

Address given by Jean-Claude Juncker on the achievements of the Luxembourg Presidency of the Council of the European Union (Brussels, 22 June 2005)

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[Jean-Claude Juncker] Mr President, Mr Barroso, ladies and gentlemen, the Luxembourg Presidency is drawing to an end. Some will say thank goodness, but personally I am sorry it is ending and I should have liked to continue. The time has come to assess the results. A number of observations can be made which I hope are undisputed. Firstly, we succeeded in leading the European Council or Council of Ministers to take a number of decisions in sectors which, at the start of the year, were acutely controversial. We reformed the Stability and Growth Pact, thereby ending a long period of uncertainty which had the potential to trigger a profound rift among the euro-zone Member States. Far from eliminating stability, we have added stability to the preventive aspects of the Pact. Nor have we introduced excessive flexibility as regards the Pact's corrective role, but instead have made it read and feel more economic than automatic. As President of the Eurogroup, I shall work to ensure proper application and judicious interpretation of the Pact which, in future, will pay greater heed to its two equally vital dimensions, namely stability, combined with growth, and growth allied to stability. Secondly, Parliament, the Commission and Council have been successful in giving fresh impetus to the Lisbon strategy. Reinforced competitiveness, increasing modernisation in both our attitudes and our economic policies, a renewed determination to innovate and do more in the field of research – these are the major planks of the new strategy, which neither created nor sought deadlock, as some people may initially have wished, either in the area of social cohesion which has been restored as a major objective, one of the key aims of the European Union – or that of an appropriate environmental policy which is emphatically not a threat to jobs and competitiveness. Hello. I know people often react to my speeches. The reaction is not usually quite so immediate. To come back to the Lisbon strategy: we are changing the way it is applied. Member States, through national reform programmes, will take greater ownership of the strategy and thus become answerable to their national parliaments in the best national tradition of European texts and European commitment. The June European Council, held last Thursday and Friday, for the first time in its history approved integrated guidelines, an important event which, alas, has passed virtually unnoticed in the last few days. To those seeking to modernise the European Union, while giving the impression that others are opposed to modernisation, to those who want to respond to the new challenges facing the European Union while giving the impression that everyone else is unaware of those challenges, I would say: Read your own decisions and apply them, instead of calling for new ones. Thirdly, Mr President, we successfully set new targets for public development aid on a European Union level. After confirming that the European cooperation effort has to be stepped up to 0.70% of our national wealth by 2015, we set an intermediate goal for the European Union of 0.56% of national wealth by 2010. I take a degree of pride in that decision, because I knew at the beginning of the year that it was a vexed and controversial one. That decision, that advance will increase the level of aid from EUR 46 billion in 2006 to EUR 66 billion by 2010; an increasing contribution, therefore, each year, and, from 2010, an extra EUR 20 billion per annum. It is not perfect, but it is a significant step. Other parts of the world just as wealthy as the Union would do well to take their cue from us to help eradicate poverty, the true scourge of mo

dern times. Having successfully banished slavery in the 19th century, we must be able to eliminate poverty during the first half of the 21st century. Fourthly and lastly, Mr President, as promised on 12 January when I presented the programme for the Luxembourg Presidency, we have improved our relations with our US partner. This was clear at the meeting on 22 February 2005 here in Brussels with President Bush, who had expressed a desire to come over to Europe. It was also clear during Monday's summit between President Barroso and President Bush. I would also mention that on Sunday we had another summit this time with Canada. We do not devote enough attention to Canada, an important ally for the European Union. Canada is also part of North America. To come back to Monday's summit: we confirmed the vital need for both Europe and the USA to stand shoulder to shoulder on the basis of shared convictions. Today, a conference on Iraq is being held in Brussels, as we proposed to President Bush at our meeting on 22 February. The European Union and the United States jointly organising and co-chairing a conference on Iraq: who would have believed, one year or even six months ago, that, on a subject as contentious as Iraq, the European Union and United States of America would one day be able to work together to help establish lasting democracy and freedom in Iraq. I take some pride in having managed to assist Americans and Europeans to develop a common focus and strategy for Iraq. We should therefore congratulate ourselves on this outcome. I see that your applause is particularly lukewarm on this issue. If I had come back to Parliament to report that relations between Europe and the US had deteriorated further, at least half of you would have jumped to your feet claiming that the Presidency should acknowledge its grave failure on a key aspect of foreign relations. Similarly, Mr President, we reached agreement with neighbouring Russia on what is commonly called the four spaces. Our relations with Russia, which have been so important since the 10 May summit, have warmed considerably. This is a source of satisfaction, although we have to acknowledge that differences of opinion still remain. Mr President, in December 2004, under the Dutch Presidency something we should perhaps not forget the future Luxembourg Presidency was instructed to reach political agreement on the financial perspectives by the end of June 2005. On 12 January 2005, only three weeks later, I was standing before you in Strasbourg assessing the chances of reaching an agreement. At the time I said and I hope you will allow me to quote; you know I love to quote myself: We shall do all we can to reach an agreement, but I am not under any illusions. The Member States are currently entrenched in their positions and it will be difficult to move them from those positions in time. I was right, and I added to quote myself again: The absence of an agreement in June will not be the Presidency's failure, it will be Europe's failure. Here I was not right or rather I was not entirely right. There are those who accuse the Presidency of being responsible for the failure because it sought to achieve the mandate set, both by the previous Presidency and by all Member States, in its entirety. Others claim that the disagreement is not a failure for Europe because agreements on the financial perspectives are always achieved at the eleventh hour. My view is that it is a failure for both Europe and for the Presidency, because the disagreement on the financial perspectives, which would have been a minor hiccup under normal circumstances, coming as it did amid t

he uncertainty stirred up by the French and Dutch referenda, plunged us into a profound crisis. It is clear that those responsible for it will tell you there is no crisis. However, my view is that the crisis is a profound one, because it is not purely financial or budgetary. Let us get things in the right order. Firstly, between the position of those Member States who wished to restrict the European budget to 1%, and the Commission's more generous initial position, the Presidency proposed, for the period 2007-2013, a budget for commitment appropriations totalling 1.056% of national wealth, and a budget for payment appropriations equal to 1% of national wealth. I have the impression that this level is now generally accepted by all Member States. That is now a given, and you will see that any future compromise will only differ fractionally from that level of expenditure. If all that happens in the future is that we advance by that fraction, I would have preferred us to have reached a decision last week. All my colleagues in the European Council came to Luxembourg between 30 May and 12 June, from 8.30 a.m. until 10.30 p.m. I spent 50 hours negotiating the financial perspectives with them. If you then add the 15 hours of debates, negotiation and consultation in the European Council itself, you will see that a total of 65 hours was spent in consultation, debate and negotiations. Quite honestly, we could not have done more, and, quite honestly, those coming after us will do less. During those 50 hours of debate, which I must say were amicable and bilateral, I listened to my colleagues carefully. No one, and I mean no one, demanded that the British rebate be kept as it is no one. In its last proposal for a final compromise, the Luxembourg Presidency upheld the principle of the British rebate: our last proposal was not that it should be frozen. The overall economics of the compromise were as follows: the rebate would have continued as before with regard to the 15 previous Member States exactly and precisely as before but the United Kingdom would have cofinanced the cohesion policy, as normal, solely in the new Member States, while not contributing to the common agricultural policy for those same Member States. This adjustment would have been the equivalent of an annual rebate of EUR 5.5 billion, a higher level than that for the whole of the period 1984-2005. Initially, the Presidency had proposed freezing the British rebate at EUR 4.7 billion, which would have enabled us to adjust the net contribution of the Netherlands by around EUR 1 billion, and to lighten the burdens of Germany and Sweden, in particular, which were felt to be excessive. Since you are always demanding transparency, I shall give you transparency. The Netherlands' its Prime Minister, Minister for Foreign Affairs and Finance Minister knew that the Presidency was intending to lighten their country's burden by EUR 1 billion per annum. We were unable to do so because the United Kingdom was not prepared to adjust its rebate sufficiently to give us the budgetary headroom needed to cut the Netherlands' contribution by EUR 1 billion and alleviate the burden on Sweden and Germany. If the Netherlands had been granted that EUR 1 billion, Germany would have been forced to pay it to the Dutch, because the United Kingdom had not cut its rebate sufficiently. I wanted you to know this; I did not ask Germany to pay it because Germany, compared to its initial proposal, had already made a huge step towards the position of the other Member States. So, if the Presidency's original proposal had been accepted, the problem of the Netherlands, Germany and Sweden would

have been solved easily. The Presidency's final proposal, for a level of EUR 5.5 billion, would not have enabled all of that to be achieved, but at least it would have enabled the UK to cofinance cohesion policies in the new Member States, as normal, with the exception of the common agricultural policy, on which, as we know, the UK has its own particular opinions. It is both as simple and as complicated as that. If only the Six who, in a moment of inspiration, wrote a joint letter, could have agreed on the details of their proposals! Moreover, the Presidency proposed a declaration of the European Council in which it would have stated, and I quote, that: more appropriate consideration should be given to the way in which the European budget can meet the Union's future challenges and the priorities of our citizens. This general reflection should lead to a reform of all aspects of the budget. All aspects of the budget also include the common agricultural policy. Trying to get us to say that this reflection should cover the common agricultural policy exclusively was a proposal we knew perfectly well would be unacceptable and thrown out by other Member States. However, if all sectors, categories and branches concerned had been brought within the scope of our critical budgetary review, this would have enabled the Commission to obtain a positive decision. We asked the Commission to report on all these aspects, and the Commission agreed to do so, because its President accompanied me throughout every one of the bilateral discussions during the European Council meetings. Incidentally, it is normal for the Commission President to attend this type of consultation. We therefore proposed that, on the basis of the Commission's report, the European Council should take the appropriate decisions, also, to quote from the text I had proposed: including possible adjustments to the financial perspectives for the period 2007-2013. That was the decision proposed by the Presidency: the British rebate to be maintained for the 15; the British contribution to help finance cohesion policies in the new Member States, but with the common agricultural policy in those States excluded; a Commission proposal by the end of 2008 on a restructuring of the budget; the proposal to be examined by the Council with possible changes to the financial perspectives for the later years, namely from 2009 onwards. I wanted to tell you this because no one has yet provided this explanation and you are likely to be hearing a different one soon. It is not true that the Presidency was seeking to kill off the British rebate. We sought to maintain it for the 15-nation Europe, but to increase the impact in terms of solidarity for the new Member States. That was the package that was rejected. It was a mistake to reject it. The package was rejected although we had introduced a further EUR 6 billion of extra CAP expenditure for Bulgaria and Romania within the envelope of the decision made in October 2002. Although the letter from the Six could give the impression that they had all concurred that the October 2002 agreement should not be touched, I took this risk upon myself for the 15 - a risk moreover widely shared by the others who were happy to have found someone to take a soundly-based initiative on behalf of the 15. Whereas, in 2006, EUR 42 billion will be spent on direct aid and market measures, the Presidency's proposal would have meant, for the 15-State Europe, a cut in that figure to EUR 35 billion in 2013. The Presidency's proposal would have involved a cut from EUR 42 billion of direct aid and market measures to EUR 35 billion in 2013, which, for the 15-nation Eur

ope, would have meant a reduction of close to 17% for the common agricultural policy alone. And even in the Europe of 27 members, in other words including our Romanian and Bulgarian friends, the CAP would have been reduced by over 5% in the period in question. To say that nothing was done to lighten the burden of the common agricultural policy is simply untrue. We did everything possible to achieve it. In October 1985, when I presented my first budget to Parliament here the one for 1986 agriculture accounted for 68% of the European budget. I proposed that it should not exceed 37%, or EUR 35 billion, in 2013. What a long way we have come! What obstinacy in being unable to see it! Under the Presidency's proposal, the CAP would have been the only sector where expenditure fell considerably, while, for instance, all forward-looking investment would have increased. A rise of 7.5% in expenditure on the Lisbon goals: 7.5% per annum for the whole period 2007-2013, representing an increase of 65% in appropriations for the Lisbon goals as compared to 2006. An increase of 15% for policies in the field of justice and home affairs, including, in particular, increasing the effectiveness of action to combat cross-border crime. Finally, a 2% increase in cohesion policies for the 27 countries, with a greater concentration on the new Member States. We had introduced some changes to the criteria for distribution between the old and new Member States in terms of the cohesion policies, increasing to 53% the total appropriation to the new Member States, compared to 47% in the Commission's proposal. To argue that the bulk of the effort, in our proposal, would have fallen on the shoulders of the old Member States is simply not true. Then we come, Mr President, to a comparison of the research budget with that of the common agricultural policy, and vice versa. We cannot compare apples and pears. Why try to compare when a comparison is impossible? The common agricultural policy is the sole true Community policy financed exclusively from the European budget. Research is, first and foremost, a national policy, supported by the Community budget. The two cannot be compared. Based on the Presidency's proposal, the CAP would have cost EUR 305 billion for the whole of the period in question. The public research policies of the Member States and of the European Union, if the national policies had remained at today's levels, would have represented EUR 524.5 billion for the period 2007-2013, far more than the common agricultural policy. If the European Union had proved able to make an effort as proposed by the Presidency, and the Member States had complied with their undertakings in relation to a reformulation of the Lisbon strategy, they would have increased the public share of research budgets from 1.9% to 3% of GDP. National and EU research policies should have reached a total of EUR 785 billion by 2013. If all decisions had been respected and if the Presidency's proposals had been accepted, research budgets would have been EUR 785 billion I am referring to the public share of research budgets compared to EUR 305 billion for the CAP. So let us hear no more nonsense talked about this affair. Spending on the common agricultural policy would have been adjusted downwards and, on a comparison with something genuinely comparable, would be well below half the figure for research spending. So, let us stop comparing things which are not comparable. That, Mr President, is a brief summary of the facts. Today we have a disagreement. We shall have to find an agreement enabling us to introduce the new policies on goo

d terms in the new Member States from 2007 onwards. We have no right to let down the new Member States which, in all my bilateral discussions with them and in the final and general discussion, behaved with remarkable dignity. We now have to move ahead and find a better formula, if there is one, but this must be done without destroying the mechanisms for cohesion, without watering down common policies, and without damaging the cohesion policies. This is essential absolutely imperative. Apart from that, Luxembourg, to which I look forward to returning in the near future to devote myself exclusively to its many and, in the short term, very weighty issues, is ready to contribute wholeheartedly to a search for that solution, without bitterness or a spirit of revenge. Mr President, the last item on the agenda of the European Council was the process of ratifying the Constitution. I shall deal with this aspect more succinctly because, here, the decisions of the European Council have been reported more objectively by the participants and observers. It is a fact that ten countries have ratified the Constitutional Treaty, while two others, France and the Netherlands, have rejected it. Our view not because we are pig-headed, stubborn or short-sighted was that the Constitutional Treaty was not the main issue, but rather that the Constitutional Treaty was the response to many of the problems of Europe's citizens with the European Union. Consequently, we opted to persevere with the ratification process. Some Member States, no doubt feeling the need for a period of reflection, explanation and discussion, and therefore of democracy, before going to the people either in parliament or in a referendum, decided, in the wake of that decision, to defer their scheduled referenda or parliamentary ratification. In those countries, the debate will take place. For my part, I should like this appeal, which was the appeal of the European Council, to be heard and for there to be a longer period of reflection, explanation, debate and, if necessary, disagreement throughout Europe in the Member States who have still to ratify, in those which have already ratified and in the two which rejected the Constitutional Treaty. It is vital that the European debate, enriched and nourished by the ideas of everyone involved, should take place in all Member States of the European Union. We need to debate Europe, and I want the institutions of the Union, the European Parliament, the Council, the Commission, the Member States, civil society, unions, political parties and national parliaments all to join in that vast debate. I also want the Commission to take its rightful place in the debate a discussion which will be both 27-times national and European. I want the Commission, the guardian not only of the Treaty but above all of the spirit of the Treaty, and of the European ambition, to be at the very centre of the discussions. This is not to give the impression that everything is inspired, managed and predetermined in Brussels, but is aimed to ensure that this 27-times national, and therefore European, debate can be guided by wisdom and ambition. Mr President, I invite, recommend and urge you to involve both yourself in person and the Commission in that debate; I know you are eager to do it; you must do it, it is urgent. We are told, and I have said so myself, that during the budget debate we have seen a stand-off between two concepts of Europe: one based rather more on market forces, a market unable to produce solidarity, and another based, not rather more but completely, on a more highly-developed political integration. The free trade area on one side and political un

ion on the other. This is the debate we are about to have, and we are already seeing Europe divided into two opposing camps. There are those who believe that Europe as it stands has already gone too far, and those, like me, who think it has still not gone far enough. This explanatory debate must be used to reconcile these two segments of public opinion which, today, do not talk to one another, staring at one another like statues, unable even to engage in dialogue. We, the European institutions, must build a bridge between these two camps of our public opinion. But I was considerably reassured to read that those who had thought, after the latest European Council, that there had been a clash, a conflict between two visions of Europe, were making a big mistake. That no one really wanted Europe to become a free trade area; that reassured me considerably. As you know, free trade areas cannot be established overnight. The less we invest in political union, the more we unknowingly, unconsciously and imperceptibly pave the way, with an implacable logic, for the concept of a free trade area. When this concept has been achieved, it will appear to have been an altogether natural development and one which rules out any possibility of going back and supporters of the free trade area would view it as a backward step to political union. There are those who say they have no intention of leading Europe towards a free trade area, an excessively simplistic concept for an ultra-complicated continent. It is quite simple: those who thought they were highlighting the dangers of a free trade area were wrong. Those who say they were wrong will use the next few months and years to show that they, too, want nothing but political union as described in the Constitution. It is as simple as that, a matter of saying yes or no to the question I have just asked. At the end of this Presidency, Mr President, I wanted to remind you, this time without quoting myself, that at the outset I had insisted on the need to respect institutional rules, to respect what is often referred to as the institutional triangle, which I still consider to offer a number of benefits. We have done so systematically during this Presidency. Between the Presidency of the European Union and the Commission there has been an exchange of views, an ongoing and virtuous debate. Nothing done by the Presidency has been done without the Commission's prior knowledge. No initiative has been taken by the Commission without the Presidency being notified in advance. The Presidency consulted the Commission on the initiatives it was taking, and vice versa. It was a great pleasure to work with this Commission, and especially with its President, and I should like to thank the Commission and its President for the large amount of good advice it gave to the Luxembourg Presidency. Thank you Mr Barroso. As regards Parliament, we worked together like twins. We often disagreed, either because your proposals were not sensible, or because the sensible proposals of the Presidency were not accepted by all Member States and therefore could not obtain your agreement, an agreement which, however, was spontaneously forthcoming whenever the Presidency referred its initiatives to you prior to submitting them to the other Member States. Today, the European Parliament has reached maturity. I am not saying this paternalistically or with condescension, but I can gauge it by the depth of explanations, the intensity and quality of today's debates compared to those I have heard since 1982. It is a great Parliament, which has no reason to keep a low profile, which has its legitimacy and which carries the hopes of the

people of Europe. Very often in its plenary sessions not enough Members are present not the case today, I am very pleased to say. Perhaps this is an area where more work is needed. I talk to Parliament and, when I leave Parliament, I talk to groups of visitors. Those coming to Parliament do not come just to look at the debating Chamber; they want to see it full. So, there is room for improvement here. Apart from that, we know why it is that Members cannot always be present in the Chamber. I must say that it is a great pleasure to work with Parliament, both in public sessions and, above all, in committees. What depth of knowledge, what commitment to the European cause is displayed in meetings of the parliamentary groups and parliamentary committees, and in the numerous discussions with individual Members! I shall be very sorry not to be able to come to the European Parliament so regularly in future to participate in this great European debate, both here in this Chamber and elsewhere. Mr President, early on 18 June on the morning after the European Council, I bitterly regretted having failed to avoid Europe plunging, not irrevocably but undeniably, into a crisis. I regretted it and it showed. I have read that I was not very diplomatic, but I have no desire to be diplomatic when Europe is in crisis, none whatsoever. Nor did I want to be an actor, merely playing a role. I am not an actor, I want to work for the interests of Europe and its citizens. I have no time for acting. Because we never say what we think, because we always play a role, because we always try to be diplomatic so as not to give offence, people do not understand, people believe we are machines. We are not machines; we are human beings experiencing disappointment and despondency. I was disappointed because I had believed that Europe could be considered to have come of age, to have matured. I had to admit that it is still in its adolescence. Having believed it to be adult, I now see that we are still in the last stages of a long period of adolescence. That is why I am disappointed. However, I also had reasons to be pleased. Pleased, for instance, to have been able to do what we did together for most of the time and to have brought at least 20 countries to an agreement on the financial perspectives. 20 out of 25 countries is no mean achievement. And I was happy and proud to hear, listen to and observe the new Member States giving us a lesson in European ambitions at the end of the European Council meeting. What a disgrace for those who were not able to do as much! I felt my convictions being shaken in the early hours of 18 June, and did not have the strength, or the greatness, to launch another appeal on the same day. Not everyone can be De Gaulle. I am surprised at my own modesty. I had felt my convictions undermined for a moment, but after a few days had passed, after receiving thousands of letters from the length and breadth of Europe, after receiving encouragement from the Commission, Parliament and many observers who are also protagonists, I now feel, now that the first disappointment has passed, more determined than ever. Our generation does not have the right to undo the achievements of prior generations.

We do not have the right to demolish the work of our predecessors, because future generations 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 Europe which is strong at home and strong in the world. So, members of old Europe, c

ommitted Europeans, back to work! With enthusiasm!