Ladies and gentlemen,

the Union has brought tremendous benefits to the European Union and to the whole of the European continent. Over the last decades, prosperity has never ceased to rise and Europe has seen its longest uninterrupted span of peace and stability. The introduction of a common currency, the decisions on enlargement and the creation of the Convention have been the last chapters of the European success story.

While I am speaking to you the Convention is far from having concluded its work. The debate on the future shape of the European Union is still going on, and it is a revolutionary process: European institutions, governments, members of parliament and members of civil society are all having their say. We know that a democratic accountable Europe can only emerge from a democratic and accountable process, not from behind closed doors.

There is already a large measure of agreement on many issues, such as the inclusion of the Charter of Fundamental Rights in the future Constitutional Treaty. To name a few more issues where there is a growing consensus within the Convention:

- the introduction of mechanisms to improve the participation of national parliaments and guarantee subsidiarity
- the simplification not only of the existing treaties, but also of the legal instruments and procedures

Another important step might have been the agreement between France and Germany on certain institutional questions. There are many positive elements in this agreement, which I am sure - was only found after difficult negotiations. Most of them are very much in line with our own proposals: the extension of qualified majority voting, ensuring a greater role for the European Parliament; and, above all, the election of the future Commission president and the appointment of a EU Foreign Minister.

Of course, the concept of having two presidents within the EU, a permanent president of the Council and an elected Commission president, requires some clarification. A competition of two offices and two bureaucracies is something nobody wants. Overlapping responsibilities and conflicting mandates must by all means be avoided.

On the other hand, the role given to the future President of the European Council and the EU Foreign Minister might help the Union to have a stronger voice in the field of common foreign and security policy.

Let us wait and see how the Convention will deal with this model. The Commission, for its part, will see to it that Community interests will not fall by the wayside.

Ladies and Gentlemen,
The prospect of enlargement in 2004 has driven home the importance of institutional reform. We must have functional and accountable institutional structures in place if the enlarged Union is to be credible in the eyes of present and future citizens.

This project of healing the historic divisions of Europe cannot and must not fail. What we do over the coming year will tell our prospective members what kind of community they are joining. Our responsibilities are huge. We are not just acquiring new members. We are making a contribution to peace and stability that goes beyond the confines of the Union itself.

Each enlargement brings us new neighbours for which the EU is a pole of attraction. Some hope to become candidates themselves. We must show that European integration will offer benefits and new prospects for that band of countries round our borders - from Russia to the Mediterranean - that now look to Europe for support and guidance.

In addition, we have to be aware of the fact that the current Stabilisation and Association process in the Balkans will be one day the next chapter of enlargement. Just two days ago, for instance, I discussed with the Croatian Foreign Minister about the forthcoming accession demand of Croatia. In few days, I will launch -in Tirana- the opening of the negotiations on a Stabilisation and Association Agreement with Albania.

Ladies and gentlemen,

As you no doubt know, in presenting the Commission's report on economic and social policy for the Spring Council, I highlighted the importance of knowledge and innovation. I am sure that I am preaching to the converted when I say that knowledge and innovation lie at the heart of sustainable development. They are the preconditions for growth, jobs, competition and a healthier environment.

I sent an urgent message to the Member States that if they do not go all out to improve our schools, our research institutions and all our centres of excellence Europe will not become the competitive knowledge-based society we all want. If they do not build bridges between research and innovation and their commercial applications, Europe will continue to fall behind its competitors.