - countries aren't absorbed *by* the European Union; they are integrated *into* the European Union. Estonia certainly was.

Of course, I share the view that the European Union can't go on enlarging forever. By constantly enlarging, the European Union would eventually weaken. I would like the European Union to develop into a strong political and economic power that is able to compete globally. On the other hand, I personally believe that the EU should fundamentally remain a European organization with a European membership.

Rather than waste time debating questions like where do the borders of Europe lie or is Turkey a European country or not, we should focus on keeping the European Union's borders secure and stable and its doors open. Our aim should be a strong and prosperous Union. And further enlargement should be our policy response.

Let me be clear – I am not arguing for more lenient enlargement criteria. We worked hard to get into the EU. We certainly don't want to see the Union weakened, either politically or economically, in the coming years. New members must meet the membership criteria. But we also shouldn't keep creating additional hurdles. The enlargement criteria are clearly spelled out in the treaties and the conclusions of the 1993 Copenhagen summit. Only those European states that fulfil the so-called Copenhagen political and economic criteria and adopt the rules set by the Union should be allowed in.

In the case of some candidates, accession could happen in a few years. For others the process will clearly take longer. Timing is not the main motivator. Rather it is the goal of EU membership that drives countries to change themselves. The EU membership perspective was a powerful incentive for stimulating reform in Central and Eastern Europe. Rather than turn our backs on them, we should let the perspective of membership have the same effect in other countries beyond the current EU's borders. After all, it is in the EU's direct interest to have cooperative, stable and prosperous neighbours.

Dear students,

One of the reasons why Estonia joined the European Union was to contribute to shaping Europe's future. Rather than stand on the sidelines, we opted to participate in the process. We quickly learned that the future of Europe is not about how many votes you have in the Council of Ministers. But about ideas, commitment, and knowing what kind of Europe is best for Estonia and the Union as a whole. Of course, participating in the shaping of Europe is a challenge. For most of the second half of the 20<sup>th</sup> century, we were not even allowed to know what was happening in Europe, let alone have a say in it. As a consequence, we cherish the opportunity that EU membership has provided us, perhaps more than those countries that have always had a seat at the table.

As we see it, the European Union is much more than merely a vast free trade area. Political solidarity is important. But achieving greater political coherence requires a solid legislative and institutional framework. That is why we support making the existing EU institutions stronger and believe that the Constitutional Treaty could help.

The Constitutional Treaty is a compromise. It isn't perfect. But, on the whole, it would help make the EU simpler, more streamlined and transparent. Estonia, as the majority of EU member states, has ratified the Treaty. We hope that it will enter into force. Or, at the very least, that the eventual settlement will be very similar to the existing treaty text.

Dear friends,

It is impossible to imagine a strong European Union that is not based on a strong internal market. If we start throwing obstacles to the functioning of the internal market, we automatically begin to threaten our own competitiveness. Signs of protectionism indicate clearly that Europe is not doing well.

In recent years, few European leaders - except unsurprisingly the President of the European Commission - have spoken out in favour of the internal market. One notable exception is Jean-Claude Juncker, my good colleague from Luxembourg, who recently spoke poetically about the internal market as an 'instrument which, in fact, liberates the European economies and its subeconomies, liberates their energy, gives them legs and wings.' Twenty years ago those who called for the creation of a functioning internal market in Europe were described as true pioneers. Lately, it has unfortunately become fashionable to label those who back the internal market as "supporters of a free-trade zone."

The internal market is indispensable to building a strong Europe and, unfortunately, Europe has not been able to get its act together in this area. For example, the free movement of services – one of the internal market's four pillars. The compromise on the services directive reached last year remains exactly that - a compromise that was settled on because it was better than nothing. But I am optimistic and hope that the mood will soon change and that this cornerstone of European integration will see better days.

The internal market is indispensable to building a strong Europe, but it is not enough. We also need to strengthen our cooperation in other areas such as energy.

Europe has known for a long time that it is dependent on imports of energy from unstable and sometimes unpredictable regions. We have known for a while that traditional energy resources are drying up and competition over them is increasing. Finally, we are starting to do something about it.

The first thing should be making the internal market function better. For us, this means establishing connections with the rest of the European Union as the Baltic States are currently like an island in the sense of energy in the EU. Last month an electricity cable was opened between Estonia and Finland as a first although small step towards linking us with the EU market. But clearly more connections, both for electricity and natural gas, are needed in Northern Europe.

We also need to start speaking with one voice with our partners – the energy producers and transit countries. Our relationship has to be based on a sound legal basis that would guarantee respect for openness rules from both sides. It may be

tempting to hope for a better deal on a bilateral basis but the Union as whole will lose out in the end.

The same applies to foreign policy more broadly. Although we have had a common foreign and security policy for 13 years, it has hardly been common so far. But without really behaving as one we will not be able to maintain our role and importance in the world, let alone increase it. Fortunately we have good examples like the EU's rapid reaction to the crisis in Lebanon or showing common positions when meeting with President Putin in Lahti in October.

There are also other areas where Europe can be deepened. Those include justice and home affairs where our responses have to emerge faster than the threats. It is clear that member states alone are not able to fight the growing challenges of terrorism and crime. It includes environmental issues where we are happy to see that the UK government has taken a very active stance on fighting the consequences of climate change. Over the last 16 years, we have managed to significantly reduce our carbon dioxide emissions – another example among many where the collapse of the Soviet Union has brought radical change. EU accession has already meant cleaner air and water for us but we should not stop here. The EU has to maintain and develop its position as a global leader in the field of environment – or else we will have to live with the weather conditions that we have had for the past week.

Dear students,

I would like to end, just as I started, on a positive note and call on all of you to be positive about Europe. You may not always notice the benefits of Europe. Here in the UK, as in other so-called old member states, the Union's positive aspects tend to be more hidden than, for instance, in countries that recently joined the EU. But they do exist and, if you look, are not too hard to find. Think about them the next time that you board a cheap flight to Barcelona, Sofia or Riga. Or when you are offered employment in a successful company that has its software operations in Estonia. Or on the next stormy day.

Thank you.