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'Shaping the New Europe'

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INTRODUCTION

Today's fast-changing and divided world needs Europe. The European Union provides living proof that peace, stability, freedom and prosperity can be brought to a continent once torn apart by wars. Our European model shows the world that an ever closer union between peoples is possible where it is based on shared values and common objectives.

We have achieved integration in Europe by putting in place, through the Treaties, unique and innovative structures that transcend traditional international cooperation. We have established the single market and launched the euro, and our governments are rallying around economic policies that now look set to deliver a period of sustained growth. Our neighbours have the choice to join this prosperity, and we have a golden opportunity to enable them to do so.

Over the next decade we will achieve completely our economic integration and, even more importantly, give shape to a new, political Europe. The next five years will be decisive.

We are already pushing forward with political integration by establishing an area of freedom, security and justice, and by developing common foreign, security and defence policies. Our common interests and objectives are best served by a common approach and common means.

Political integration will become a reality as political leaders and citizens come to realise that their shared values of liberty, peace and stability, democracy, human rights, tolerance, gender equality, solidarity and non-discrimination can best be promoted through shared policies and institutions. Political integration must be pursued taking full account of our national and regional identities, cultures and traditions. Hence the importance of the ongoing discussion on a European Charter of Fundamental Rights. Only a Europe which shares fundamental values and political objectives, and which can pursue them effectively, will be able to meet the huge challenges of the new millennium.

The challenges are many. We are witnessing a fundamental transformation of the economy and society. Globalisation is dissolving traditional boundaries. The digital revolution is transforming the way we communicate and interact. Global issues increasingly demand global responses.

These challenges are too large and too complex for any country to tackle single-handed, and the need for a collective European response has never been greater. The world looks to Europe for principled leadership, and our citizens look to the

Union for effective European action. Action guided by our shared European values and that strengthens our essential European identity.

But in order to act effectively and provide leadership, we must sustain the pace of change to the very fabric of the European Union itself. It will need further integration backed by a systematic policy of reform, transforming both our economy and our social systems. Only a thoroughly modernised Europe will be robust and adaptable enough to meet the challenges facing us.

Europe will also need strong institutions that answer to new forms of democratic governance. At present, public faith in our national and European institutions is low. Citizens feel remote from them and are calling for a greater say in how things are done at European level.

We intend to heed their calls. The Commission has already begun to put its own house in order, and this process will be followed up relentlessly. We are determined to make a success of reforming the Commission, and other institutions must show the same degree of boldness. Faith in all our institutions suffers from the faults in each, for many people do not distinguish between them.

But we want to go further and find a new synergy between all the European Union's democratic bodies, as part of a broader improvement of European governance. We want to strike a new balance between action by the Commission, the other institutions, the Member States and civil society. Our aim is to bring Europe much closer to the people it exists to serve.

The Europe we want, the Europe which can show genuine leadership on the world stage, will be a Europe that heeds the warnings of globalisation, not least from those who feel disenfranchised from it. What we are aiming at, therefore, is a new kind of global governance to manage the global economy and environment.

Europe's model of integration, working successfully on a continental scale, is a quarry from which ideas for global governance can and should be drawn. We must promote this, while devising just and sustainable strategies at world level, in cooperation with our partners, especially the developing world.

The Commission has a pivotal role to play. It is Europe's executive arm, the initiator of ideas and proposals and guardian of the Treaties. The Commission has always been the driving force for European integration, and it will provide strong leadership in the years to come.

To ensure success, the Commission will work in close partnership with the other European institutions and through a careful division of labour with the Member States.

On the political front, an overriding priority of this Commission will be to advance the process of enlargement so as to stabilise our continent and secure peace, democracy and respect for human rights throughout Europe. Bosnia and Kosovo, so close to our borders, reveal how essential this is. We aim to achieve this stability not only by enlarging the Union but also by building a coordinated foreign and security policy and developing a coherent policy of cooperation with our neighbours. It can work provided everyone knows exactly who is in charge. Too many actors is a recipe for failure. Stabilising the Balkans requires a full range of political and administrative authority and accountability, and the European Union can offer this.

Enlargement means reforming our European institutions and treaties – a task to be undertaken this year by the Inter-Governmental Conference. Enlargement must be seen as a factor driving deeper integration rather than a parallel process alongside but detached from it.

Even within the Union we should not necessarily take for granted the values of democracy and human rights that we advocate beyond our borders. They are enshrined firmly in the Treaty, and the means are there to ensure they are respected. We remain confident in the Union's moderating influence on the parties within it, enhancing our commitment to fight against intolerance, racism and xenophobia, whilst not ruling out a strengthening the Treaty if necessary.

On the economic and social front, our priority is to tackle unemployment. This means taking advantage of economic upturn to implement structural reforms, to absorb new technology faster, to make European research more efficient, to modernise the working environment, to promote investment and modern infrastructures, and to create a well-trained and digitally-literate workforce whose ideas reach the marketplace quickly. Our goal must be long-term growth and competitiveness.

We will work towards improving and modernising our social model, too – precisely in order to preserve it in a world where rapid, unharnessed change threatens to deepen the divide between the haves and have-nots. We will improve social and civil dialogue. With an ageing population and shrinking workforce, we will encourage reform of Europe's social protection, health care and pension systems. Our aim is to deliver a welfare state based on solidarity that can remain fair, caring and inclusive in a climate of more cautious public spending.

In tackling all these challenges, the Union must respond to the concerns of citizens. Beyond their worries about jobs and the economy, people are increasingly looking to Europe for action to improve their environment, their safety and their quality of life. And people want effective, accountable institutions that involve them in the way Europe is governed and which take account of their rich and diverse cultures and traditions.

The Commission will therefore pursue four strategic objectives in the five years ahead:

- **Promoting new forms of European governance.** This means giving people a greater say in the way Europe is run; making the institutions work more effectively and transparently, notably by reforming the Commission and setting an example for other bodies; adapting the institutions to the needs of enlargement; building new forms of partnership between the different levels of governance in Europe; and ensuring an active and distinctive European contribution to the development of global governance.
- **A stable Europe with a stronger voice in the world.** As a top priority we will work to make a success of enlargement, and to build a real policy of cooperation with our new neighbours. We will also aim at closer cooperation between European institutions and amongst the Member States and at enabling Europe to take a lead in building the new global economy.
- **A new economic and social agenda.** This means modernising our economy for the digital age in a manner which promotes employment and sustainable development, whilst re-modelling our systems of social protection in order to build a fair and caring society.
- **A better quality of life.** Here we must provide effective answers to the issues which affect the daily lives of our citizens, notably the environment, food safety, consumer rights, justice and security against crime.

These are the challenges lying ahead over the next decade. As we rise to those challenges, the world will be watching. Let us make this a decade of success - the decade of Europe.

1. PROMOTING NEW FORMS OF EUROPEAN GOVERNANCE

Addressing the complex challenges ahead calls for new forms of European governance. This is not the sole responsibility of European Union institutions. Governments and Parliaments, regional and local authorities are an integral part of European governance. They all have a responsibility in shaping, implementing and presenting policy.

For example, the common agricultural policy is largely implemented by national agencies; the Union's structural and cohesion policies are prepared and put in place in partnership with the regions; many programmes are carried out at national or regional level. In fact there is hardly any sector of social and economic activity not affected by European Union policy and legislation, and where authorities in the Member States are not part and parcel of European governance.

Yet people do not perceive it this way. European citizens have little sense of ownership over the structures that govern their lives. Few distinguish between the institutions, most believe national and European policies are worlds apart, and all is blurred within the abstract notion of 'Brussels'. But the truth is that 'Brussels'; is all of us.

The interaction between national governance and EU decision-making has been greatly enhanced these last years. Macroeconomic coordination, employment guidelines and the Cardiff process on structural reforms are confirmation of a process of European governance in which national policy coordination and Community policies complement and reinforce each other.

The major challenges of the new century such as globalisation, an ageing population, the Internet revolution, job creation, and social inclusion, all call for a deepening of this process. To manage European governance we need strong institutions, a collective vision and a driving force. But it also calls for democratic control and full involvement of our citizens.

In its opinion on the Inter-Governmental Conference the Commission has made it clear that the Union needs efficient and vigorous institutions which connect with our citizens, particularly in view of enlargement. The enlarged Union should be both wider and stronger. The IGC's level of ambition will need to cater for the aspirations for peace, stability and prosperity of well over 500 million Europeans. It must also avoid any dilution of past achievements.

The Commission must remain the driving force within this process both through its vision and its action. The Commission will focus more on its core functions of policy conception, political initiative, enforcing Community law, monitoring social and economic developments, stimulation, negotiation and where necessary legislating. Nowadays, almost half the Commission officials are fully occupied in executive tasks, in implementing policies, and in managing and controlling programmes and projects.

We will need to define clearly our priorities and match them with the human and financial resources to be made available. We must make the most efficient possible use of these resources. This will be given new impetus by our White Paper

on reform. Nevertheless, refocusing on core activities cannot be done by the Commission alone. It demands an equal degree of commitment from Council and Parliament. The same is true for the application of the principle of subsidiarity.

The delegation and decentralisation of day-to-day executive tasks is central to any new form of European governance. Furthermore in an enlarged Europe we must rethink both the content of our policies and their means of delivery.

European governance must provide the European Union with the means to assert itself with a single voice in the world, notwithstanding our institutional arrangements and our three-pillar structure. We have much to offer in terms of our experience of integration and our unique social model. We are a global actor and a leader in areas of trade, aid and finance. Yet the Union is not fully represented in international financial institutions or United Nations agencies. This anomaly needs to be corrected. Europe's nascent security and defence policy is further reason for it to develop a strong and coherent voice within our continent and beyond.

Above all, our citizens must have a permanent stake in shaping and implementing policy. This Commission will therefore live up to its pledge of open government and accountability.

Civil society plays a crucial role in this context. The Commission will shortly present an initiative on how to strengthen civil society's voice in the process of policy shaping and implementation to ensure a proper representation of the Europe's social and economic diversity at European Union level.

To contribute to promoting new forms of European Governance, the Commission intends to publish a White Paper.

2. STABILISING OUR CONTINENT AND BOOSTING EUROPE'S VOICE IN THE WORLD

Europe is facing the threefold challenge of geopolitical upheavals, managing globalisation and the weakness of the international system.

Europe is the focus of geopolitical shifts. This is a source of hope and renewal, but also of uncertainty and instability.

Our objectives are to stabilise the continent and share our fundamental values. Our ambition must be to export our stability and our prosperity.

To that end, we must pursue our enlargement strategy, which offers a unique opportunity to expand our area of freedom, stability, prosperity and peace. We are not just enlarging a trading area but an unprecedented regional entity whose peoples share the same values and the same ambitions. The Commission expects the first new members to join before the end of its mandate. Nevertheless, the applicants will have to be judged on their individual merits, and all the instruments available will have to be mobilised in support of their efforts. An ambition such as this inevitably has major implications for our institutions and policies.

We also need to establish genuine strategic partnerships with the countries adjoining the enlarged Europe. Our borders must not become a new fault-line separating stability and prosperity on one side from instability, conflict and development lags on the other. The process of stabilisation and association with the Balkans must be pursued so as to bring the countries there closer to the Union's structures; cooperation with Russia and Ukraine must be stepped up, following our common strategy, and relations must be developed with the countries of the Caucasus; in the Mediterranean, the Barcelona Process is the backbone of an overall strategy, including greater support for the Middle East Peace Process and closer political relations with the Maghreb countries. In the long term, the target should be a partnership based on the rule of law and sustainable development.

Globalisation opens up new prospects for trade, investment and technological development. But it does have certain negative side-effects. The process has turned out to be exclusive rather than inclusive and has widened the inequalities between countries and between social categories and regions within them. Moreover, the emergence of global actors with global strategies can have the effect of marginalising democratic mechanisms and jeopardising policies for sustainable development.

Europe's objective must be to make globalisation compatible with the common interest of society. The 1997 crisis demonstrated clearly that the process cannot be left to its own devices. We must maximise its potential and minimise the undesirable side-effects. The Union can make a vital contribution to the reform of the international economic architecture and to the establishment of a mechanism for collective governance.

The Union must work to secure greater coherence in the management of the world economy, gradual integration of the developing countries, sustainable development and the definition of new 'ground rules', which are essential if the fruits of globalisation are to be divided fairly and benefit the largest number of people possible. Minimum levels should be established for competition, social and environmental standards and investment.

Europe confirms its strategic interest in the reactivation of the Millennium Round and, following the Seattle Conference, in the reform of the World Trade Organisation.

The weakness of the international system, the escalating number of conflicts, increasing poverty and the spread of organised crime all demand decisive Union action.

Our objective must be to make Europe a global actor, with a political weight commensurate with our economic strength; a player capable of speaking with a strong voice and of making a difference in the conduct of world affairs.

We must take advantage of the new Treaty provisions and develop a genuine common foreign policy, in close collaboration with the High Representative. We must develop our civilian and military capabilities in a common defence and security policy. The Commission intends to play a full role as a political contributor in this process and not just provide technical support. This requires in particular the establishment of a system of crisis prevention and management, to be integrated with the instruments available to the Community, and the creation of a Rapid Reaction Fund for non-military crises.

Europe must also enhance its role as a partner in solidarity with the developing countries and refocus its activities to combat poverty. The global projection of our fundamental values and the pursuit of our objective of sustainable development must be manifested in strong solidarity, supported by a commercial policy that shows concern for shared interests. Beyond development cooperation, our objective must be to integrate these countries in the world economy and encourage sound domestic strategies. This objective must be attained through greater consistency between the whole range of our policies that have an impact on developing countries. This greater consistency also depends on greater coordination and complementarity with the actions of the Member States.

Externally, the Community regularly implements aid programmes. The Union's credibility and the pursuit of its strategic objectives will inevitably require a sharp improvement in the efficiency and impact of such measures. The Commission intends to tackle the problem head on. It is counting on the other institutions for help in establishing a simpler, more operational system.

3. TOWARDS A NEW ECONOMIC AND SOCIAL AGENDA

Europe is becoming a single economic entity. As the biggest trading power and creditor in the world, the European Union is a major player in the global economy. Its growth performance compares favourably with the United States over the long term. Nevertheless, in recent years United States' growth and employment rates have outstripped those of the Union.

Europe must become a globally competitive economy built on knowledge and innovation and on a strategy of sustainable economic development. The single market and single currency give Europe the critical mass required to make the best of world markets and the technological revolution. Europe's scientific and technological base is strong, but under-utilisation of resources is Europe's greatest weakness. Our potential needs to be released.

Nowhere is this more evident than in the field of employment. Over 15 million people are currently looking for work. Unemployment is the main source of poverty and social exclusion. This places unacceptable strain on our social security systems. In future there will be fewer people of working age whose contributions are needed to support the non-active population.

Europe lags behind its main competitors, notably the United States, in the shift to electronic commerce and in the take-up of new wealth-creating technologies, especially information technology. Yet in other areas, such as mobile communications, Europe leads the world.

Energy will be an essential factor for Europe's competitiveness and economic development. The Commission will launch a debate on energy and particularly the issues of sources of supply which continue to have a strategic importance.

The Union needs a new economic and social agenda in order to build a competitive and inclusive knowledge-based economy which promotes strong and sustained growth, full employment and social cohesion.

The macro-economic climate for this is favourable, with the European economy expected to grow fast over the next few years. The euro has fostered universal acceptance of a culture of economic stability - a consensus on stable prices, sound public finances and wage moderation. Its full implementation will shift us towards adding a culture of dynamism, encouraging innovation and sustainable development over the next decade.

The following are priorities for coordinated action at European Union and national level:

- **to aim for full employment** as an objective of economic and social policy and to reduce unemployment to the levels already achieved by the best-performing countries;
- **to create a new economic dynamism** by economic reform in the labour, product and capital markets aimed at stimulating innovation and entrepreneurship. This reform will be enhanced by a rigorous application of competition rules and by further progress in the coordination of tax

policy. The transition to an information society should be given the same political energy and attention as that devoted to the launch of the single market and the single currency. The forthcoming special European Council in Lisbon should provide impetus for the reforms needed;

- **to make pensions safe and sustainable** through a combination of employment-generating reforms, increasing the revenue base, and reviewing retirement systems, in view of the new demographic and health situation in Europe. Member States must remain responsible for modernising social protection systems, but the outcome of the reform is a matter of common concern. The European Union's role is to support Member States' efforts at modernisation;
- **to develop a European strategy for fighting social exclusion, reducing poverty and the disparities between Europe's regions and territories.** To do this the Commission will develop further its social policy agenda for the coming years. It will seek to integrate Community action bearing on employment, the working environment, social protection, social dialogue, equal opportunities, the fight against discrimination and action in favour of social inclusion. The Commission will encourage Member States to pursue ambitious but realistic objectives;
- **to review the quality of public expenditure and the long-term sustainability of public finances.** The quality and composition of public finances are key elements in the contribution of the public sector towards growth and employment. We must also ensure that public finances are on a sustainable path. Within the framework of the Stability and Growth Pact, the Commission is ready to present proposals to deepen and broaden the scope of monitoring in this area;
- **to stimulate European research,** by improving the coherence and effectiveness of research at national level. The Commission will pursue the debate recently launched about creating a much needed European Research Area;
- **to encourage investment in human capital,** in the preparation of young people for a knowledge-based society, and in the development of audio-visual and multimedia content industries;
- it is also necessary **to develop and strengthen the European model of agriculture** in order to increase the competitiveness of this sector, secure its sustainability and promote vital rural areas.

4. A BETTER QUALITY OF LIFE FOR ALL

Beyond our concerns about jobs, the state of economy and the need for a fair society, Europe is increasingly expected to make an effective contribution to improving our quality of life and to affirming European citizenship by recognising our rich and diverse cultural, linguistic and ethnic heritage.

Problems of crime and personal safety no longer stop at national borders. The people of Europe expect their rights to be protected and enforced wherever they are in the Union.

The Union must speed up the process of establishing an area of freedom, security and justice, in which the public feel protected and their rights are properly secured. The Commission will continue to work towards establishing a European Charter of Fundamental Rights and draw up proposals to bring about the ambitious programme agreed by the Member States in Tampere to make the Union an area of freedom, security and justice. The Commission is planning in particular to develop a genuine European policy on asylum and immigration. It wishes to boost judicial assistance and cooperation and to develop an effective approach to the fight against all forms of crime.

The degradation of the environment is now proceeding at a frightening pace, and the continuation of current development patterns is unsustainable. It is a source of genuine concern and moral indignation. It calls for a decisive collective reaction.

These expectations call for a multiple Union response. First, there must be a sustainable development strategy reconciling environmental development, social progress and sustainable economic growth. The follow-up meeting ten years after the Rio Summit should be a new departure towards a global sustainable development strategy. The main objectives are fresh progress in the integration of environmental questions in other policies and sectors of the economy, tangible results in Europe and the world at large regarding the commitments entered into at Kyoto and fresh efforts to combat climate change. And our environmental legislation needs improving, amplifying and implementing fully.

People rightly insist that food safety standards should be higher. They are worried by the impact of new technologies and new ways of doing business in an increasingly frontier-free Europe. They expect their rights to be bolstered in a single market.

The Commission intends to take forward the proposals in its White Paper on Food Safety and on the creation of a European Food Authority. The Commission will promote greater public and consumer confidence in, for example, electronic commerce.

They also expect Europe to provide answers to problems of transport, flight safety and delays and urban congestion that reconcile the need for safe transport and increased mobility with environmental requirements.

The Commission intends to propose the creation of a truly integrated European transport area, through notably the creation of single airspace and the development of trans-European networks. To this end it will exploit new technologies to further development an intelligent and multi-modal transport system. It will also propose the setting up of a European Air Safety Agency. Additionally, it intends to improve safety standards and training in the maritime sector.

5. CONCLUSIONS

The five years of the Prodi Commission will be a period of great change. Europe will become more closely integrated and, at the same time, the Union will embark on a process of enlargement leading, ultimately, to the (re-)unification of our continent.

Several milestones along this road are already in place. The Inter-Governmental Conference is due for completion by the end of this year. Euro notes and coins are to be introduced in January 2002, and the Union will be in a position to welcome new members by the end of that year. Elections to the European Parliament will be held in June 2004. Preparing for enlargement and its consequences will also lay the foundations for a revision of the European Union's financial perspectives in 2006 at the latest.

The Commission is ready for action, and we are willing to be judged on our performance over the next five years, in particular our success in implementing the priorities set out in this programme.

- We will make a success of our internal reforms, placing greater emphasis on core tasks.
- We will vigorously conduct the enlargement negotiations and help develop effective cooperation with our immediate neighbours.
- We will work to ensure, through the launching of a comprehensive Millennium Round, that the forces of globalisation are harnessed to the needs of the world and that sustainable development is secured.
- We will push for the development of a new economic and social agenda designed to increase competitiveness and create jobs.
- We will help make Europe a better and safer place to live by taking action on the environment, and by implementing the Tampere agenda and the measures set out in the Food Safety White Paper.

— We will play a leading role in the debate over how an enlarged Europe should be governed so as to reconcile diversity and decentralisation with the need for strong institutions and co-ordinated action.

Real success is only possible if all institutions act in concert and if the public has confidence in Europe. The low turn-out at the last European Parliamentary elections shows how necessary it is to regain public support for the whole process of integration.

The challenges ahead of us are tough. But if we act together as Europeans, united by our close ties and our strong sense of identity, we can face those challenges. We can enter the new century with optimism and confidence.

Let us work together to give shape and force to the New Europe.
