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SPEECH BY FCO MINISTER OF STATE, GEOFF HOON, TO THE MID ATLANTIC CLUB, ENGLISH SPEAKING UNION, DARTMOUTH HOUSE, LONDON, THURSDAY 16 SEPTEMBER 1999

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I have been asked to speak about Britain's role in Europe. We have a vital role in Europe. The UK is one of the largest European states, and the world's fifth largest economy and trading nation. We are members of the UN Security Council, the G8 group of nations, NATO, and the Commonwealth. All this means that we have a lot to offer the EU. Since this government came to power, we have made clear that we want to use the resources we have to the benefit of the people of this country, and to the benefit of the European Union of which we are a part.

Let me mention some key areas where the UK is taking a leading role in Europe.

### ECONOMIC REFORM

Economic Reform is one of the most significant issues for Europe. It is vital that we ensure that Europe prospers as much in the next century as it has done in the second half of this. In the last few years Europe has not done as well as the United States. In the services sector, the gap in unemployment rates is 14 per cent, or 36 million jobs. We have not demonstrated that we are creating the industries of the future. In some ways, Britain has some experiences that can be of use to our European partners. We have deregulated, privatised, and reduced bureaucracy. We have adopted social regulations which, while protecting the rights of our workers, also ensure that our economy remains competitive. These reforms have been successful in many ways. Our employment is lower than much of the European continent. Our labour markets are more flexible, and we are growing some of the industries of the next century, such as biotechnology, design, and software development.

That is not to say of course, that we know it all, or that we do not have a lot to learn from our European partners. Our productivity in manufacturing remains poor by comparison with France. The quality of our products is not as good as it should be, and we can learn a lot from Germany on this. So we have a lot to learn from each other as Europeans. The important thing is to not stand on ceremony, and to recognise that there are improvements we can make to ways we run our countries that will benefit all of us.

Next March, we will have an important special council in Portugal to discuss European economic reform. This will set the agenda for the next few years. It is vital that we leave that summit with agreement on a series of policies that will allow Europe to prosper in the next century. Tony Blair and Gerhard Schroeder have already put forward some important ideas on economic reform in their joint paper on the Third Way earlier this summer. That is a start. But we need an agreed approach for the 15. I hope that between us, we can put together a compelling economic strategy that will ensure our prosperity over the next ten to twenty years.

A vital aspect of this is the Euro. As Robin Cook said last week in Tokyo:

'We will be a success if their economies (those of our European partners) are a success. That is why it is in the interest of Britain as much as any other member state that the Euro currency is a success story.' You are aware of our position on the membership of the Euro. We believe that membership of a successful Euro will be in Britain's interest, and we shall recommend membership of a successful currency to the British people, provided that the economic tests, set out by the Chancellor in 1997, are met. It is still too early to conclude definitely whether the Euro will be a success. But as Robin said in Tokyo: there are signs that the Euro is bringing a new strength to the economies that are part of it.

## ENLARGEMENT

A second question of vital importance to us as Europeans is enlargement of the EU. As you know, the UK has been one of the most vigorous proponents of enlargement. There is a moral dimension to this. Enlargement will reunite the continent of Europe after a half century of division imposed by the Cold War. There is also a practical dimension. It will bring huge benefits to the people of both the applicant countries and existing members of the EU. Our businesses will find new markets of 100 million people, and the EU single market as a whole will be given a boost. There will be more competition, and this can only benefit our consumers. By welcoming the applicant countries, we will be able to improve the environment of greater Europe, as the standards we believe in are adopted across a wider and wider geographical area. And there are benefits to people's everyday lives. The applicant countries will be welcome allies in the fight against crime, drugs trafficking and illegal immigration. Of course there will be problems. Of course there will be costs, but those are modest compared to the potential benefits to all of enlargement.

Enlargement will be good for Europe. We hope that at the Helsinki Summit in December, we will be able to make positive, forward-looking decisions about the existing applicants, and the next wave. We want the process to proceed quickly, and we want the applicants to join as soon as they, and the EU is ready. There is still a lot to do, but the UK is pressing both sides to ensure that the fastest possible progress is made.