

## Speech Buzek 23-24 juni 2011

Honourable President Van Rompuy,

Honourable Presidents,

Honourable Chancellors,

Honourable Prime Ministers,

Today and tomorrow, you have a heavy agenda, dominated by three pressing issues - Migration, Croatia, and European economic governance. But, our European Union is facing one of the most challenging times in decades - marked by the sovereign debt crisis, and the questioning of the fundamental achievement of the Schengen zone. I would like to say something about each topic if I may.

### I. Migration and Schengen

It is always important to try to get to the root causes behind any problem we face. In the case of migration, the most important reason is the instability of our Neighbourhood.

I have recently returned from the Middle East, North Africa and the South Caucasus. The lesson I have brought back is that we need to continue to consolidate democratisation in our Neighbourhood. It is in all of our interests. We still do not know the final result of the Arab Spring, but the region certainly needs a clear European response, rooted in the twin promotion of democracy and prosperity.

The European Parliament welcomes the European Commission's proposal to deepen our partnership with the Southern Neighbourhood. But we can and should do more. Let us think of possible visa liberalisation - which is the most important issue for citizens, and will bring us closer together. We should start a deep internal discussion about the possibility to open our markets for goods, services and capital - and to develop joint infrastructure. This will help stabilise and develop these economies. Stability may come from democracy, but a stable democracy needs to be rooted in prosperity - as it is in our own Union.

Our aid to the region cannot, of course, be without conditions. Clear steps must be taken by our partners to consolidate human rights, the rule of law and democratic institutions. Our policy of "more for more" is clear and is strongly supported by the European Parliament. Each country should be treated individually.

Ladies and Gentlemen,

Our discussion today on migration is in fact a discussion about Schengen - one of the greatest achievements of the EU. It means our internal borders.

Schengen is a very visible success story for the European Union. Any decision to reintroduce temporary border controls should be taken in a coordinated Community fashion. And only under very exceptional conditions. We agree with the President of the European Commission on this. The European Parliament would not favour any safeguard solution which operated unilaterally. We need to aim for common evaluation and common decisions in this field. The fundamental principle of freedom of circulation of our citizens has to be preserved.

The European Parliament has called repeatedly for the setting up of a common European asylum policy by 2012. We welcome efforts to find an agreement on the revision of Frontex. We need rapid intervention, and improving more effective collaboration between Member States.

Equally, we need to develop a true European joint resettlement programme - one which shows true solidarity and ensures a common European effort in offering a future to legitimate refugees. We must make a distinction between economic migration on the one hand, which we need to solve through our Neighbourhood policy; and political migration on the other hand, where the EU must remain a safe haven for those in genuine need. However the long term solution to illegal immigration may be found in our Neighbourhood Policy. It will not be found in diminishing the freedom of movement of persons within the EU.

## II. Croatia

I would like to take this opportunity to congratulate both the Commission and Member States, in particular the Hungarian Presidency, for their hard work to complete the negotiations with Croatia. We hope to welcome that country as a new member state soon - hopefully in July 2013. It will be a proud moment for all of us to welcome the 28th Member State.

### III. Economic governance and the 'six pack'

Dear Colleagues,

There are three powerful symbols of our European Union. The Single Market which we are strengthening. The Schengen area which I just mentioned, and which we should protect. And the third great symbol of our common achievement is of course, the euro. Today's discussion on economic governance is in fact a discussion about the eurozone and the debt crisis we face. This very last point is perhaps the most urgent, but let me start with the concrete issue of economic governance.

We are about to complete a fundamental reform in only nine months - a symbolic period of time. And thanks to the hard work of all institutions and actors - the European Commission, the Van Rompuy task force, the Ecofin Council and the European Parliament. My special thanks also go to the Hungarian presidency.

We have already come a long way in converging the positions of the Parliament and the Council on the "six pack" of legislative measures for better economic governance. The Parliament has just voted its position on these initiatives. We believe that it is important to rebuild trust - with our citizens, with the markets and among ourselves. This is why the Parliament has supported stronger peer review in the European Semester.

This is why we also support the proposal for an enhanced economic dialogue. Our Finance Ministers should explain to the European public their policies. We need greater transparency in this. But it is also a matter of trust that we make the Commission the independent European institution which monitors the debt and deficit ratios of each member state.

A quick resolution of our very few remaining differences over the six-pack would increase credibility of the EU as an efficient negotiating machine. We must not be seen as a set of institutions torn apart by narrow, or particular interests. An early deal on the six-pack would help to ease the sovereign debt crisis.

I therefore call on you, Europe's leaders, to revisit your positions on how automatic the application of the Stability and Growth Pact should be. The Parliament believes that the less political interference there is in this process, the better. Especially in the preventive arm of the Pact. Our view, the European Parliament's view, is shared by financial investors and the European Central Bank.

Let me add as a parenthesis, I would like to announce that, following his excellent performance in the hearing, the European Parliament gave its positive opinion today on the appointment of Mr. Mario Draghi, who is an excellent choice as the next ECB President.

The six pack helps lay the foundations for greater macro-economic and financial stability. Today we have confirmed this in our vote in plenary, keeping the door open for a speedy first reading agreement with the Council.

But we also have to address the root causes of the financial crisis. And set the appropriate disincentives for over-risky investments. This is why regulating credit rating agencies can help protect us against unpleasant surprises. The European Parliament also welcomes the

announcement by President Barroso in our plenary yesterday, to submit a legislative proposal for a Financial Transaction Tax in the autumn.

An FTT would be a fair and substantive contribution by the sector whose own behaviour triggered the crisis. But for an FTT to work we need a global agreement. The EU put this argument forward two years ago at the G20 meeting in Harrisburg. It is even more urgent today. The European Parliament will examine the proposals closely.

#### IV. The sovereign debt crisis

Dear Friends,

This leads me to the heart of today's debate. The sovereign debt crisis facing some of our Member States is a challenge like no other in our common history. It is a challenge which could deliver a severe blow to the very heart of the European project.

Some well-known economists are openly painting dark scenarios for our Union. They compare a potential Greek default to the collapse of Lehman Brothers which paralysed the world economy. Others speak about a possible rise of deeply anti-European parties, as a result of a prolonged economic slump. Those forces may try to lead their countries out of the eurozone and refuse any closer EU cooperation. Under both scenarios, the resulting chaos would hit us all very hard. However, it does not have to be this way. But we are like Odysseus who must sail between the Scylla of distrustful financial markets and Charibdis of growing popular dissatisfaction. I am convinced we can end this journey in safe harbour.

If we show leadership. If we convince the citizens to help us in these reforms. If we convince the markets to stop panicking. And if solidarity in the Union is accompanied by responsibility in adopting the necessary reforms - we can overcome the crisis and reach safe harbour. Certainly the European Parliament is with you on this journey while you make these tough decisions.

The first step in this journey has been taken. I am glad to note that Prime Minister Papandreou won the vote of confidence on Tuesday night. The second step is for the Greek parliament to approve the new fiscal package later this month. I urge all forces in Greece to rise above political differences and support the package.

I also have a message to the Greek citizens: please show patience, understanding and strength. The current reforms are likely to be a turning-point. The choice is between a possible economic and political collapse and a slow return to the normalcy of growth and sustainable debt levels. The contagion can and will be stopped.

I am reminded of my own country in 1989 when we faced 600% inflation and deep recession. With tough reforms and help from the international community, we reached inflation levels of 13% and growth of 7% within five years. So reforms need to be tough and need to be accompanied by outside help. We welcome the announcement by the President of the European Commission of fast tracking €1 billion through structural funds, to help with the immediate unemployment crisis in Greece.

But we must also draw the right overall conclusions from the current debt crisis. Serious structural reforms along the lines discussed in the Euro Plus Pact - especially in terms of retirement ages, other labour market reforms and privatisations are needed. As I mentioned earlier, our monetary union must be strengthened to become much more of an economic union. We must never allow countries to provide false statistics or break fiscal discipline rules. Just as investors must not be allowed to take excessive risks which end up being covered by the taxpayer.

Dear Colleagues,

Let me finish by saying that we are at a crossroads. The decisions we take over the next weeks will determine the kind of Union we will live in. Do we take steps to strengthen the Union and come out of this crisis stronger, or not? I believe that anti-Europeanism is part of the problem and not part of the solution. A large majority of my colleagues in the European Parliament share this view.

We all need to explain our efforts better to our citizens - that by helping countries in difficulty we are actually helping ourselves. This is also the responsibility of Members of the European Parliament to explain this. Without the citizens' support we will not succeed in making the structural reforms needed.

Yes, the people of Greece will have to face hard sacrifices, and we need to show that the road out of this crisis can lead towards a better future for us all.

Thank you.