

Dear Friends! Esteemed Colleagues!

Colleagues in the most exact sense of the word, friends who I have missed so for the past year and a half. I look up and see you all here – from down here there seem to be so many more of you than in seat 131. You yourselves cannot imagine how formidable you are as the Parliament of Europe. I know, I had to leave here to understand. But allow me to proceed now in my current role as President of my country. Today, as Estonia is about to enter its fifth year as a member of our Union, we no longer are „new members“, learning the ropes. Indeed, I believe it is time now to put aside the term „new member“ as an anachronism with no heuristic value. There are no new or old members today. Only members. The term “new member” does not even mean poorer these days as a number of us now have caught up with “old members”. Today within the Union we have coalitions of interests, of party positions, and these form on any number of dimensions – small or large members, industrial or trading nations, etc. But not on time or length of membership.

Here and today I want to look ahead when we are all old or older members, ten years into the future, 100 years after the first horrible European civil war of the 20th Century. We talk about our Union as a response to the second civil war of Europe, a way of organizing our continent so that there will be no repeat of the horrors of WWII. But we must also understand that a third, or even more, of the members of today`s European Union rose to be independent political entities from the ruins of the First World War. Finland, Estonia, Latvia, Lithuania, Poland (after 140 years of non-existence), the erstwhile Czechslovakia. Also like the Hungary and Austria we know it today, wich all emerged in the 20th century when empires, those international superpowers, collapsed and new states based on self-determination emerged.

I raise this, because my country, like so many of our members today started out getting out from under the yoke of forced membership in large, despotic or undemocratic supranational entities – also known as empires. Estonia, like many others even managed to emerge no less than twice. Yet today we all have come together to build our own new supranational entity – and identity, our European Union, not because we have been conquered or occupied, but rather because we are free to do so. And because we believe it is right to do so. This too is exercising our right of self-determination.

I raise this because in ten years Estonia will for the first time have the privilege and responsibility to hold the Presidency and I hope very much that when that time comes, that we will not be grappling with the issues we grapple with today. Precisely for this reason I want to speak today of things that are important minimally in a ten-year time frame.

Finally I raise this, because our election cycles and the cycle of challenges are out of sync: we deal well with the problems that fit into four or five year cycles. But our challenges in our Union today, from energy to the environment, from competitiveness to enlargement, from common foreign policy to migration, are all strategic issues requiring courage and boldness of action with a far longer time span than two or three sets of elections.

While we cannot predict much of the future, certain trends and dangers are generally fathomable: there has been no lack discussion of two, actually twin threats we face: global warming and declining availability of fossil fuels. Yet these two issues are global concerns and their resolution, while certainly impossible without the European Union, must be faced by the

entire globe.

Unfortunately, there exist also major challenges to the Union, challenges which if we fail to meet will mean that perhaps in ten years but certainly in a quarter century we might not as all enjoy the relative prosperity we have today. These challenges all revolve around the competitiveness of the European Union.

Where are we competing? Within the EU or in the World? Clearly both: we compete for markets both within the EU as well as worldwide. But if we look at long term trends in globalization we need to be grateful to Jean Monnet and later Jacques Delors for creating the Single Market, back when globalization was not yet a perceptible phenomenon. For it is the Single Market that allows individual European nations to keep themselves competitive on the global arena. Openness within Europe, opening up to competitive pressures within Europe has been the driver of our competitiveness world-wide.

Current thinking in the EU is not a cause for optimism, and for two reasons: one, the lack-luster fulfillment of the EU's own well-intentioned programme for developing innovation and competitiveness, the Lisbon Process; and second the EU's increasing turn to protectionism, not only regarding the outside world but within our own borders as well.

Allow me to address these two issues in turn. Back when my own country had just emerged from 50 years of Soviet imposed backwardness, I despaired over how long it would take to build the infrastructure necessary for Estonia to compete. Fortunately, in a different area, the new infrastructure of Information Technology, Estonia could play on a level playing field. Investment by both the public and private sectors in IT allowed the country to reach by the late 1990s a level above the EU average and by the turn of the century, a level in government services, and some sectors such as banking a level enjoyed only by a few countries in Europe.

The emphasis my country placed on IT paid off, allowed it to be more competitive. But this is not enough. More generally, Estonia as well as the rest of Europe is falling behind in innovation, research and development.

Innovations come first and foremost from the United States, which itself depends on draining brains, our best and brightest, from Europe as well as from India and China to maintain its high level of competitiveness. We need to finally get serious to address why.

We are averse to immigration, our children increasingly chose not to study math, science and engineering, and we are choosing to close ourselves off from competition within the EU in one of the most competitive sectors of the world economy: services.

Competition or its lack within the EU has security implications as well. Given energy's role in our lives, it is understandable that many countries of the Union want to shield their companies from competition and are opposed to the liberalisation of the energy market. This is an understandable reaction.

BUT... Today, Europe's single largest source of energy is a country that has proclaimed itself

„energy superpower“, and states on its foreign ministry home page that energy is a foreign policy tool.

Clearly in the future, if we are to avoid subjecting Europe's members to divide et impera policies or the jockeying for better gas deals we already see within the EU, then a common Energy Policy with an Energy commissioner with the negotiating heft of the trade commissioner is an absolute must. But for us to develop a common energy policy as we have a common trade regime, we also need the sine qua non of external policy, internal liberalization.

So, where are we when we look to the future? Koreans and Japanese enjoy rates of internetization far greater than most of Europe, with far cheaper rates of broadband streaming; with Asia and the U.S producing (or in the US case also educating and hiring from elsewhere) far more engineers and scientists.

This does not look good. All of this will lead a gradual decline of Europe and European competitiveness in a globalised economy. Unless, of course we do something about it.

The first step, for Estonia, is the Reform Treaty and I would like to thank the Portuguese Presidency for its superb work in resolving this issue. Without expanding Qualified Majority Voting we will founder in paralysis, without a President and a Foreign Minister we simply will punch far below our weight.

An example of Europe punching way below it's weight is our Neighbourhood Policy. A paper by the European Council on Foreign Relations concludes that:

“Contrary to what many in Europe think, Russia's neighbourhood policy is better developed, better coordinated and better implemented than the EU's. Russia devotes more political, economic and even military resources to influencing its neighbourhood than the EU does.” This does speak well of our vaunted “soft power”.

Yet, our neighborhood policy is tied to a fundamental long-term question: what shall we be in ten years time? This question in turn leads to two more: how large shall be in ten years and what will our surrounding environment be like?

How large will our Union be in 2018? We don't know, but it is up to us to decide. It is clear that we will not be as large as some of us want, but almost certainly larger than today. To our East and our South lie countries that certainly will never join.

It seems to me that one of our fundamental concerns should be that differences in economic well-being and political liberty between the EU and its neighbours not be so great that we be faced with a high level of illegal immigration or with political refugees.

It seems that we have not learned even from our own magnificent experiences, that is from past enlargement. We plan to increase assistance to the outside without conditionality on reforms. Through our development banks we support the development of countries that exhibit almost antagonistic trade policies toward the European Union.

What we also need to realize is that ours is not the only model. Francis Fukuyama himself today admits that the Hegelian dream of the inexorable march of history toward liberal democracy does not hold water. What good are anti-corruption requirements in World Bank Loans to developing countries when Sovereign Wealth Funds offer better deals with no strings attached? We were wrong when we thought we lived in a de-ideologised world. Instead, the rise of authoritarian capitalism as an alternative to democratic market economies is probably the latest ideological-intellectual-moral battle we face.

But this is not enough. We need more courage, we need more of a vision and an understanding of where we and the world will be in 20 or 25 years. When even the economic powerhouse that is Germany today will be dwarfed by India and China? And to prepare ourselves for a quarter century ahead, we need to start planning today. For that, I hope very much that in the up-coming European Parliament elections parties will compete not the basis of maintaining today's status quo but on their visions of the future.

A democracy exists for its citizens, at the consent and the will of its citizens. For that we have created institutions, institutions, which should further develop our Europe when the new treaty comes into force.

But let us not delegate our responsibility to institutions; creating a foreign service or expanding the purview of qualified majority voting will do little if we do not develop a more fundamental understanding of European interests.

Having common consular officials is a stream-lining bureaucratic reform. Making it more difficult to use a veto, a welcome step for Europe, will remain a small step, if members come to believe their interests are not taken into account.

We need to return to the fundamental understanding that has made the EU successful: national interests are best served when we all give up a little so that the Union as a whole is successful. I don't mean giving up money, sweeteners for recalcitrant members unwilling to go along with a policy. I mean our place in the world as nation states and as a Union.

When we talk of a strong Europe, we need to realize the same truth we all know from our domestic politics: our country is strong on the world arena, or indeed in Europe, when we are strong at home. Governments that enjoy strong support can afford to be decisive in the international arena.

I am sure this is a problem throughout the Union. In order to create a stronger European sensibility among our voters, we need as members go even beyond the Commission proposals that university students spend one year in another member state university. We need to actively encourage this at home, we need our citizens, not just our officials to get to know one another.

This means of course that we need to upgrade our education in the languages of the Union.

Certainly in ten years time we should be able to look upon a Union where every student knows

another member state language, other than English, which, given its global dominance in science and commerce, entertainment and the internet no longer counts as a foreign language. A Europe of Polish-speaking Portuguese, Spanish-speaking Estonians and Slovenian-speaking Swedes. We need also to think more in terms of regions. Here the Parliament has shown that it can play a larger role than ever imagined.

I am proud that an initiative I was associated with when I was here, the Baltic Sea Strategy is one of the first EU policies that actually started here, right here in the European Parliament, not in the Council or the Commission, today is becoming an EU programme.

The Parliament is precisely that link between the EU institutions and the citizen that makes the EU work. For it is only here that you, dear colleagues, dear members find the delicate balance between the interests of your electors and the interests of the Union, something that no other institution can do as well as you.

No less important for citizens Europe, a Europe of European citizens, is that we know who we are, where we came from and how we got here.

It was in these halls that a colleague turned to me amidst a MEP's speech about the mass deportations in her country. Why can't you people forget about the past and think of the future? he asked.

It is perhaps uncomfortable to hear but while we all know the history of Europe we know also that that Europe is actually only a part of Europe, as the great historian of Europe Norman Davies has so effectively shown.

For the history of Europe includes the history of all of Europe, with all of its glory and woes. We are today the inheritors of the Europe of Bismarck's social reforms as well as of the Salazar regime. Of the world's first constitutional democracy as well as the repressions of brutal internal security services.

But that the first constitutional democracy was in Poland and that those repressions literally took place just on the other side of the wall of the Wirtschaftswunder we know far less than we should.

Our task, my dear colleagues, is know our Europe. It was put this way by one of the greatest Europeans of the 20th Century, (incidentally, the grandfather of Javier Solana) Salvador de Madariaga, in exile from the Franco regime: "This Europe must be born. And she will be born when Spaniards say "our Chartres", Englishmen "our Cracow", Italians "our Copenhagen" and Germans "our Bruges".... Then Europe will live. For then it will be that the spirit which leads Europe will have uttered the creative words: "Fiat Europa"".

To get to Madariaga's future, we must learn to know each other, each others pasts, only then can we together build a future together. This too, I submit is our task for the next ten years.

Dear Colleagues, today I tried to outline some of the challenges we face in the future. Europe is

far from complete, we still have so much to do. In my homeland, Estonia, when we have a great task to fulfil, we say: may we have the strength to do it.

Me we all have strength.