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**Herman Van Rompuy
President of the European Council
Keynote speech at the Federation of Young European Greens
Debate on Youth and Europe**

I'm glad to be able to join you all this evening, here in Mechelen, a city with a long history. It's a real pleasure to see so many of you, from so many countries, gathered here for your annual conference.

I have always been a strong believer in youth political movements, as training grounds and as generators of ideas. I started myself as vice-president of the youth branch of my party – that was many years ago (though not that many of course!). Such gatherings are so important.

It's only through encounters, through exchanges that we truly become European. We learn to live with differences of all kind, even if we belong to the same political families. Differences, among others, of identity, of culture, of language. In Belgium we know all about these!

In political life itself, we have to respect more the differences among political parties. They are often artificially cultivated and needlessly polarised. We should only be intolerant towards the intolerant. We must find rediscover the political virtue of tolerance!

So over the next few days you will be debating not only as Young Greens, but also as Young Europeans. I expect your gathering to be in many ways a festive occasion – all the more since you are celebrating also the twenty-fifth anniversary of your federation, quite a milestone! But you are celebrating it during testing times, and I know well the preoccupations that may cast a more serious shadow on your debates.

P R E S S

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Youth and Europe. Two words, that are equalled by few in their potential to inspire, whether taken together or apart. It's a terrible thing that they should find themselves clouded by anxiety, as they are now. I trust you will build around your chosen theme a message of hope, of energy, of action. Debating what Europe means to young people today. What it can mean. What it should mean.

No doubt the social and economic situation will find a central place in your discussions. Not only because of the weight it placed on your generation, with many of you entering your working life at a most difficult time. But also because looking to the future, the stakes are very high. Much depends on the choices and decisions that we have the courage to make today, in our member states especially, and at the level of our Union. We all have to be far-sighted.

Winston Churchill used to say: *"the farther backward you can look, the farther forward you are likely to see"*. It can sometimes help to look back, and measure the road travelled. We can look back sixty years, to when our Union was created, in a world so very different from the one we know. Or even just five years, before the global credit crisis and its ramifications hit our continent.

The financial crisis hurt Europe hard – a brutal, unprecedented shock. In many ways, our countries and the eurozone were unprepared. Collectively, we had to build a lifeboat in the middle of a storm. It took years of struggle, and I recognise that more than once, we looked into the void. But we managed to keep going, step by step, even if it was sometimes messy or slow. And eventually we've managed to make it out of that violent storm. To overcome the existential threats that had been looming over the eurozone. Had we not succeeded to re-establish financial stability, it would not have been a recession but a Depression – not in one or two countries, but in almost all. Member states have to embark on deep reforms, deep expenditure cuts, deep measures to restore competitiveness. Most of them had – and have – to do the opposite to what they lightly promised their voters. The party political differences shrunk: for certain governments there were not many options left to find a way out of an emergency.

Needless to say, we are not yet out of the woods, far from it. We might be out of the heart of the cyclone, but the darkest clouds are still in the sky. Our countries are in the midst of a deep economic crisis, and unemployment is dramatically high.

Part of the reason why the recovery is taking so long, lies in just how severely our economies were shaken by the crisis since 2008. The financial crisis revealed just how deep problems lied. It laid bare some serious structural fragilities that had been left ignored for too long. Reckless banking. An addiction to debt and deficits. Systems that were becoming less sustainable and less competitive by the day. Also structural gaps in the way our eurozone had been designed in its early days. Had those problems been addressed earlier, we would not be where we are now.

Many countries were badly governed during the first decade of the eurozone. Widespread *malgoverno*, to use a word I employed to criticise Belgian politics at the end of the seventies. The euro and its low interest rates worked as a sleeping pill. Growth, in several countries, was artificial. It was built on excessive private and public debt. The present growth rates are the heavy price for these buoyant but misleading years of unsustainable growth.

For every one of our countries, the crisis has been a wake-up call. Realising the hard way just how urgent reforms had become. How we needed to take sustainability much more seriously – in all its forms.

That's why it is particularly important that, this time around, we work towards lasting solutions. Not quick fixes that will rip away in the near future. This is something that matters tremendously to me, and to all the leaders in the European Council, whichever political families they belong to. It means that we can't just go for the easy way, but for the right road, even if it's more strenuous. Cutting corners might be tempting, but it would be just replicating the same mistakes all over again.

The current economic climate is divisive and it puts the European idea under heavy pressure. Some are in favour of “more Europe” – at times forgetting it is a Europe for which there is no public support at all. Some want to “repatriate” powers from Brussels – never mind which ones exactly. For certain people, the letters "EU" stand for a ruthless market economy, flexibility and austerity. For others, Europe is to blame for migration, even within the Union.

The political reality is this. All the leaders in the Union – the leaders of 27 countries and the leaders of the institutions – have decided on a strategy that will produce results in terms of growth and jobs. Only results will reconcile Europeans with the European idea. This strategy is based on four elements – four elements that we need simultaneously:

- The first is a return to financial stability in the eurozone. I can say that the existential threat on the euro is over. It took time, too much time, also because we had no weapons in the beginning to combat the crisis. Financial stability is not a sufficient condition for growth, but it is a necessary one: without a return of confidence of consumers and companies, every growth strategy will fail.
- Second point: we need a return to sound public finances and more competitiveness. Since the start of the crisis we reduced the public deficits and are restoring competitiveness in the weak economies. Because stability is coming back, we can now focus even more on structural fiscal targets and less on nominal objectives. The recent proposals of the Commission showed this flexibility. We need to reform our energy and product markets, but we also have to make hiring people more attractive, develop training and skills and prepare the labour market for an ageing population. Without those reforms we will not be able to increase our structural growth, our potential, which has fallen to one percent of GDP, far too low for a welfare society.
- So we almost fixed the immediate emergency of financial instability (first point) and we are working on the long-term reforms needed to make Europe's economies more resilient (second point). But in the meantime (and this is the third point) in the period before we see the fruits of these continued efforts, we must take short-term action to bring back growth and create employment. It is our absolute priority at the moment and I will say more about it in a minute.

- The fourth and final point is that we are deepening our Economic and Monetary Union with a real banking union, a fiscal union, and an economic union. Step by step, but keeping the right direction. I know that some – also in your party – consider that the European governments are not ambitious enough. My reports from 2012 on precisely the future of the Economic and Monetary Union are considered in some countries as the beginning of a European super-state. You can imagine! It's important to keep a sense of proportion.

I dare say, we have made huge progress. And we did so, while each time agreeing with all 17 euro countries, or even all 27 EU members. Yes, this requires tolerance, patience and trust-in-one-another. But it's the only way to achieve sustainable solutions – economically sustainable and politically sustainable. It's the only way to be credible.

The longer-term is always in our minds. Keeping the direction even in a mosaic of countries with different electoral calendars and a variety of coalitions.

We are doing this also in a spirit of solidarity. Otherwise, we would not have engaged hundreds of billions of national tax payers' money. This solidarity is often underestimated in some circles, and in others it is seen as excessive and the cause of euro-negativism. Again a difficult balance, yet I stand for the good balance we jointly found.

But time is pressing as I said, and we can't wait for taking measures on jobs until growth is sufficiently strong. Even if almost all our countries will have positive growth figures in 2014. For every day, talented, motivated, energetic young people keep knocking on doors. In most of our countries, the situation of youth unemployment is severe. In certain countries, it's simply dramatic. Early unemployment and long-term unemployment can leave very deep scars.

Overcoming this is the utmost priority today, for all European leaders. We know unemployment is first of all a symptom: of a lack of resilience and of problems running deep. The differences on youth unemployment are huge within the Union. This proves that national policies matter most. Fixing these problems takes time. So in parallel we need to find ways to re-open opportunities for young people already now.

Every one must be mobilised: national governments, local authorities, companies big and small, social partners, and the European institutions too, where they can support. I hope the social partners could agree on a "job plan" before the June European Council. We stand ready to support all new ideas, to accompany every country in its own efforts.

Just last year, the European Council redirected considerable amounts of EU funds, helping 800,000 young people in the eight most affected countries. In February we set aside €6 billion specifically for that cause in the Union's next seven year budget. It's currently being debated by the European Parliament (and I hope they can find an agreement as soon as possible). But we're already looking at how we can speed up this initiative to get the maximum of impact out of it. We have to deliver on the Youth guarantee scheme so that every young person is either in training, further education or employment within four months of leaving school!

On the short term, in weak economies, we also have to improve credit access for small and medium sized enterprises – which create three quarters of all European jobs. In some countries, even when the cost for governments to borrow has gone down, interest rates for companies haven't followed, and we have to overcome this financial fragmentation. So in the European Council of June, we will be ready with a new initiative so that SMEs can unlock their potential.

There are still many efforts ahead. So what's really important is that in carrying out reforms governments keep focusing on fairness. Social justice and solidarity are particularly crucial in times of crisis. Sacrifices have to be borne fairly. Everyone must contribute if we want to get out of this together and stronger. This can be very concrete.

It's for instance one of the reasons I really want to move forward on tax fraud and tax evasion. In fact it will be the top issue next week when leaders come to Brussels for our next summit. We are on the brink of achieving a major breakthrough in automatic exchange of information between countries on tax. But a lot can also be done within countries, to make our tax administrations more effective.

If anything, the crisis has confirmed how important it is to preserve the support to the most vulnerable, especially in difficult times. It's another area where countries are in the lead, but here also the Union strives to keep its promise. This year, half a billion euro is going to food for the most deprived, and I fought personally to preserve the funding – €2,5 billion – for such support in the next EU budget.

But poverty levels and social exclusion are on the rise. Financial distress affects almost 25% of low-income households in our Union. Poverty has risen for families in eighteen member states since 2008, and more than ten percent of Europeans live in households where no one has a job.

Above all else, the crisis has underlined how much we need safety nets that are strong and resilient enough to sustain such changes of fortune. We avoided a social crisis compared to the nineteen thirties, precisely because we have maintained welfare states. The level of public expenditure is now on average above 50 percent of GDP! Making sure our social models are solid and sustainable, while reforming them: it is one of the most crucial challenges of our times, and of utmost importance for your generation too. And it's a challenge that we can't push back to a so-called period "after the crisis". No, we need to keep working on it now!

Just as we need to keep working on the other such collective challenges. An ageing population, technological revolutions, emerging economies: these are just some of the common challenges that all our countries have to face. Even the strongest ones. Even Germany has too low structural economic growth!

Climate change comes high on that list. And here we have to make sure that even despite the crisis, Europe keeps up its efforts. We've set ourselves ambitious objectives, and for now, we're still on track on several of them – for instance on renewable energy, and also on greenhouse gas emissions. Investing in a greener economy can help create jobs today, and if we keep our lead, it can keep creating even more jobs in the future.

There's much to be done, to improve energy efficiency for instance. Especially as we're facing the beginning of a real energy revolution, and unlike some of our competitors, Europe won't become a net energy exporter anytime soon. So we have to play up our advantages.

We want to become a low-carbon society by 2050. Our carbon market, still the largest, covers more than three quarters of total global carbon trading. Today, there may be concerns about the low price of carbon caused by economic difficulties, as it risks locking us in carbon intensive technologies for longer. But this "cap and trade" approach will nonetheless deliver the emission reductions we're aiming for (21% less emissions by 2020), in the most cost-effective way. We should be looking – carefully – at some short-term measures to address today's pricing problem.

But the most important is to provide quickly predictability for after 2020, which is just around the corner for investors. Widening that horizon to 2030 should have an immediate impact on expectations – and therefore on the type of investments already today. In the meantime, Europe remains:

- the biggest international donor of development aid, with more than 50% of the world total;
- the biggest financer of climate change in the less developed countries;
- the strongest provider of financial support in the Arab Spring countries;
- the strongest ally of African neighbouring countries in combating terrorism (like in Mali) and providing humanitarian aid;
- the architect behind institutions pushing for global accountability and responsibility, like for instance the International Court of Justice;
- and the most open economy in the world, also to poor countries, with the fifty least developed countries with free access for "everything but arms".

Europe is enlarging and negotiating enlargement, even though there is "fatigue". Europe is reconciling (think of the recent breakthrough between Pristina and Belgrade). Europe is bringing former Soviet countries closer to the Union (Moldova, Ukraine, Georgia). These are not signs of a selfish, inward-looking Europe, but an open, tolerant, pluralistic, democratic and peaceful Europe.

We live in very difficult, even dangerous times. That's why we have to focus on the longer term whilst taking care of short-term needs. That's why we have to focus on the core of our message to the world, which is still worthwhile to defend and to promote. And I hope that you, as Young, Green, Europeans, will fight on the side of that Europe in the months and years to come!