

## **Herman Van Rompuy, President of the European Council**

### **Speech to the European Parliament following the October 23-24 European Council**

It is a pleasure to debrief you on the October European Council, the last one under my Presidency. I will do it in my own style and will not change because it is the last time.

It was a memorable European Council, most of all because we reached a Climate and Energy deal for Europe for the period 2020 to 2030. An important issue, one of the biggest challenges of mankind – and one, I know, this Parliament deeply cares about.

Back in March, the European Council had set itself October as a deadline, and we've kept our promise. We offer certainty to economic actors – for them to plan investments, to spur innovation, to bolster research – and want to pass on a more sustainable planet to our grandchildren (and you can take this literally).

Just last Sunday, the IPCC climate panel stressed in a robust and stark report how vital rapid carbon emissions cuts are to stop the impact of climate change. This is where Europe now decides to go for a reduction of at least 40% by 2030 – the world's most ambitious climate goal.

This decision allows the European Union to bring a positive message to the international climate negotiations – a message of ambition, of commitment. No doubt, some of you would have wished for more ambition on one aspect or another. To them I say: do not underestimate the importance in itself of having reached an agreement, more than a year before the UN conference in Paris of December 2015! From now on, our input to the Conference will be a reference for the negotiations – perhaps even a rallying point.

After the deal, UN Secretary-General Ban Ki-moon immediately saluted the European Union's "*continued global leadership*"; our climate goals were held-up as an example to other leading players – also in the US debate. The European Council agreed four headline targets; all these work in the same direction – to provide energy that is greener, more secure and affordable.

First, the climate target (which I already mentioned): a domestic reduction of at least 40% of greenhouse gas emissions by 2030. This figure, which refers to 1990, is binding. And let me be clear: it is fully in line with our ambitious long-term climate objective for 2050.

About half of the new effort will take place in the EU Emissions Trading System (ETS) – in our energy and industry sectors. Here, we made sure that our international competitiveness or the European jobs are not hampered by our ambition. The other half takes place in the non-ETS sectors, with national, yet flexible and tradable targets to make our collective effort as cost-effective as possible.

Second target: clean energy. We commit to at least 27% of renewables in 2030. Here we are talking about a share of total energy consumed and the target is binding at EU-level. This is an area where technology is changing fast, and where it is still early to project how behaviours will change, so some of the details will be fleshed out at a later stage. Currently, EU-wide, the share of renewables stands at about 14%, so 27% or more by 2030 means that by then Europe will at least double the share of clean energy.

Third target: energy savings. We commit to an increase of at least 27% in energy efficiency. This figure is indicative – just like in the previous programme – and compares to 2030 projections based on current consumption and technology. It will be reviewed by 2020, having in mind an EU level of 30%. Beyond its other benefits, saving energy is the surest way of reducing our energy dependency – another issue high on everybody's minds. I know many in this Parliament have strong convictions about energy efficiency; once the relevant legislative proposals are on the table, you can make that voice heard.

The fourth and final target: energy linkage. Interconnections help match supply and demand across borders and also are an insurance in case domestic energy production is down. The objective is to have electricity interconnection worth 15% by 2030. Here we focus on concrete projects, across Europe, to achieve our goal, in electricity and also in gas. Such concrete projects are the best way to go beyond paper declarations and truly build an Energy Union, a project which is, I know, of great importance to this European Parliament.

Nous avons également discuté de la situation socio-économique. La reprise économique est plus lente que beaucoup avaient pensé, après le retour de la stabilité de la zone euro à l'automne 2014.

La faiblesse de la croissance est en grande partie due à une baisse de notre potentiel de croissance, estimé aujourd'hui à seulement 0,5%. C'est le résultat du taux élevé de chômage et d'un niveau d'investissement trop bas. Il n'y a pas de miracles: la croissance est la somme de l'augmentation du nombre d'heures travaillées et de la productivité. Or le manque d'emplois et d'investissement met les deux sous pression. Donc une reprise "conjoncturelle" se heurte vite à nos limites structurelles.

En plus de cela, des facteurs externes ont joué un rôle négatif. L'insécurité géopolitique érode la confiance en Europe, et les performances des BRICs – plus faible que prévu pour la Chine, faibles tout court pour le Brésil et la Russie – ont pesé sur nos exportations et sur la croissance des pays de la zone euro qui en dépendent.

Les causes de la faible croissance économique ne sont pas à chercher du côté de la politique monétaire, qui est accommodante. Elle n'est plus désormais à chercher du côté de la politique budgétaire, dont l'orientation n'a pas pesé sur la croissance en 2014. Ces dernières années, on a fait preuve de flexibilité dans la politique budgétaire en mettant l'accent non pas sur les déficits en chiffres nominaux mais sur les déficits structurels. Les délais supplémentaires accordés en 2013 pour passer sous la barre des 3% du Traité de Maastricht en sont la preuve.

Maintenant, il faut se concentrer sur les réformes structurelles, en particulier améliorer le fonctionnement des marchés du travail. Combattre la dualité entre les *insiders* et les *outsiders*, entre ceux qui sont bien protégés et ceux avec des emplois précaires (souvent des jeunes, des femmes, des immigrés...). D'autres réformes structurelles concernent le marché unique: l'union énergétique, le marché numérique et bien sûr une vraie zone de recherche et d'innovation.

Le Conseil européen a salué l'intention de la nouvelle Commission de stimuler des investissements supplémentaires, pour un volume de 300 milliards d'euros sur les trois années à venir. La responsabilité des Etats membres en termes de réformes mais aussi d'investissements est grande. Stimuler les investissements, en termes économiques, c'est agir du côté de la demande et du côté de l'offre en même temps!

La situation économique actuelle est compliquée puisque nous connaissons non seulement une croissance économique trop faible, mais aussi une inflation exceptionnellement basse. Davantage, d'ailleurs, dans les pays de la zone euro que dans les autres pays membres. Cela pèse sur les dettes publiques et privées (et donc sur les investissements) – des dettes d'ailleurs qui sont déjà trop élevées. Nous devons mobiliser des moyens, sans tabous, sans peur, sans obsessions, sans idéologie, avec un mélange d'objectifs de court terme et de long terme et en respectant les principes fondateurs de l'Union Economique et Monétaire.

Tout notre système socio-économique est bâti sur la croissance et l'emploi. Nous en sommes tous intimement conscients. C'est pour cela, d'ailleurs que le sommet de la zone euro a demandé aux "quatre présidents" de préparer pour décembre un rapport sur une coordination économique renforcée. A mon avis, c'est un pas indispensable sur le chemin vers une véritable Union Economique et Monétaire – chemin que nous avons tracé dans nos rapports de 2012.

The European Council also discussed foreign affairs. Leaders spoke about the terrible plague of Ebola, in West Africa. Thanks to substantial commitments in the immediate run-up and even during the meeting, together we reached 1 billion € in pledges for the fight against Ebola. This money must now be put to good use. We also appointed an Ebola coordinator for the EU: incoming Commissioner Stylianides.

The European Council then discussed Ukraine, as it has done in all our meetings since March, and as it will continue to do as long as necessary. We called upon the Russian Federation to assume its responsibilities for the full implementation of the Minsk Agreement. The energy deal for the winter is a positive step. The illegal so-called elections in the Donbas area a very negative one.

As I mentioned, this European Council was the last one which I chaired. Leaders said good-bye, and for my part, I shared with them how I've always tried to act in the name of the European interest. This is not something abstract. It is more than the sum of twenty-eight national interests, but it is also about getting to twenty-eight.

Each time we have to agree, with everyone around the table. Not always "in one go", and sometimes with a bit of pulling and shoving... But together the members of the European Council, with the other institutions, have shown the implausible: that a Union with twenty-eight countries can work. I'm fully aware that the next five years will be as crucial as the previous one. We need results in terms of growth and jobs to regain the trust of the people of Europe.

These past five years, I've also tried to show that the Union's institutions can work together. I am grateful for that to the previous President of the European Commission, José Manuel Barroso – with whom I worked well together from day one until last week. And I am also most grateful to the two Presidents of the European Parliament with whom I've had the pleasure and privilege to work, President Buzek and President Schulz. I had many contacts with many among you.

Of course, we can sometimes have divergent approaches, but the institutions are in my view not rivals. We serve the same cause, Europe's cause, meaning ultimately the well-being of all our citizens. And I know this is what drives the work of our institutions, which are, each in their own way, so close to public opinion, the European Council, and you, the European Parliament. Thank you.