Remarks by President Barroso following the European Council

Press conference
Brussels, 24 October 2014

Good afternoon ladies and gentleman,

This morning our discussion has been about getting the right balance in our approach on the economy so that we can stimulate growth and reduce unemployment.

We all know that the economic situation is not as positive as we would like. The legacy of the crisis continues to weigh on Europe's growth meaning that the recovery among the Member States is very uneven. Inflation is very low, and likely to stay low for some time. At the same time unemployment is very high as well, even if in some countries it has already showed signals of a downwards trend. And geo-political risks have not abated, unfortunately. In fact, they have increased close to our borders. And this also explains certainly a role in terms of investors' confidence.

Huge uncertainties therefore are a feature of the economic climate. Not only in the European Union, by the way. Also because of slower growth in the emerging economies, also because of uncertainties regarding the policy of other very important economies, we have a difficult situation that has to do with uncertainty.

So one of the points I've made to colleagues in the European Council is that the European Union response to the situation must contribute to reducing uncertainties, rather than to widening them.

By this I mean basically two things:

- We cannot, recurrently, question our economic and fiscal governance rules.
- Our policy response must be in line with the actions that have been commonly agreed upon: for example, we must implement the Country Specific Recommendations.

No one, I can tell you, is asking for the fiscal rules to be changed. And everyone accepts that full use be made of the flexibility that they provide, taken of course in consideration the specific situation we are leading from an economic point of view. The Commission is using this flexibility to the maximum. The best example is the granting of several extensions to the deadlines for the correction of excessive deficits, namely when the economic situation deteriorated more than expected. Another example is our proposal for an "investment clause" for the countries in the preventive arm of the Pact.

The reality is that our economies are very different – that is why the Commission has always advocated a policy mix, tailored to the specific needs of each Member State, a mix of three main elements:

- differentiated growth-friendly fiscal consolidation,
ambitious structural reforms and
 targeted investment.

The caricature of the European Union only pushing for fiscal rigor is simply untrue. We have consistently called on those countries with fiscal space to use it to the maximum to improve demand. Once again, I had today the occasion to read the Country-specific recommendations for the countries that have a surplus, where we have asked them to do more to support aggregate demand. So our message is clear: each country has to do its own part. Those who have the fiscal space they should contribute to have aggregate demand, those who don't have fiscal space should not try to invent it. And all should pursue structural reforms, including those with a European dimension, like the completion of the internal market, be it on energy, on digital and other areas. So this was, I think, broadly accepted by all the colleagues in the European Council.

Probably the most urgent need right now is to step up the delivery of structural reforms. This was also the message of the President of the ECB in the Euro Area Summit. Improving the business environment; labour market reforms to address employment rigidities - these are still preconditions for private investment to pick up and be sustained. And not only on labour market reforms: reforms of public administration, reforms of the tax system, reforms of education. These structural are indeed very important if you want to have more investment and growth. This is why we have consistently placed such a strong emphasis on these issues in the European Semester and the Country Specific Recommendations in the new governance system we have now in the euro area and in the European Union. In fact, I want to repeat, it's not only about deficit, it's not only about fiscal consolidation. It has new elements like the macroeconomics imbalance procedure, which looks at the countries in a much more comprehensive way. I believe at the European level we have made concrete progress to boost the internal market in services and free up the economic potential of a digital single market. But I really believe – and I think that was consensual today in discussions – both in the European Council and in the Euro area Summit, much more has to be done.

That's why I'm particularly happy with the conclusions of the Euro area Summit. They're very concise but I just want to read the last one: "The Euro Summit invited the Commission, in close cooperation with the President of the Euro Summit, the President of the European Central Bank and the Eurogroup to prepare next steps for better economic governance in the euro area. So I think to some extent this is a signal of something that we have highlighted in the famous report of the Four Presidents, the report presented by President Van Rompuy in cooperation with the President of the Commission, the President of the Eurogroup and the President of the European Central Bank, and also in the Blueprint the Commission presented.

The need to go on in terms of the union – fiscal union, economic union and even steps towards a political union for the euro area -, I was happy to see this was also the proposal of the President of the ECB, the need for a shared sovereignty, at least for the countries of the euro area.

So my point is, that in spite all the difficulties – and we know that sometimes there are difficulties – we are moving. We are showing our resilience and, in fact, the new Commission, the new President of the European Council, the institutions, will keep this idea of reform, not only in the countries but also in the economic governance of the euro area and in the European Union.

Ladies and gentleman,
Like President Van Rompuy, this will be my last European Council. I have recently written a testimony, my first reflections on what has happened over the last ten years in the European Union. I’m not expecting it to be a best seller, so I’m pleased to say you can download it for free in all languages in all languages of the European Union. It’s a testimony, an essay I’ve written, together with a selection of documents of the European Commission from these last ten years.

A lot has happen, and a lot we have been doing. When I look back, I would say that I have led the Commission during a remarkable and extremely challenging period of European integration and history. There have been great difficult moments and moments that I will keep with great pride: when I signed the Lisbon Treaty, after all the uncertainties regarding the constitutional nature of the Union; when new Member States acceded the European Union or the euro area - in 2004 we were 15, now we are 28 and almost doubled the membership, in spite of all the crises this shows the extraordinary resilience of the European Union, and we will be now 19 members in the euro area. Not only the prophecies that those who were predicting the implosion of the euro area did not confirm, on the contrary, we were able together with member states to show the resilience and the ambition of the European Union.

And I will also never forget that very special day when, together with Herman Van Rompuy we were giving the acceptance speech the Nobel Peace Prize, which was attributed to the European Union. It was such an emotional moment.

At this moment I would like to sincerely thank Herman for the close partnership that we have developed. As you know, many predicted that two Presidents of two European institutions in the same street would not be able to work together for the common good of Europe. I think we have shown that, working together on a daily basis and respecting our separate roles, we have made a good contribution for the European Union and this due to the intelligence and wisdom of President Van Rompuy and the quality of our cooperation. And I want to thank him very sincerely, not only for that but also for his role as President of the European Council. I believe, because he was the first President of the European Council, that it was extremely important to consolidate this new architecture that was created by the European Union.

And, as you know, I’m a strong believer in institutions. I think the power of one institution does not mean the reduction of power of others. On the contrary, the stronger our institutions at European level are, be it the European Council, the Commission, the European Parliament, the stronger the institutions the more able we are to face the common challenges we have to face.

Ladies and gentleman,

I have attended – I’ve counted them - 75 European Councils and informal or formal euro area summits in my capacity as President of the Commission since 2004. And many more as Prime Minister and as Foreign Minister, already in 1992. I could see the evolution and I have to tell you: I cannot share the pessimism of many in Europe today. I remember my first European Council, when we were 12 countries, when we were only part of Europe, when Europe didn’t have this continental nature we have today. I’ve seen many difficult moments, also in the past.

But what I keep from all these years is in fact that the European Union, if there is political will, if there is wisdom, if there is a sense of compromise, is able to overcome the difficulties. And just this European Council was also a European Council to be kept in the history of the European Union because we were able to confirm the ambition of the European Union in terms of climate and energy: we have by far the most ambitious climate policy in the world and we are in a position to lead – together with others of
course – the global negotiations for a climate pact next year in Paris. So once again we have shown that when there is spirit of compromise, we can succeed.

Finally, as I have said during a small ceremony that we have had today, responding to the very nice words of Chancellor Merkel as, now, the dean of the European Council: I want to express my sincere, best wishes for my successor, my good friend Jean-Claude Juncker as President of the Commission and also for my good friend Donald Tusk as the next President of the European Council. And I want also to thank you for your patience all over these years. Like President Van Rompuy, I will miss you; I am not sure you will miss me. Thank you.