

Address given by Jean-Claude Juncker on the outcome of the Luxembourg Presidency and the European Council held on 16 and 17 June (Brussels, 22 June 2005)

Caption: On 22 June 2005, Jean-Claude Juncker, Luxembourg Prime Minister and President-in-Office of the European Council, gives an address to the European Parliament in which he summarises the achievements of the Luxembourg Presidency and of the European Council held on 16 and 17 June 2005. In his address, he refers to the absence of an agreement on the financial perspective and on the contentious issue of the British rebate.

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Full text of the address given by Jean-Claude Juncker, President-in-Office of the Council of the European Union, to the European Parliament on the outcome of the Luxembourg Presidency and the European Council of 16 and 17 June – Brussels, 22 June 2005

Mr President,

President of the Commission,

MEPs,

the Luxembourg Presidency is coming to an end. Some would say that's a good thing but I for one will be very sorry. I would have liked to continue.

(Applause)

It is now time to assess what has been achieved. We can make several observations that I hope will not be disputed. Firstly, we were able to lead the European Council and the council of ministers to make some decisions in sectors surrounded by great controversy at the beginning of the year. We reformed the Stability and Growth Pact, thus bringing to an end a long period of uncertainty threatening to give rise to a serious dispute between Member States in the eurozone. We have not done away with stability altogether but have added a preventative aspect to the pact. We have not introduced excessive flexibility to the corrective aspect, but have given it more of an economic reading and phrasing rather than an automatic one. The pact now puts its key dimensions on an equal footing: stability but also growth, growth but also stability. As President of the Eurogroup, I will ensure that the pact is properly applied and correctly interpreted.

Secondly, the Parliament, the Commission and the Council have managed to breathe new life into the Lisbon Strategy. Reinforced competitiveness, increasing modernisation in our attitudes and economic policies, a regained willingness to innovate and go forward in the field of research: these are the main areas of the new strategy, which is and wants to be fully inclusive (notwithstanding the initial wishes of some), both in terms of social cohesion – which has been reinstated as a grand objective, one of the European Union's main purposes – and in terms of appropriate environmental policy, which is not the enemy of employment and competitiveness, far from it.

(A mobile phone goes off and Mr Juncker pauses)

Hello?

(Laughs)

I'm used to getting reactions to my speeches. I never knew they could be so immediate.

To get back to the Lisbon Strategy, we are changing its method of application. The Member States, through their national reform programmes, will have more control over strategy and will thus become answerable to their national parliaments, in the tradition of European texts and the European project.

For the first time in its history, the European Council of last Thursday and Friday approved integrated guidelines which, sadly, have received little mention these last few days. To those who wish to modernise the European Union by giving the impression that others do not want it, to those who wish to respond better to the new challenges faced by the European Union by giving the impression that others are blind to these challenges, I say: "Read your own decisions and apply them instead of asking for new ones."

Thirdly, Mr President, we have succeeded in setting new objectives in terms of public development aid at European Union level. After reiterating the fact that European cooperation efforts must be increased to 0.70% of national wealth by 2015, we set an intermediary objective for the European Union of 0.56% of

national wealth by 2010. I am a little proud of this decision because I knew it to be contested and controversial at the start of the year. This decision, this advance, will increase the level of aid, which will go up from 46 billion euro in 2006 to 66 billion euro in 2010, thus meaning more money each year and, from 2010, 20 billion euro more per year. It's not the final solution but it's a start. Other parts of the world as rich as the European Union could take inspiration from this to help eradicate poverty, the scourge of modern times. We were able to eliminate slavery during the 19th century; we should be capable of eliminating poverty in the first half of this century.

(Applause)

Fourthly and finally, Mr President, in keeping with the commitments I made on January 12 when presenting the programme for the Luxembourg presidency, we have improved relations with our American partner. This improvement started with the meeting of 22 February here in Brussels, with President Bush, who wanted to come to Europe. It continued during last Monday's summit together with President Barroso and President Bush.

I would like to point out that we had another summit with Canada on Sunday. Not enough mention is made of Canada, which is an important ally for the European Union. North America is also Canada.

(Applause)

To get back to the Monday summit, we noted that there was a strong obligation for both Europe and the United States to walk along the path of our common conviction. Today, a conference on Iraq is taking place in Brussels, which we suggested to President Bush during our meeting of 22 February. The European Union and the United States jointly organising and chairing a conference on Iraq today: a year ago, six months ago, who would have thought that on a topic as contentious as Iraq, the European Union and the United States of America would be capable of working hand in hand to help establish democracy and freedom definitively in Iraq? I am very proud that we have helped Americans and Europeans to find a common position on Iraq. Therefore, I believe we should be congratulated.

(Scant applause)

I note that your applause is rather faint here. If I had come back to the Parliament to tell you that relations between Americans and Europeans had deteriorated even further, at least half of you would have stood up immediately to say that the Presidency must acknowledge a serious failing on an important aspect of external relations.

Similarly, Mr President, we were able to find agreement with our neighbour Russia on what is called the "four spaces". Our relations with Russia, so important since the summit of 10 May, have calmed down considerably. We should congratulate ourselves on this. However, differences of opinion persist.

Mr President, in December 2004, under the Dutch Presidency – it might be worth recalling – the future Luxembourg Presidency was asked to achieve political agreement on the financial perspectives before the end of June 2005. On 12 January 2005, barely three weeks later, I analysed the chances of an agreement with you in Strasbourg. I told you at the time and I am going to quote myself – and you know how I love to quote myself:

(Laughs)

"We will do everything to find agreement, but I have no illusions. The Member States have taken up positions that are so strict and entrenched that they will find it hard to abandon them in time." I was right and I added, to quote myself again: "The absence of an agreement in June will not be a failure on the part of the Presidency..."

(Applause)

... it will be a failure on the part of Europe". I was not right on this point, or at least not entirely. Some accuse the Presidency of being behind the failure because we wanted to push our mandate, set by both the previous Presidency and by all Member States, to the limits. Others claim that the disagreement is not a failure on the part of Europe because agreements on financial perspectives always come at the last minute. I tell you that this is a failure for Europe and for the Presidency because the disagreement on financial perspectives, which would ordinarily be nothing but a hiccup, led us into a deep crisis after the uncertainties raised by the French and Dutch referenda. It is clear that those responsible will tell you there is no crisis. But I tell you that the crisis is deep because it is not exclusively financial or budgetary.

But let's deal with the issues in the right order. Firstly, between the position of those Member States that wanted to limit the European budget to 1% and the Commission's initial, more generous, position, the Presidency proposed a budget for commitment appropriations representing 1.056% of national wealth and a budget for payment appropriations representing 1% of national wealth. I think this volume has now been universally accepted by all Member States. This is an achievement and you will see that any future compromise will not differ substantially from this level of spending. And if it's only a matter of minor changes, I would have preferred that we decided this last week.

I welcomed all my colleagues from the European Council to Luxembourg between 30 May 30 and 12 June, from 8.30am to 10.30pm. I negotiated the financial perspectives with my colleagues for fifty hours and if you add the 15 hours of debate, negotiations and consultations we had within the European Council, it all comes to 65 hours of consultations, debates and negotiations. Quite honestly, one can do no more and, quite honestly, all those who come after me will do less.

(Laughs and applause)

During 50 hours of debate, which were, I must say, amicable and bilateral, I listened attentively to my colleagues. Nobody – and when I say nobody, I mean nobody – demanded that the British cheque be maintained in its present state – nobody. In its last proposal for a final compromise, the Luxembourg Presidency upheld the principle of the British rebate: we did not freeze it in our last proposal. The general economics of the compromise were as follows: the rebate would remain in place as before as regards the 15 original Member States, exactly as before, but the United Kingdom would normally co-finance the cohesion policy in the new Member States only, without contributing to the Common Agricultural Policy for these same states. This adjustment would have amounted to an annual rebate of five and a half billion euro, a higher amount than for the period 1984-2005. Initially, the Presidency had proposed freezing the British rebate to four billion seven hundred million euro, which would have enabled us to revise the net contribution of the Netherlands by about one billion euro and lighten the burden, deemed excessive, of Germany and Sweden in particular.

As you are always asking for transparency, you're going to get it. The Netherlands, their Prime Minister, Minister for Foreign Affairs and Minister for Finance knew that the Presidency intended to lighten their country's burden by about one billion euro per year. We were not able to do it because Britain was not ready to adjust its rebate sufficiently to provide us with enough budgetary room for manoeuvre to enable the Netherlands to pay one billion euro less and to lighten the burden of Sweden and Germany. If this billion euro had been granted to the Netherlands, Germany would have had to pay it because the United Kingdom wouldn't reduce its rebate sufficiently. I wanted you to know this and I didn't ask Germany to do it because Germany had already taken an enormous step forward towards the position of other Member States, compared to its initial position. So, if the Presidency's initial proposition had been retained, the problem of the Netherlands, Germany and Sweden could have been easily solved. The Presidency's final proposal of a level of five and a half billion would not have allowed us to do all this but at least it would have meant that Great Britain would co-finance cohesion policies in the new Member States, except for the Common Agricultural Policy, on which, as we know, Great Britain has its own view. It's as simple as that and at the same time, as complicated as that. Ah, if only those six, who together, on a day of inspiration wrote a letter, had agreed on the details of their proposals!

(Applause)

Moreover, the Presidency proposed a European Council declaration where, and I quote, "it is necessary to reflect more appropriately on the manner in which the European budget meets challenges that will be faced by the European Union in the future, and on the priorities of our citizens. This type of global reflection should lead to reform in all aspects of the budget." 'All aspects of the budget' means that this includes the Common Agricultural Policy. Wanting us to say that this reflection should deal solely with the Common Agricultural Policy was a proposal we knew other Member States would reject, but by including all sectors, all categories and all relevant branches in the critical overview of our budgetary attitudes, we could have given the Commission the possibility have a good decision. We had asked the Commission to draw up a report on all these aspects and the Commission had agreed to do it, as the President of the Commission stayed right beside me throughout my bilateral talks during European Council meetings. It is, by the way, perfectly normal for the Commission Presidency to be present at this type of consultation. We proposed saying that, on the basis of the Commission's report, the European Council would make the appropriate decisions and, to quote the text I was proposing, "including possible adjustments to financial perspectives for the period 2007-2013."

Here is the decision suggested by the Presidency: British rebate maintained for the 15 members, British contribution to take into account cohesion policies in the new Member States, apart from the Common Agricultural Policy in these states; Commission proposal until the end of 2008 on budget restructuring; this proposal to be examined by the Council and possible modification to the last part of the financial perspectives from 2009. I'm telling you this because no one has told you so far and it is very likely that you will hear a different explanation very soon.

(Applause)

It is not true to say that the Presidency wanted to kill off the British rebate. We wanted to maintain it for the Europe of 15 but wanted to introduce more solidarity into the phrasing for new Member States. This is the package that was rejected. It was wrong to reject this package.

The package was rejected although we had introduced six billion in additional costs for the CAP for Bulgaria and Romania under the ceiling of the decision made in October 2002. Whereas the letter from the six countries may have given the impression that they all assented that the agreement of October 2002 should not be touched, I took on myself this risk for the 15 Member States, a risk that was largely shared by the others, who were happy to have found such a wisely inspired initiator for the 15. Whereas in 2006, forty-two billion euro will be spend on direct aid and market measures, the Presidency's proposal would have meant a reduction to thirty-five billion euro in 2013 for the Europe of 15. The Presidency proposal would have taken us from 42 billion euro in direct aid and market measures to 35 billion euro in 2013. Which would have meant, for the Europe of 15 a reduction of almost 17% on the CAP alone. Even in a Europe of 27, i.e. including our Romanian and Bulgarian friends, the CAP would have been reduced by more than 5% over the period in question. To say that nothing was done to reduce the cost of the Common Agricultural Policy is simply not accurate. We did everything we could. When, in October 1985, I presented my first budget before this Parliament, for 1986, agriculture absorbed 68% of the European budget. I proposed bringing this down to 37%, i.e. thirty-five billion euro, by 2013. What a journey! What obstinacy in refusing to see it!

According to the Presidency's proposal, the CAP would have been the only sector to see its spending considerably reduced whereas, for example, all spending oriented towards the future would have increased. An increase of 7.5% per year for spending linked to the Lisbon objectives over the entire period 2007-2013, representing a 65% increase in appropriations allocated to the Lisbon objectives compared to 2006. An increase of 15% for policies in the areas of Justice and Home Affairs, in particular those whose purpose is to make the fight against cross-border criminality more efficient. Finally, an increase of 2% for policies to improve cohesion among the 27 members, with greater focus on new Member States. Indeed, we made several changes to key areas of distribution between older and new Member States in terms of cohesion policies, bringing the total appropriations allocated to new Member States to 53% whereas the

Commission's proposal was 47%. To say that our proposal placed most of the burden on the older Member States is simply not true.

Mr President, let us now look at comparisons between the research budget and the Common Agricultural Policy and vice versa. You cannot compare what is incommensurable. Why not? The Common Agricultural Policy is the only truly common policy financed entirely by the European budget. Research is first and foremost a matter of national policy supported by the Community budget. The two cannot be compared. The CAP, according to the Presidency proposal, would have cost 305 billion euro for the entire period under consideration. Public research policies of European Union Member States and the European Union would cost 524.5 billion euro for the period 2007-2013 if national policies remained at today's levels, a figure that is substantially higher than the cost of the Common Agricultural Policy. If Member States, the EU having been able to make an effort according to the Presidency proposal, would respect their commitments under the reformulation of the Lisbon strategy, they would bring the public share of research budgets from 1.9% to 3% of GDP. National and European Union research policies should reach 785 billion by 2013. If all the decisions were complied with and if the Presidency's proposals had been accepted, research budgets would be at 785 billion – I'm speaking about the public share of research budgets – compared to 305 billion for the Common Agricultural Policy. So let's please stop talking nonsense on this issue. Spending on the Common Agricultural Policy would have been revised downwards and, to compare like with like, it is still well below half of research spending. So let's stop trying to compare what cannot be compared.

Mr President, that is a brief summary of the facts. Today we have a disagreement. We have to find an agreement that allows us to initiate new policies from 2007 in the new Member States under the right conditions. We cannot disappoint the new Member States which, in all the bilateral talks I had with them and in the final and global discussion, conducted themselves with the utmost dignity. We have to move forward and find a better formula, if one can be found, without breaking the instruments of cohesion, without reducing our common policies and without launching an attack on cohesion policies. This is necessary, this is imperative. As for the rest, Luxembourg, which I will be returning to soon to devote myself exclusively to the many, very important, national issues, is prepared to work as hard as it can to find the answer to this problem, without bitterness and without seeking revenge.

Mr President, the final item on the agenda of the European Council meeting was the process of ratifying the Constitution. I will be briefer on this aspect because the decisions made by the European Council in this regard have already been the subject of more objective commentaries on the part of participants and observers. It must be acknowledged that 10 countries have ratified the Constitutional Treaty, while two others, France and the Netherlands have rejected it. We believed, not because we are stubborn, dogged or blind, that the issue was not the Constitutional Treaty, but that the Constitutional Treaty was the answer to issues that many Europeans have with regard to the European Union. Consequently, we decided to continue with the ratification process. Following this decision, some Member States, feeling the need to interpose a period of reflection, explanation, debate and democracy before submitting it to their parliaments or electorates, decided to postpone their scheduled referendum or parliamentary ratification. In these countries, debates will take place.

I would like this appeal, which was put out by the European Council, to be heard and to have now a more extended period of reflection, explanation, debate and, if necessary, controversy throughout the Member States that have yet to ratify, in the Member States that have already ratified and in the two Member States that have rejected the Constitutional Treaty. We need European debates, enriched and nourished by the ideas of all parties, to take place in all European Union Member States. We need to discuss Europe and I would like the institutions of the European Union, the European Parliament, the Council, the Commission, the Member States, civil society, trade unions, political parties and national parliaments to take part in this vast debate. I would also like the Commission to find its proper place in this debate, which will be both European and national. I would like the Commission, which is the guardian not only of the treaty, but also, and above all, of the spirit of the treaty and of the European ambition, to be at the centre of this debate, not to give the impression that everything is inspired and dominated by Brussels, but to provide us with a common thread characterised by wisdom and ambition, in this national and Europe-wide debate.

Mr President, I invite you, I call on you, I urge you to make this debate the business of the Commission and your personal business, I know that you want to do it, you must do it, it is urgent.

(Applause)

We are told and I have said that during this budgetary debate, we have seen two confronting conceptions of Europe: a conception that relies solely on the virtues of the market, which is incapable of producing solidarity, and a conception that relies wholly on more extensive political integration. The free trade zone against political union: this is the debate that we are going to have, and we can already see now that there are two confronting camps in Europe. Those that believe that Europe as it is now has already taken a step too far and those like myself who believe that it must go much, much further. This explanatory debate must be taken advantage of to reconcile both parties of public opinion, which today do not and cannot talk to each other. We, as European institutions, must build a bridge between these two camps. But I have read and am reassured that those who thought, after the last European Council meeting, that there had been a crisis, a confrontation between two concepts of Europe, were very wrong. I was reassured that nobody wanted to turn Europe into a free trade area.

(Applause)

You know, free trade areas cannot be set up overnight. The less we invest in political union, the more we foster the concept of a free trade area, without even noticing it. Once this concept has been carried through, it will seem a natural evolution and we will not be able to return to the concept of political union, which the supporters of the free trade area would perceive as a regressive step. There are some who say that they have no intention of leading Europe towards a free trade area, an over-simplistic concept for an extremely complicated continent.

It's simple: those who thought they were highlighting the dangers of a free trade area were wrong. Those who said they were wrong will take advantage of the coming months and years to show that they too want political union as outlined in the Constitution and nothing less. It's as simple as that, it's as simple as saying yes or no to the question I have just asked.

(Applause)

At the end of the Presidency, Mr President, I wanted, this time without quoting myself, to remind you that at the beginning of this Presidency, I had stressed the need to comply with institutional rules, to respect what is called the institutional triangle, and to which I still attribute some virtues. This is what we did systematically during this Presidency. Between the Presidency of the European Union and the Commission there was an exchange of views, a ceaseless virtuous debate. Nothing was done by the Presidency without the Commission knowing about it beforehand. No initiative was taken by the Commission without informing the Presidency beforehand. The Presidency consulted the Commission on its initiatives and the Commission consulted the Presidency on its initiatives. I was delighted to work with this Commission and, in particular, with its President and I would like to thank the Commission and its President for so much good advice given to the Luxembourg Presidency. Thank you Mr President.

(Applause)

As regards your Parliament, we worked like twins. We often disagreed, either because your proposals were not wise or because the Presidency's wise proposals were not accepted by all Member States and therefore could not be agreed to by you. However, your agreement was spontaneous every time the Presidency presented its own initiatives before presenting them to the other Member States. The European Parliament has now come of age. I am not trying to be patronising or condescending, but I can see the maturity in the explanations, in the intensity and in the quality of debates today compared to those I have witnessed since 1982. This is a great Parliament, which has no reason to hide, which is legitimate and which carries the hopes of the people of Europe. Very often, in plenary session, there are not enough parliamentarians – except today, and this gives me great pleasure.

(Applause)

You need perhaps to work on this a little. I talk with the Parliament and, when I leave the Parliament, I talk to visitor groups.

(Laughs and applause)

Those who come to visit the Parliament do not come only to see the chamber, they want to see it full. So, you need to work on this a little. Apart from that, we know why parliamentarians cannot always attend the chamber. I must say that it is a great pleasure to work with the Parliament, in public meeting but above all in the commissions. I have witnessed high levels of knowledge and commitment to the European cause in meetings of parliamentary groups, in parliamentary commission meetings and in many talks with individual parliamentarians. I will deeply regret not being able to come to the Parliament so often, to take part in this great European debate taking place in this chamber and elsewhere.

Mr President, early on 18 June after the European Council meeting, I was very sad that I had been unable to prevent Europe from entering into a crisis, which is not definitive but is definite. I was sad and I showed it. I sometimes read that I was not very diplomatic but I have no desire to be diplomatic when Europe is in crisis, no desire to be diplomatic, none at all.

(Applause)

Nor do I have any desire to play a role, to be an extra. I am not on stage, I want to work in the interests of Europe and in the interests of its citizens. I don't have time for playacting. Because we never say what we think, because we always play a role, because we always want to be diplomatic so as not to offend, people do not understand and think we are machines. We are not machines, we are human beings, with disappointments and despairs.

(Applause)

I was disappointed because I believed that Europe was in a position to say that it had come of age, that it was mature. I note that the European Union is still in a period of adolescence. I, who believed that it was grown up, note that we are still in the final stages of a long period of adolescence. This is why I am disappointed, but I also had reasons to be satisfied. For example, I was satisfied that we were able to do what we did, most of the time together, that we were able to get at least 20 countries to agree on the financial perspectives. 20 countries out of 25, that's a handsome turnout. And I was happy and proud to hear, listen and see the new Member States give us a lesson in European ambition at the end of the European Council meeting. What a shame for those who were not able to do the same!

(Applause)

I thought my convictions had been shaken in the early hours of 18 June and I did not have the strength or greatness necessary to launch another appeal on the same date. Not everybody can be De Gaulle! I am surprised to discover such modesty in myself.

(Laughs)

I felt my convictions were shaken for a time all the same, but after a few days, after receiving thousands of letters from all over Europe, after receiving the encouragement of the Commission, the Parliament and many observers who are also actors, now that the initial disappointment has passed, I feel more determined than ever. Our generation has no right to undo what previous generations have built up.

(Much applause)

We have no right to undo what our predecessors have built up because the generations that follow will need a political Europe. If it is not political, it will lose its way. They need and want a Europe of solidarity, a social Europe, a competitive Europe, a strong Europe, both at home and in the world. So, old Europeans and convinced Europeans, let's go! Courage!

(The Assembly gives the current President of the Council a long standing ovation)