

Speech by Jerzy Buzek, President of the European Parliament, to the 'June European Council'  
Brussels - Thursday, June 17, 2010

Dear Presidents,  
Dear Chancellors,  
Dear Prime Ministers,  
Dear Friends,

### **Part I: THE ECONOMIC CHALLENGE**

This is a fundamental European Council. The Economic crisis affects us all; we are all in this together. The decisions taken today will impact the generation to come.

What's more, Europe is in a worse situation than the United States or the emerging markets.

Eurostat has already downgraded its prediction for this year's EU growth rate.

We must meet our citizens' expectations as they are losing jobs and live in uncertainty. I think we should take decisions in three crucial fields.

### **Budgetary and Fiscal Reforms**

First of all, we must recover from the lack of trust. Today, we have to send a strong signal to the international markets and citizens that our Union is strong and that we stick by our Member States.

But to be credible, we have no choice. We all have to continue with our budgetary/fiscal reforms. I know personally that such reform transformation is hard. I know that you will not be more popular. We have to do the right thing and not just the convenient thing. We should always remember that with solidarity comes responsibility too.

### **Economic and Financial Governance**

Dear Colleagues,

My second message is connected with the question how to avoid crises in the future. In the European Parliament, as you know, we are currently working on a legislative package concerning financial supervision. It is a follow-up to the important de La Rosière report.

From this point of view this crisis may be a huge challenge, but it is also a great opportunity. This economic crisis may help us undertake the reforms we need - both at the macro, and micro economic levels.

We do not need new institutions but we do need to better coordinate our economic policies among ourselves. For that we need to use the community method and the European Commission must be fully involved. Effective economic governance implies endowing the Commission with proper, stronger management responsibility, thereby enabling it to use both existing tools and the new tools provided for by the Lisbon Treaty.

We have to complement the monetary union with an economic union, with coordination of our fiscal and financial policies and by doing this to build the foundations of a strong exit from the crisis.

In the future there has to be stronger links between the instruments of the Stability and Growth Pact, our macro economic instruments and the Europe 2020 Strategy. They have to be presented in a coherent way. In that context, we welcome the proposed peer review of national budgets. We also feel that Eurostat's powers should be enhanced, including the conferral of investigative powers.

In today's globalised world this is not a loss of sovereignty; rather it is a gain in governance.

Let us set out what is clear: not only certain countries should take part in our attempts to strengthen economic governance. All twenty-seven countries need to be involved. The Euro has an impact on the Forint, the Kroner, the Pound, and the Zloty, just as much as on the Dollar or the Yen.

The European Parliament is committed to European economic governance, but we insist that its development includes proper democratic accountability and safeguards in order to reinforce the democratic legitimacy of EU governance. At the moment, regrettably an almost entirely intergovernmental mentality seems to be in the driving seat. The fact that the special purpose vehicle which allows the European Commission to raise up to 60 Billion Euros on the financial markets was decided upon by the Commission and Council together without discussing it with the other side of the budgetary authority, is an illustration of this state of affairs. You took the right decision, but in the future we want to be, and insist on being, genuine partners in this process.

Dear Friends,

My own experience has taught me also that when undertaking reforms we have to be completely open with our citizens. We must tell them the truth - that the credit card culture of living on borrowed money must end. We have to pay the bill; otherwise we will be stealing the inheritance of our children, and probably their children as well. We have to tell our citizens that we will have to work longer hours, retire later, and live within our means.

But I am optimistic though. If our pragmatic friends from Estonia wish to join the Euro in these difficult times, and Iceland wishes to join the EU as soon as possible, these are strong messages of confidence - not only that the Euro is strong but that our European economy is strong.

## **The EU 2020 Strategy**

Dear Colleagues,

My point number three is that it is important to have an effective exit strategy from the crisis. You will adopt the new Europe 2020 strategy today, but we need to be realistic about the experience of the Lisbon Strategy that preceded it.

Yesterday the European Parliament has sent a strong message, that although we support this Strategy we are concerned by the mechanisms to implement it. This was one of two comprehensive resolutions - one on Europe 2020, the other on European economic governance - which we adopted this week in Strasbourg. I would like to think that they are in your files!

The European Commission cannot just rely on bench-marking, comparing best practice and the 'Open Method of Coordination'. On the contrary, we need a comprehensive programme - including legislative proposals - to make reform. Implementation, as I said few minutes ago, must be based on the community method and strengthening powers of the European Commission. We have to be as clear-sighted and as precise as we were when completing the Single Market in 1992.

The Parliament is also disappointed that it has not been consulted on the indicators that are the basis of the Europe 2020 National Reform Programme. We hope that you will not adopt your final decisions on the key instruments, targets and indicators of the Europe 2020 strategy without having properly consulted Parliament.

At the same time, we can not forget the link between this strategy and the post 2013 budget. The next financial perspective has to be tailor made with the EU 2020 Strategy in mind. Both development of the knowledge based economy and the cohesion policy, embracing all European regions, should be fully in line with the Europe 2020 strategy. Common Agricultural Policy must be also involved.

The Single Market remains a key part of our common project. It has created millions of jobs and increased our collective GDP. Closing the gaps of the Internal Market - as proposed in the Monti report - is one of the initiatives we need today.

We need to send a strong message to our citizens that we are working for them by getting them back to work. To show that we are serious, why don't we start by implementing the seventy three directives that are on the statute book but not yet in force in all member states?

## **European Energy Community**

Dear Colleagues,

One area where the internal market is still very much fragmented is in the energy sector. I support the work of President Barroso and Commissioner Oettinger and the relevant Directorates General which are working hard at trying to complete the Single Market in Energy. This is why I made a political declaration last month with Jacques Delors, calling for the establishment of a European Energy Community. We want to send a strong political message regarding our commitment to

securing our energy needs and meeting environmental challenges in the future. Such a Community does not have to be a separate legal entity as Euratom is. We can work within the existing Treaty. I see this Community as a move forward to closer European cooperation and integration of energy sectors. The European Commission should be the driving force behind it.

## **PART II: EXTERNAL RELATIONS**

### **Toronto G20 Summit**

Dear Friends,

A strong economy at home will be the best foundation for a credible Europe abroad. Our domestic and foreign goals are crucially linked.

At the Toronto G20 Summit, we must speak with one voice, and we must address not only the questions of long-term competitiveness and economic growth, but also the problem of global poverty.

### **Millennium Development Goals**

We need to be ambitious if we wish to create a global partnership to eradicate poverty. Despite the crisis, we need to stick to the commitments of the Millennium Development Goals, even though resources are scarce.

### **European External Action Service**

Dear Colleagues,

I would like to finish, if I may, by saying a few words about the EEAS. I would also like to thank Baroness Cathy Ashton for her work and commitment so far. I believe that we are almost there, and I hope that the next inter-institutional quadrilogue can take place in a few days.

I think we have an agreement on very many of the issues which concern the Parliament, but there is still some fine-tuning to be done on several outstanding points. There are three or four important issues that remain to be solved - notably ensuring that arrangements for the budget and development policy are properly balanced, that national officials can remain in the EEAS, rather than be forced back home, and that there is appropriate geographical and gender balance in the composition of the service.

The Parliament strongly supports the creation of this new Service, but we will insist on having serious political oversight. The most important thing is to create a Service which has the support of all the institutions and will last.

## CONCLUSION

Dear Friends,

The decisions you take today to re-launch our economies, to finish the work that we started with the single market, improve economic governance are important and positive signals. But if no concrete actions follow, the markets and the public will no longer believe in Europe and the crisis of confidence will continue.

There are also tough decisions we must take at home, in our countries. For the past two weeks, I have been traveling within Europe - to Greece, to Romania, Spain, and Portugal - talking to many of you, but also addressing opposition leaders, civic society and students. I come away from this with the three fundamental messages, I have just presented to you.

Our economic governance is about credibility, but it is also about accountability. Let us recall once again that solidarity must be accompanied by responsibility.

The Treaty of Lisbon has made my institution, the European Parliament, a full co-legislator in our law-making system. We want and expect to play a key role in the next stage of European integration. Member States and the European institutions have to work together to ensure the transparency and good functioning of our Union.

Thank you.