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**NOTE**

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from : General Secretariat of the Council  
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Subject : **Summary of the plenary session of the European Parliament, held in Brussels on 11 September 2013**  
**State of the Union**  
**- Statement by the President of the Commission**

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President Schulz introduced the debate. He underlined that it was a high-level gathering of the institutions which, unlike meetings of the European Council which took place behind closed doors, was transparent. He said that Europe's citizens had lost confidence in the EU, and that the way to recovering that confidence lay in greater transparency and respecting the "Community method". He criticised the Council for not respecting its commitments which was leading to delays in the adoption of the MFF, and creating problems in the implementation of projects. He informed the Parliament that an agreement had now been reached with the ECB on the issue of Banking Supervision. Transparency would also be key for the establishment of the much awaited Banking Union.

President BARROSO on the occasion of his fourth State of the Union address delivered the speech in the annex.

President Barroso referred to the current crisis and put forward some figures showing that the EU and its MS were starting to recover. He said nevertheless that much remained to be done. He pointed out some key action points, which included:

- setting up the Banking Union;
- increasing the credit flow towards the real economy;
- exploiting the full potential of the single market, in particular through a defragmentation of the digital market;
- increasing external trade, in particular through a partnership with the US.

In the final part of his speech, President Barroso stressed that the EU is more than a common market and underlined the importance and attractiveness of the EU as a model, with its values and defence of Human Rights. He underlined the role of the EU in guaranteeing peace as Europe approaches the 100th anniversary of the First World War.

*On behalf of political Groups,*

Mr. DAUL (EPP, FR) welcomed the work accomplished by the Commission and the pragmatic approach adopted by its President during the crisis. He called on the Commission to maintain its impartial role when assessing the budget orientations and the reforms within MS in the framework of the European Semester. He considered that measures already taken had started to produce results, and referred in particular to Latvia, Ireland and Portugal. This quarter, the Eurozone was also seeing growth. Nevertheless, the reform process needed to be kept up. The Single Market needed to be completed and the Banking Union established. He also called for a EU policy for the industrial sector.

Mr Daul urged MS to respect the decisions agreed before the summer break as regards the MFF and demanded a guarantee from the Council that the outstanding payment claims for 2013 would be covered in an amended budget.

M. SWOBODA (S&D, AT) recalled that the unemployment rate in Greece was 60%, and that only 31 new jobs had been recently created in Spain. He considered that Mr Barroso had overly stressed the positive aspect of the situation, while many EU citizens were still affected as a result of the undermining of the EU social model. He criticised the current austerity policies conducted by the EU, because, in his view, this had resulted in a lack of public and private investment.

He called for more solidarity between MS and for a reform of industrial policy in line with the EU social model. He considered that the MFF agreement had not been respected since the Council had reduced the sums to address youth unemployment in its 2014 draft budget. In his view, the financial sector should also be called to contribute. He invited Europe to combat xenophobia and nationalism and to speak with one voice on foreign policy issues.

M. VERHOFSTADT (ALDE, BE) considered that there was no room for complacency, since the first signs of recovery that had been mentioned by Mr Barroso only meant, in his view, that the EU had hit the bottom of the recession. He stressed his conviction that this would lead to a second phase of the crisis and warned against the risk of a 'Japanese winter', with two decades of economic stagnation. He considered that three reforms were needed: 1) a real Banking Union, 2) a more independent Eurozone, with a common treasury and financial instruments, and 3) a central bank targeting the GDP and not only inflation. In his view, EU institutions should immediately address the key dossiers of the Banking Union and Digital agenda and avoid wasting the next eight months up to the elections in long negotiations fleshing out a mandate. This would launch the right message to the electors on the importance of the EU and avert the rise of euro sceptics.

Ms HARMS (Greens, DE) considered that the EU deserved to be supported and agreed with Mr Barroso on the need for a banking union. She nevertheless said that climate policy had been neglected. She complained about protectionism which supported national industries to the detriment of the climate. She criticised CAP reform and complained about the timid approach of the EU to protect human rights in some MS. She also described the postponement of the vote on the tobacco directive as a blot on the image of the EP.

M. CALLANAN (ECR, UK) expressed disappointment at the record of the Commission and its president, since, in his view, they had not delivered. In his view, none of the candidates for Commission president would be able to respond to EU citizens' expectations, since the EU did not trust citizens to make their own decisions, whether these be about working hours, financial taxation or tobacco smoking. He concluded that the EU needed a new direction rather than a new President.

Mr HADJIGEORGIOU (GUE, CY) considered that Mr Barroso was living in a different Europe from himself and referred to the signs of poverty that could be seen even in Brussels or Strasbourg, as well as the difficulties experienced by citizens generally across MS. In his view, the crisis associated with the EU was because of the wrong solutions it had delivered during the crisis.

Concerning Syria, he called on the EU to address the trade and production of arms in MS, in particular chemical ones.

M. FARAGE (EFD, UK), criticized federalism and the obsession of the EU with climate change. He warned that manufacturing industries were being driven away by measures adopted to combat climate change, which he considered to be an invention.

Ms SINCLAIRE (NA, UK) was critical of the postponement of decisions at EU level because of the German elections and stated that two thirds of the EU citizens considered that their voice was not heard. She considered that this was a consequence of a lack of interest of EU institutions in the citizens, whose opinion was not taken into account even when a referendum was organised.

Minister LINKEVICIUS on behalf of the Council thanked Mr Barroso for his speech and referred to the priorities of the banking union, the Single market and the energy market. He expressed the hope that the MFF would be adopted soon in order to release funds to stimulate growth and create jobs. He also underlined the importance of unity and of a unified EU position for Syria and expressed support for the countries of the eastern partnership. He underlined the determination of the Lithuanian Presidency to deliver.

In response to the comments from group leaders, as well as from subsequent interventions from individual MEPs, President Barroso considered in general that MEPs had either focussed on the problems or the solutions and that he would rather side with the latter. He agreed with Mr DAUL that MS should be treated on an equal basis and that creating different categories of MSs would be contrary to the unity requested by the Treaty. He told Mr VERHOFSTADT that his proposals had already been set out in the Commission blue print, which suggested measures to establish a real monetary union. He reminded Mr SWOBODA of the fact that many instruments to address the crisis, such as the fight against unemployment, remained within the competence of the MS. He insisted that his conception of the EU was not just economic and referred to his efforts to obtain a more generous Social Fund from MS to address the social agenda. Moreover, environmental measures had also been adopted and implemented (to Ms HARMS), so that the EU was in the lead for climate change, which was scientific fact (to FARAGE). President Barroso acknowledged that

fiscal consolidation was not the only response to the economic crisis and that structural reforms and targeted investments were also needed to exit the crisis. He insisted that there was no contradiction between the policies to help the EU recover and the excessive national debts which needed to be reduced. He stressed the responsibility of previous governments in some MS in cumulating public debts and considered that the situation in these MS would be worse without the EU.

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**State of the Union 2013 Address**  
**José Manuel Durão Barroso, President of the European Commission**  
**Plenary session of the European Parliament/Strasbourg**  
**11 September 2012**

**José Manuel Barroso, *President of the Commission.*** – Mr President, in eight months' time, voters across Europe will judge what we have achieved together in the last five years. In these five years, Europe has been more present in the lives of citizens than ever before. Europe has been discussed in the coffee houses and popular talk shows all over our continent. Today, I want to look at what we have done together, at what we have yet to do. I want to present what I believe are the main ideas for a truly European political debate ahead of next year's elections.

As we speak, exactly five years ago the United States Government took over Fannie Mae and Freddie Mac, bailed out AIG, and Lehman Brothers filed for bankruptcy protection. These events triggered the global financial crisis. It evolved into an unprecedented economic crisis. And it became a social crisis with dramatic consequences for many of our citizens. These events have aggravated the debt problem that still distresses our governments. They have led to an alarming increase in unemployment, especially amongst young people. And they are still holding back our households and our companies.

But Europe has fought back. In those five years, we have given a determined response. We suffered the crisis together. We realised we had to fight it together. And we did. And we are doing it.

If we look back and think about what we have done together throughout the crisis, I think it is fair to say that we would never have thought all of this possible five years ago. We are fundamentally reforming the financial sector so that people's savings are safe. We have improved the way governments work together, how they return to sound public finances and modernise their economies. We have mobilised over EUR 700 billion to pull crisis-struck countries back from the brink, the biggest effort ever in stabilisation between countries.

I still vividly remember my meeting last year with chief economists of many of our leading banks. Most of them were expecting Greece to leave the euro. All of them feared the disintegration of the euro area. Now, we can give a clear reply to those fears: no one has left or has been forced to leave the euro. This year, the European Union enlarged from 27 to 28 Member States and next year the euro area will grow from 17 to 18 Member States. What matters now is what we make of this progress. Do we talk it up, or talk it down? Do we draw confidence from it to pursue what we have started, or do we belittle the results of our efforts?

I just came back from the G20 meeting in St Petersburg. I can tell you: this year, contrary to recent years, we Europeans did not receive any lessons from other parts of the world on how to address the crisis. We received appreciation and encouragement. Not because the crisis is over (because it is not over), but the resilience of our Union has been tested and will continue to be tested. But what we are doing creates the confidence that we are overcoming the crisis – provided we are not complacent.

We are tackling our challenges together and we have to tackle them together, because in our world of geo-economic and geopolitical tectonic changes, I believe that only together, as the European Union, can we give our citizens what they aspire to: that our values, our interests, our prosperity are protected and promoted in the age of globalisation.

So now is the time to rise above purely national issues and parochial interests and to have real progress for Europe. To bring a truly European perspective to the debate with national constituencies. Now is the time for all those who care about Europe, whatever their political or ideological position, wherever they come from, to speak up for Europe. If we ourselves do not do it, we cannot expect others to do it either.

We have come a long way since the start of the crisis. In last year's State of the Union speech, I stated that 'despite all our efforts, our responses have not yet convinced citizens, markets or our international partners'. One year on, the facts tell us that our efforts have started to convince. Overall spreads are coming down. The most vulnerable countries are paying less to borrow. Industrial output is increasing. Market trust is returning. Stock markets are performing well. The business outlook is steadily improving. Consumer confidence is rising sharply.

We see that the countries which are most vulnerable to the crisis and are now doing most to reform their economies are starting to note positive results. In Spain, as a signal of the very important reforms and increased competitiveness, exports of goods and services now make up 33% of GDP, more than ever since the introduction of the euro.

Ireland has been able to draw money from capital markets since the summer of 2012, the economy is expected to grow for a third consecutive year in 2013 and Irish manufacturing companies are rehiring staff. In Portugal, the external current account, which was structurally negative, is now expected to be broadly balanced, and growth is picking up after many quarters in the red.

Greece has completed, in just three years, a truly remarkable fiscal adjustment, is regaining competitiveness and is nearing for the first time in decades a primary surplus. And Cyprus, which started the programme later, is also implementing that programme as scheduled, which is a precondition for a return to growth.

My point is this: for Europe, recovery is within sight. Let us be realistic in analysis, let us not overestimate the positive results but let us not also underestimate what has been done.

Of course, we need to be vigilant. 'One swallow does not make a summer, nor one fine day'. Even one fine quarter does not mean we are out of the economic heavy weather. But it does prove we are on the right track. On the basis of the figures and evolutions as we now see them, we have good reason to be confident.

This should push us to keep up our efforts. We owe it to those for whom the recovery is not yet within reach, to those who do not yet profit from positive developments. We owe it to our 26 million unemployed, especially to the young people who are unemployed and who are looking to us. They want to have reasons to feel hope about Europe and about their own countries. So hope and confidence are also part of the economic equation.

If we are where we are today, it is because we have shown the resolve to adapt both our politics and our policies to the lessons drawn from the crisis. And when I say ‘we’, I really mean ‘we’: it has really been a joint effort. At each and every step, you, the European Parliament, have played a decisive role through one of the most impressive records of legislative work ever. I personally believe this is not sufficiently known by the citizens of Europe and you deserve more credit and recognition for this. So let us continue to work together to reform our economies, for growth and jobs, and to adapt our institutional architecture. Only if we do so, will we leave this phase of the crisis behind us as well.

There is a lot we can still deliver together, in this Parliament’s and this Commission’s mandate. What we can and must do, first and foremost – let us be concrete – is to deliver the banking union. It is the first and most urgent phase on the way to deepening our economic and monetary union, as mapped out in the Commission’s Blueprint presented last autumn. The legislative process on the Single Supervisory Mechanism is almost completed. The next step is the ECB’s independent valuation of banks’ assets, before it takes up its supervisory role.

Our attention now must urgently turn to the Single Resolution Mechanism. The Commission’s proposal has been on the table since July and, together, we must do what is necessary to have it adopted during this term. It is the way to ensure that taxpayers are no longer the ones in the front line for paying the price of bank failure. It is the way to make progress in decoupling banks from sovereign risk. It is the way to remedy one of the most alarming and unacceptable results of the crisis: increased fragmentation of Europe’s financial sector and credit markets – even an implicit renationalisation. And it is also the way to help restore normal lending to the economy, notably to SMEs. Because in spite of the accommodating monetary policy, credit is not yet sufficiently flowing to the economy across the euro area. This needs to be addressed resolutely.

Ultimately, this is about one thing – growth – which is necessary to remedy today’s most pressing problem – unemployment. The current level of unemployment is economically unsustainable, politically untenable and socially unacceptable. So all of us here in the Commission – and I am happy to have all my colleagues in the Commission here with me today – all of us, not just one or two Commissioners, this is a collective effort – all of us want to work with you, intensively, to deliver as much of our growth agenda, our sustainable growth agenda, as we possibly can.

We are mobilising all the instruments we have at European level but of course we have to be honest, not all instruments are at European level: some of them are at national level. And I want to focus on the implementation of the decisions that are most crucial now: youth employment and financing the real economy for SMEs. We need to avoid a jobless recovery too.

Europe must, therefore, speed up the pace of structural reforms. Our Country Specific Recommendations set out what the Member States must do in this respect. And at European level – because there is what can be done at national level and what can be done at European level – the focus should also be on what matters most for the real economy: exploiting the full potential of the single market comes first.



We have a well-functioning single market for goods, and we see the economic benefits of that. We need to extend the same formula to other areas: mobility, communications, energy, finance and e-commerce, to name but a few. We have to remove the obstacles that hold back dynamic companies and people. We have to finish connecting Europe.

I would like to announce that, today, we will formally adopt a proposal that gives a push towards a single market for telecoms. Citizens know that Europe has dramatically brought down their costs for roaming. Our proposal will strengthen guarantees and lower prices for consumers, and present new opportunities for companies.

We know that in the future trade will be more and more digital. Is it not a paradox that we have an internal market for goods but when it comes to the digital market, we have 28 national markets. How can we grab all the opportunities of the future that are opened up by the digital economy if we do not conclude this internal market?

*(Applause)*

The same logic applies to the broader digital agenda: it solves real problems and improves daily life for citizens. The strength of Europe's future industrial base depends on how well people and businesses are interconnected. And by properly combining the digital agenda with data protection and the defence of privacy, our European model strengthens the trust of citizens. Both with respect to internal and external developments, adopting the proposed legislation on data protection is of utmost importance to the Commission.

The single market is a key lever for competitiveness and employment. Adopting all remaining proposals under the Single Market Act I and II, and implementing the Connecting Europe Facility in the next few months, we will lay the foundations for prosperity in the years to come.

We are also adapting to a dynamic transformation on a global scale, so we must encourage this innovative dynamism on a European scale. That is why we must also invest more in innovation, in technology and in the role of science. I have great faith in science, in the capacity of the human mind and the capacity of a creative society to solve its problems. The world is changing dramatically and I believe many of the solutions are going to come, in Europe and outside Europe, from new science discoveries, from new technologies, and I would like Europe to be leading that effort globally.

This is why we – Parliament and the Commission – have made Horizon 2020 such a priority in the discussions on the European Union budget. That is why we use the European Union budget to invest in skills, education and vocational training, dynamising and supporting talent. That is why we have pushed for Erasmus Plus. And that is why, later this autumn, we will make further proposals for an industrial policy fit for the 21st century. Why we mobilise support for SMEs. Because we believe a strong dynamic industrial base is indispensable for a strong European economy.

(Applause)

And whilst fighting climate change, our 20-20-20 goals have set our economy on the path to green growth and resource efficiency, reducing costs and creating jobs.

By the end of this year, we will come out with concrete proposals for our energy and climate framework up to 2030. And we will continue to shape the international agenda by fleshing out a comprehensive, legally binding global climate agreement by 2015, with our partners. Frankly, we need the others on board too. Europe cannot fight climate change alone. We need a level playing field globally and we should lead that effort. At the same time, we will pursue our work on the impact of energy prices on competitiveness and also on social cohesion.

All these drivers for growth are part of our 'Europe 2020' agenda, and fully and swiftly implementing it is more urgent than ever. In some cases we even have to go beyond the Europe 2020 agenda. This means we must also pursue our active and assertive trade agenda. This is about linking us closer to growing third markets and guaranteeing our place in the global supply chain.

Contrary to perception, while most of our citizens think that we have been losing in global trade, we have in fact been increasing our surplus with the rest of the world. We have a significant and increased trade surplus of more than EUR 300 billion a year in goods, services and agriculture. We need to build on that. This too will demand our full attention in the months to come, notably with the Transatlantic Trade and Investment Partnership with the US and the negotiations with Canada and Japan.

Last but not least, we need to step up our game in implementing the Multiannual Financial Framework, the European budget. The EU budget is the most concrete lever we have at hand to boost investments. In some of our regions, European investment is the only means they have to get some public investment because they cannot now have resources at national level.

Both Parliament and the Commission wanted more resources – we have been in that fight together – but even so, let us be honest, one single year's EU budget represents more money – at today's prices – than the whole Marshall Plan did in its time! Let us now make sure that the programmes can start on 1 January 2014; that the results are felt on the ground, in our regions or across Europe, and that we use the possibilities of innovative financing: from instruments that have already started, to European Investment Bank money and to project bonds.

We have to make good on the commitment we made in July. From the Commission's side, we will deliver. We will, for example, present the second amending budget for 2014 this month. There is no time to waste, so I warn against holding it up. In particular, I urge Member States not to delay.

I cannot emphasise this enough: citizens will not be convinced by rhetoric and promises only, but by a concrete set of common achievements. We have to show the many areas where Europe has solved problems for citizens. Europe does not cause problems: Europe is part of the solution.

I address what we have to do still more extensively in today's letter to the President of the European Parliament, which you will also have received, so I will not go into detail now regarding our programme for next year. But my point today is clear: together, there is a lot still to achieve before the elections. It is not time to throw in the towel, it is time to roll up our sleeves and work hard.

Of course none of this is easy. I think that everybody recognises that we have been living in extremely challenging times, a real stress test for the European Union. We know too that the path of permanent and profound reform is as demanding as it is unavoidable. Let us make no mistake: there is no way back to business as usual. Some people believe that after this everything will go back to the way it was before. They are wrong. This crisis is different. This is not a cyclical crisis, but a structural crisis. We will not go back to the old 'normal'. We have to shape a new 'normal'. We are in a transforming period of history and we have to understand that, and not just say it but draw all the due conclusions, including in our state of mind and how we react to the problems. We can see from the first results that it is possible to win that battle, and we all know that it is not only possible but it is necessary.

At this point in time, with a fragile recovery, the biggest downside risk I see is – you know what – political. This is the biggest downside risk we have: lack of stability or lack of determination and perseverance. Over the last years we have seen that anything that casts doubt on governments' commitment to reform is instantly punished. On the positive side, strong and convincing decisions have an important and immediate impact. In this phase of the crisis, governments' job is to provide the certainty and predictability that markets still lack.

I am sure you all know Justus Lipsius. Justus Lipsius is the name of the Council building in Brussels. Justus Lipsius was the very influential 16th century humanist scholar who wrote a very important book called *De Constantia*. He wrote: 'Constancy is a right and immovable strength of the mind, neither lifted up nor pressed down with external or casual accidents.'. Only a 'strength of the mind', he argued, based on 'judgment and sound reason', can help you through confusing and alarming times. I hope that in these difficult times, all of us, including the government representatives that meet at the Justus Lipsius Building, show that determination and that perseverance when it comes to the implementation of decisions taken, because one of the issues we have is to be coherent and not just take decisions but afterwards be able to implement them on the ground.

It is only natural that, over the last few years, our efforts to overcome the economic crisis have overshadowed everything else. But our idea of Europe needs to go far beyond economics. We are much more than a market. The European ideal touches the very foundations of European society. It is about values – and I underline the word 'values'. It is based on a firm belief in political, social and economic standards, grounded in our social market economy.

In today's world, the European Union level is indispensable to protecting these values and standards and promoting citizens' rights: from consumer protection to labour rights, from women's rights to respect for minorities, from environmental standards to data protection and privacy.

Whether defending our interests in international trade, securing our energy provision, or restoring people's sense of fairness by fighting tax fraud and tax evasion, it is only by acting as a Union that we pull our weight on the world stage. Whether seeking impact for the development and humanitarian aid we give to developing countries, managing our common external borders or promoting Europe as a strong security and defence policy, it is only by integrating more that we can really reach our objectives.

There is no doubt about it. Our internal coherence and international relevance are inextricably linked. Our economic attraction and political traction are fundamentally entwined. Does anyone seriously believe that, if the euro had collapsed, we or our Member States would still have any credibility left internationally? Does everyone still realise how enlargement has been a success in terms of healing history's deep scars, in establishing democracies where some years ago no one had thought it possible? How neighbourhood policy was and still is the best way to provide security and prosperity in regions of vital importance for Europe? Where would we be without all of this?

Today, countries like Ukraine are more than ever seeking closer ties with the European Union, attracted by our economic and social model. We cannot turn our back on them. We cannot accept any attempts to limit these countries' own sovereign choices. Free will and free consent need to be respected. These are also the principles that lie at the basis of our Eastern Partnership, which we want to take forward at our summit in Vilnius.

And does everyone still remember just how much Europe has suffered from its wars during the last century, and how European integration was the valid answer? Next year, it will be one century since the start of the First World War. A war that tore Europe apart, from Sarajevo to the Somme. We must never take peace for granted. We need to recall that it is because of Europe that former enemies now sit around the same table and work together. It is only because they were offered a European perspective that even Serbia and Kosovo have now come to an agreement, under the mediation of the EU.

Last year's Nobel Peace Prize reminded us of that historic achievement: that Europe is a project of peace. We should be more aware of it ourselves. Sometimes I think we should not be ashamed to be proud. Arrogance is one thing: we do not want to be arrogant. But we should be proud of Europe and of what we have achieved. We should look towards the future, but with a wisdom we gained from the past.

*(Applause)*

Let me say this to all those who rejoice in Europe's difficulties and who want to roll back our integration and go back to isolation: the pre-integrated Europe of the divisions, the war, the trenches, is not what people desire and deserve. The European continent has never in its history known such a long period of peace as it has had since the creation of the European Communities. It is our duty to preserve it and to deepen it.

It is precisely with these values that we address the unbearable situation in Syria, which has tested, over the last months, the world's conscience so severely. The European Union has led the international aid response by mobilising close to EUR 1.5 billion, of which EUR 850 million comes directly from the European Union budget. The Commission will do its utmost to help the Syrian people and refugees in neighbouring countries.

We have recently witnessed events we thought had long been eradicated. The use of chemical weapons is a horrendous act that deserves a clear condemnation and a strong answer. The international community, with the United Nations at its centre, carries a collective responsibility to sanction these acts and to put an end to this conflict. The proposal to put Syria's chemical weapons beyond use is potentially a positive development. The Syrian regime must now demonstrate that it will implement this without any delay. In Europe, we believe that, ultimately, only a political solution stands a chance of delivering the lasting peace that the Syrian people deserve.

There are those who claim that a weaker Europe would make their country stronger, that Europe is a burden and they would be better off without it. My reply is clear: we all need a Europe that is united, strong and open. In the debate that is ongoing all across Europe, the bottom-line question is: do we want to improve Europe, or give it up? My answer is clear: let us engage! If you do not like Europe as it is: improve it! Find ways to make it stronger, internally and internationally, and you will have in me the firmest of supporters. Find ways that allow for diversity without creating discrimination, and I will be with you all the way. But do not turn away from it.

I recognise that, as in any human endeavour, the European Union is not perfect. For example, controversies about the division of labour between the national and European levels will never be conclusively ended. I value subsidiarity highly. For me subsidiarity is not a technical concept, it is a fundamental democratic principle. An ever closer union among the citizens of Europe demands that decisions are taken as openly and as transparently as possible and as close to the people as possible.

Not everything needs a solution at European level. Europe must focus on where it can add most value. Where this is not the case, it should not meddle. The European Union needs to be big on big things and smaller on smaller things – something we may occasionally have neglected in the past. The European Union needs to show it has the capacity to set both positive and negative priorities. As all governments, we need to take extra care of the quality and quantity of our regulation knowing that, as Montesquieu said, *'les lois inutiles affaiblissent les lois nécessaires'* – useless laws weaken the necessary ones.

But there are areas of major importance where Europe must have more integration, more unity, where only a strong Europe can deliver results. I believe a political union needs to be our political horizon, as I stressed in last year's State of the Union speech. This is not just the demand of a passionate European. This is the indispensable way forward to consolidate our progress and ensure the future. Ultimately, the solidity of our policies, namely of the economic and monetary union, depends on the credibility of the political and institutional construct that supports it.

So we have mapped out, in the Commission Blueprint for a deep and genuine Economic and Monetary Union, not only the economic and monetary features, but also the necessities, possibilities and limits in deepening our institutional set-up in the medium and long term. The Commission will continue to work for the implementation of its Blueprint, step by step, one phase after the other. And I confirm, as announced last year, the intention to present, before the European elections, further ideas on the future of our Union and how best to consolidate and deepen the Community method and the Community approach in the longer term. That way, these ideas can be subject to a real European debate. They will set out the principles and orientations that are necessary for a true, political union.

We can only meet the challenges of our time if we strengthen the consensus on our fundamental objectives. Politically, we must not be divided by differences between the euro area and those outside it, between the centre and the periphery, between north and south, between east and west. The European Union must remain a project for all members, a community of equals.

Economically, Europe has always been a way to close gaps between countries, regions and people. And that must remain so. We cannot do Member States' work for them, the responsibility remains theirs, but we can and must complement it with European responsibility and European solidarity.

For that reason, strengthening the social dimension is a priority for the months to come, together with our social partners. The Commission will come with its communication on the social dimension of the economic and monetary union on 2 October. Solidarity is a key element of what being part of Europe is all about, and something to take pride in.

Safeguarding its values, such as the rule of law, is what the European Union was made to do, from its inception to the latest chapters in enlargement. In last year's State of the Union speech, at a moment of challenges to the rule of law in our own Member States, I addressed the need to make a bridge between political persuasion and targeted infringement procedures, on the one hand, and what I call the nuclear option of Article 7 of the Treaty, namely suspension of a Member State's rights.

Experience has confirmed the usefulness of the Commission role as an independent and objective referee. We should consolidate this experience through a more general framework. It should be based on the principle of equality between Member States, activated only in situations where there is a serious, systemic risk to the rule of law, and triggered by predefined benchmarks. The Commission will come forward with a communication on this. I believe it is a debate key to our idea of Europe.

This does not mean that national sovereignty or democracy are constrained, but we do need a robust European mechanism to influence the equation when basic common principles are at stake. There are certain non-negotiable values that the EU and its Member States must and shall always defend.

The polarisation that resulted from the crisis poses a risk to us all, to the European project. We, the legitimate representatives of the European Union, can turn the tide. You, the direct democratic representatives of Europe, directly elected, will be at the forefront of the political debate. The question I want to put to you is the following: which picture of Europe will voters be presented with? The candid version, or the cartoon version? The myths or the facts? The honest reasonable version or the extremist populist version? It is an important choice to make.

I know some people out there will say Europe is to blame for the crisis and the hardship. But we can remind people that the European Union was not at the origin of this crisis. It resulted from mismanagement of public finances from the national governments and the irresponsible behaviour in the financial markets.

We can explain how Europe has worked to fix the crisis, what we would have lost if we had not succeeded in upholding the single market. Because the single market was under threat and upholding the common currency, because some time ago some people were predicting the end of the common currency. If we had not coordinated recovery efforts and employment initiatives, how would we be now?

Some people will say that it is Europe that is forcing governments to cut spending, but we can remind voters that government debt got way out of hand even before the crisis. Not because of, but despite, Europe. We can add that the most vulnerable in our societies, and our children, will end up paying the price if we do not persevere now and the truth is that countries, inside the euro or outside the euro, in Europe or outside Europe, are making efforts to curb their very burdened public finances.

Some will campaign saying that we have given too much money to vulnerable countries. Others will say we have given too little money to the most vulnerable countries, but every one of us can explain what we did and why: there is a direct link between one country's loans and another country's banks, between one country's investments and another country's businesses, between one country's workers and another country's companies. This kind of interdependence means only European solutions can work. What I tell people is: when you are in the same boat, one cannot say: 'your end of the boat is sinking'. We were in the same boat when things went well, and we are in it together when things are difficult.

Some people might campaign saying: Europe has grabbed too much power. Others will claim Europe always does too little, too late. The interesting thing is that sometimes we have the same: saying Europe is not doing enough and at the same time not giving more instruments for Europe to do what Europe has to do. But we can explain that Member States have entrusted Europe with tasks and competences. The European Union is not a foreign power. The European Union is a result of democratic decisions by the institutions and the Member States.

At the same time, we must acknowledge that, in some areas, Europe still lacks the power to do what is asked of it, a fact that is all too easily forgotten by those – and we know there are many out there – that are always ready to nationalise success and to Europeanise failure. Ultimately, what we have, and what we do not have, is the result of democratic decision-making and I think we should remind people of that.

I hope Parliament will take up this challenge with all the idealism it holds, with as much realism and determination as the times demand of us. The arguments are there. The facts are there. The agenda has been set out. In eight months' time, voters will decide. Now, it is up to us to make the case for Europe. We can do so by using the next eight months to conclude as much as we can. We have a lot to do still: namely, adopting and implementing the European budget, the MFF. This is critical for investment in our regions all over Europe. This is indispensable for the first priority we have: the fight against unemployment, notably youth unemployment.

Another priority is to advance and implement the banking union. This is critical in order to address the problem of financing for businesses and SMEs. These are our clear priorities: employment and growth. Our job is not finished. It is in its decisive phase. Because the elections will not only be about the European Parliament, nor will they be about the European Commission or about the Council, about this or that personality. The elections will be about Europe. We will be judged together. So let us work together – for Europe. With passion and with determination.

Let us not forget that 100 years ago Europe was sleepwalking into the catastrophe of the war of 1914. Next year, in 2014, I hope Europe will be walking out of a crisis, more united, stronger and open.

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