Ladies and Gentlemen.

Since the fall of the Berlin Wall, Germany has been at the heart of the historic mission to end the Cold War division of Europe. For the past 12 years, you have shouldered the enormous economic costs of reunification. The near instant transition for the eastern part of Germany from command economy to free market was always going to be painful. You took the moral and visionary stance that, whatever the economic cost of accelerated integration, it was worth the price of making East Germany's former citizens full and equal members of the new Germany. And I think we in Britain still tend to underestimate the remarkable achievement of doing this without an increase in social or political disturbance.

The EU now faces its own challenge of reunification. From the outset, Britain and Germany have been partners in pushing this forward. Today I want to set out my vision of the course the EU needs to chart in the coming years if we are to do justice to the aspirations of all Europeans, from member states and applicant states alike.

In the 1950s the founders of the EU had a mission for Europe. It was not about institutions. It was about how to make war impossible. It recognised the pride of nations. But acknowledged the frailty of frontiers. The Treaty of Rome created a new frontier within which the member states were to share common policies and laws in certain areas. The balance between the national and the supranational was vital to the success of the enterprise. A purely intergovernmental organisation would have worked only at the lowest common denominator of agreement. A wholly supranational organisation would never have got off the ground.

Since then, our Union has enlarged and integrated. The thing which would perhaps have most surprised Jean Monnet is that the EU has integrated a wide range of policies without changing the fundamental relationship between the member states and the supranational institutions of the Union. That is a tribute to the robustness of both.

The original mission for Europe remains valid. But it is no longer enough. We need to offer our electorates new arguments, not least because the EU is now facing a test of leadership and legitimacy.

In recent weeks, many European citizens have voted for parties that have deep reservations about both the European Union and its enlargement. In the words of Guy Verhofstadt, the Prime Minister of Belgium and a passionate supporter of a stronger Union, 'the EU is out of touch with its citizens.'

In putting the case for the EU to the many doubtful Europeans, we need to start from first principles. It will not be sufficient simply to ignore their immediate concerns and leap straight to
the case for an expanded Europe. We have to begin by improving public faith in the EU and addressing voters' fears about loss of sovereignty.

We have to work together to convey a simple message: a united Europe will not be a superstate, but a Europe united across the old divide by common values and common identities. This wider Union will be a unique structure. It will not correspond to any form of political organisation which currently exists or has existed. It is founded on the concept that, in many areas, sovereignty pooled is sovereignty gained.

In today's interdependent world, pooling sovereignty, when we choose to, is the way to strengthen our freedom of action rather than weaken it. At the supranational level, we can achieve policy goals and therefore outcomes for our citizens - which are quite beyond us as individual countries.

In the EU, such co-operation has enabled our citizens to live, work and travel anywhere within the world's largest Single Market. The air we breathe is cleaner. So are our beaches and drinking water. Our industries are healthier and more competitive. Women have greater rights to equality at work.

And with public fears in many states about rising crime, it is abundantly clear that the EU is crucial to stepping up cross border efforts to make our streets safer. At the same time there has been no erosion of national identity. The fears of the opponents of European integration have proved unfounded. Europe now has more nation states than ever. All the countries of Europe have retained their different historic, constitutional arrangements and political identities. I have noticed no diminution in the Italian, French or German sense of national identity as the EU has developed.