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from:	General Secretariat of the Council
to:	Delegations
Subject:	Plenary Session of the European Parliament, Strasbourg, 15 February 2012 **Debate on the economic crisis, growth and employment: Statement by Sen. Prof. Mario Monti, President of the Council of Ministers of the Italian Republic**

Mr Monti started his statement by paying tribute to the European Parliament as a key ally in driving forward the EU project. He felt that his responsibilities towards Italy and the European Union were one and the same thing. He said that he was proceeding with caution in convincing Italian citizens that important sacrifices and reforms were necessary to improve their lives but that these reforms were not imposed by Brussels.

He explained that Italy had embarked on a difficult route out of the crisis and he was committed to undertaking budget consolidation and structural reforms. He stressed that Italy did not want to passively implement EU guidelines but wanted to be a key driving force in the development of those guidelines. He said that Italy was focusing on the Community method and was aiming to build bridges between euro area Member States and other Member States, insisting on the need for the EU to be inclusive. He considered that the euro had been the boldest move in EU construction to date, that we could not allow it to break down and that, despite the fact that the risk existed, he hoped that a solution was within reach. He considered that the European Parliament had been a factor of discipline, in particular on the EU Economic governance "six pack".

He highlighted the need to reconcile discipline and growth and added that budgetary discipline had to be taken forward, mentioning for example the difficult decision taken by the Italian government this week not to grant a financial guarantee to the project to host the 2020 Olympic Games in Rome.

Mr Monti indicated that, in the European Council, Italy was focusing increasingly on growth. He believed that the single market had immense growth potential and was the driving force for EU integration. He stated that the Fiscal Compact was necessary to strengthen budgetary discipline, but that more had to be done about economic integration delivering on the single market.

Referring to the EP report on the feasibility of introducing stability bonds, he believed that such tools could ensure a contribution to market discipline and were worth exploring. He added that that the current sensitivity of some Member States on this issue needed to be factored in, and he thought that we would eventually get there, once the shift to budgetary discipline had been completed.

Referring to a recent press article written by MEP Goulard (ALDE, FR) and himself, he considered that there was a need to reconcile democracy and EU integration, asserting that EU integration did not mean a European "super state". He believed that work should take place with the existing EU institutions, stressing the role and major impact of the European Parliament.

<u>For the political groups, the following speakers took the floor</u>:

Mr Daul (EPP, FR) praised the Italian government for having put its public finances in order and he considered that the economic reforms implemented in Italy were exemplary. He mentioned, among others, the liberalisation of certain professions, the introduction of "flexisecurity" into the labour market, and the fight against fraud and for a more transparent taxation system. He considered that the Italian economy was strong since it was based on a real economy. He commended Mr Monti for his positive commitment to the Community method and his opposition to inter-governementalism.

Mr Swoboda (S&D, AT) stated that fiscal discipline would be more easily reached with growth, employment and a social and fair tax system. He felt that concrete actions in favour of employment were still missing and he deplored, for example, that no EU action was being taken against tax evasion or the fact that the social dialogue was being destroyed in Greece whilst decisions were being taken by the Troika.

He thought that the EIB should provided more help to SMEs and that the ECB work should be supported. He believed that the Council was trying to regain its powers despite the increased role of the European Parliament after the Lisbon Treaty, and he hoped that Mr Monti would support the Parliament's participation in EU discussions from the beginning.

Mr Verhofstadt (ALDE, BE) praised Mr Monti for having put Italy back on track in a few weeks and was also happy to have a genuine federalist in the European Council in the person of Mr Monti. He pleaded for a plan to reduce interest rates in Europe, deplored the fact that Italy was paying interest rates three times higher than Germany, and recalled the recent European Parliament proposal to establish a debt redemption fund. In the longer term, he advocated the development of a common bond market to bring solidarity and real discipline, and said that stability bonds would be a more structural solution than the massive loans currently being paid by taxpayer money. He considered that Greece should look at the Italian structural reforms, which would also be necessary there.

Ms Harms (Greens/ALE, DE) asked Mr Monti whether he thought that the current policies in Greece were going in the right direction, and added that the recent statement by Commissioner Kroes saying that it would not be dramatic if Greece left the euro zone was dangerous. She also criticised the fact that budgetary discipline in Greece only meant more and more cuts, and that things were becoming worse and worse, especially for poorer people. She thought that the tax evasion initiatives in Italy were positive and wondered about a similar initiative at EU level.

Mr Callanan (ECR, UK) was positive regarding the Italian reforms and the ECB actions, but said that the Greek reforms were not working and that Greece's exit from the euro area would be the least bad solution. He thought that the single market had so far focussed too much on harmonisation and rules, and that the answer was more liberalisation and competition.

Mr Le Hyaric (GUE/NGL, FR) considered that austerity was a fatal poison for people and that the Italian government was undermining the Italian labour codes. He questioned the nature of a democracy in which an unelected Troika was leading certain countries and where there was only discipline and sanctions.

Mr Speroni (EFD, IT) criticised Mr Monti for being an accomplice with the closed circles of the financial world and for not having been elected through a democratic election.

Mr Gollnisch (NI, FR) thought that the Italian reforms were socially regressive and he questioned Mr Monti's democratic legitimacy.

For the Commission, Commissioner Sefcovic welcomed the decisive actions taken by Italian government, adding that the Commission was ready to assist it in relation to concrete initiatives, for example in combating youth employment.

In conclusion, Mr Monti replied that he could not claim to have legitimacy from elections but that he had been asked to carry out this function. With regard to Greece, he thought that the rigour imposed might have gone too far, but he added that one should not forget the historical background in Greece and the poor political practices of the past.

His intervention was followed by a standing ovation from MEPs.