

## **Speech to the European Council by Martin Schulz, President of the European Parliament**

Speeches

Energy and Climate Change - Foreign Affairs - Internal Policies and EU Institutions

Brussels, 23-10-2014

Ladies and gentlemen,

Yesterday the European Parliament elected a new Commission and in so doing brought to a successful conclusion the process which began with the nomination of leading candidates for the European elections. Congratulations to Jean-Claude Juncker and his newly-elected Commission. The European Council and the European Parliament have together succeeded in ushering in a new democratic era in the European Union, by establishing a new constitutional procedure which did not necessitate a revision of the Treaties. I should like to thank you, on behalf of the European Parliament and all EU citizens.

### **Economic situation in the European Union**

During the hearings of the Commissioners-designate in Parliament, one question in particular emerged once again as pivotal: the issue of what is the right economic policy for Europe. It is hard to think of another topic which, lately, has been the subject of such heated discussions.

It is certainly true that progress has been made in recent years.

We have repeatedly demonstrated the political will to defend our common currency against all threats. Today, no one doubts that the euro will survive.

We have also made progress on the issue of banking union.

The darkest days of the crisis are behind us, but the crisis itself is not yet over. The IMF and the OECD are warning us that Europe runs the risk of losing an entire decade and of being sucked into a downward spiral of low growth, high unemployment, rising poverty and skyrocketing debt. The combination of low growth, which reduces state revenue, and high unemployment, which increases state expenditure, is putting an enormous strain on budgets everywhere. In the

programme countries, the combined impact of fiscal consolidation and restrictive wage policies has brought about a slump in public and private demand. The belief that fiscal consolidation alone would automatically generate new growth and win back investors' confidence has been shown to be false.

At the moment, our economy is slowing down, a clear warning to which we must respond.

For years now the European Parliament has been advocating a balanced approach which combines sustainable budgets, structural reform and growth-friendly investment. Only this week, in a resolution on the European Semester, we once again emphasised that sustainable budgets and structural reform are not an end in themselves, but rather a means of generating sustainable growth and, ultimately, creating jobs and reducing poverty.

For a long time, the European Parliament was a lone voice calling for investment. In recent weeks and months, more and more experts have come around to our way of thinking.

The President of the European Central Bank is one of them. In what is already a famous speech, made in Jackson Hole, Mario Draghi warned that monetary policy can only produce the desired outcome in combination with the right fiscal policy.

For the sake of clarity, please allow me to quote from Mario Draghi's speech: Draghi called for the use of 'first, the existing flexibility within the rules (...) to better address the weak recovery (...)' and [...] 'a large public investment program which is consistent with proposals by the incoming President of the European Commission'.

We must take the warnings very seriously and act on the proposals.

Levels of private and public investment in Europe are still well below what they were prior to the crisis; in the countries worst hit by the crisis, they have quite simply collapsed. In 2013, taking the EU as a whole, the total volume of investment was EUR 325 billion below the annual average for the decade which preceded the crisis – equivalent to 2.5 percentage points of GDP.

In July, Commission President Juncker outlined details of an investment package worth EUR 300 billion to the European Parliament. He won broad support, because this is precisely the policy shift that we have been calling for.

Ladies and gentlemen,

It is only natural that an investment package of this kind should prompt people to ask two questions.

Firstly, where will the money come from? And secondly, how should the money be spent, where can it be used effectively?

Let me make one thing clear from the outset: investing does not necessarily mean running up debts. First and foremost, investing means using the money we have as effectively as possible, with a view to generating the greatest possible returns.

A number of proposals as to how the investment package should be funded have already been made and the newly-elected Commission is working feverishly on a detailed programme. The European Investment Bank should certainly play a central role in any such programme, and the aim must be to draw on both public and private sources of funding.

In the European Parliament's view, one thing is certain: together we can find the money we need, if we really put our minds to it.

How can the money be invested most effectively? It goes without saying that we should not just spend money willy-nilly, in such a way that millions of euros simply disappear without trace. No, we need targeted investment in areas where, in the short term, it will stimulate the economy and create jobs and, in the long term, safeguard our children's future. We need to invest in areas and projects which will generate the greatest value added.

It would certainly make sense, as part of an overarching European infrastructure programme, to invest in energy and telecommunications, to build bridges and roads, to improve our broadband networks and power grids, and to fund research projects and start-ups which will develop the innovative products of the 21st century.

The work of the European Investment Bank and the impact of the Multiannual Financial Framework – which is, after all, an investment budget – have given the Union institutions a clear understanding of the areas in which investment produces the greatest returns, in the form of jobs and growth.

Please allow me to give three brief examples.

Firstly, the European Investment Bank. In 2012, the Member States increased the EIB's capital in order to boost its lending capacity. That step lent fresh impetus to the Bank's work. That step facilitated investment in innovation, energy and infrastructure and also made it easier for SMEs to obtain credit.

Secondly, the European framework research programme Horizon 2020. European research policy is a success story, in that it has halted the exodus of talented young researchers from Europe.

The calculations drawn up by the Commission as part of its ex-ante impact assessment of the Horizon 2020 programme suggest that every euro invested in research and development through Horizon 2020 over the period to 2030 is likely to generate an additional 10 euros in GDP. What is more, by 2030 it is forecast that Horizon 2020 will have created 830 000 sustainable jobs.

Thirdly, the digital agenda, which is particularly crucial to the future competitiveness of Europe. For our industry and for our SMEs in particular, it is important that the transition to what is known as industry 4.0 should be completed successfully. Mr Juncker has pointed out that a digital internal market can generate EUR 250 billion in additional growth and hundreds of thousands of new, skilled jobs in the next five years.

We need a digital infrastructure: broadband networks are essential to modern life.

We must give European start-ups even more support, in particular to help them gain a footing on the world market.

We must bring our cartel, data protection and copyright laws into line with the new economic realities, in an effort to ensure that our firms remain competitive, but without watering down our fundamental rights and standards.

## **Climate and energy policy**

Ladies and gentlemen,

We all remember the Copenhagen climate conference, which took place five years ago. The results of that conference were modest: the Copenhagen Accord was nothing more than a 'lowest common denominator' agreement, one which fell well short of what we in the EU wanted to achieve: a new agreement binding in international law.

Since Copenhagen, a series of meetings have been held in an effort to prepare the global agreement which we so urgently need. In December, the international community will come together in Lima in order to prepare the decisions to be taken in Paris. The aim of the Paris climate conference is to adopt an agreement which is binding in international law. Much is at stake, and in the current geopolitical and world economic context it will be a difficult deal to achieve.

We cannot afford another embarrassing failure like the one we experienced in Copenhagen. There are grounds for optimism, however. The meeting of heads of government held at the UN in New York in September showed that we have an opportunity. We must now seize it and build on this new momentum. For that reason, it is not only the conferences in Lima and Paris which are important, but also the signals which emerge from this European Council.

The decisions which you take today on climate and energy policy will send a message to the rest of the world. I know how difficult it is to reconcile the widely varying standpoints and interests which bedevil policy-making on climate and energy. The European Parliament has held very heated debates on this controversial topic and not everyone is happy with the outcome.

If we want to play a leading role in world climate policy-making, however, we must show a united front and all defend the standpoint we have agreed on. Our aim must now be to reach agreement on both the targets and the instruments needed to meet those targets. Only if we speak with one voice and continue to play a pioneering role in the sphere of climate protection will we be able to set a credible example to others.

Ladies and Gentlemen,

I urge you not to take any more steps down the slippery slope of intergovernmentalism. The European Council should not meddle in legislation. Not only because this is against the Treaties. But also because experience tells us that it only leads to worse results. Let the Council and the European Parliament do their job. Anything else would be bad news for the global climate and the climate between the institutions.

In February, during a debate which was as controversial as yours, the majority of the European Parliament called for binding climate targets.

The targets in question are the three which we want to achieve by 2030:

Firstly, a 40% reduction in greenhouse gas emissions in comparison with 1990 levels;  
secondly, an increase to at least 30% in the share of the energy mix accounted for by renewables;  
and thirdly, energy savings of 40%.

In that resolution, Parliament also noted that the key instruments of European climate protection policy, the emissions trading system and the effort sharing decision are not ambitious enough. A thoroughgoing reform of the emissions trading system is just as urgently needed as an ambitious framework for the sectors not covered by that system, which account for as much as 60% of European greenhouse gas emissions.

Recently some observers have once again been insisting that this is not the right time to implement an ambitious climate protection policy, that we must first deal with the crisis in Europe. They are wrong. The European Parliament has repeatedly emphasised that not only are economic growth and climate protection not mutually exclusive, but that they are in fact mutually reinforcing. The proviso is, however, that we must rethink our energy policy, with a view to diversifying our sources of energy and reducing our level of energy dependency.

In practice this means completing the internal energy market as quickly as possible and modernising our infrastructure, in particular by extending our electricity grids and by providing new interconnections and storage capacity. We want to take advantage of the sun in the south and the wind in the north in order to supply our factories and houses with electricity, using Europe-wide grids. We want to exploit individual strengths for the collective good, not least in

order to ensure that energy remains affordable and supplies are secure. If it was not obvious before, the Ukraine crisis has left no-one in any doubt that we need to do more to safeguard our energy security. Unfortunately, since the oil crisis 40 years ago we have made little effort to become independent of third countries and to develop an internal energy market. We urgently need to make up for lost time.

In the last decade, energy prices have risen, placing a heavy burden on people and businesses in Europe. The cheapest and cleanest energy is energy which is not consumed in the first place.

For that reason, energy efficiency holds the key to our efforts to reduce energy costs, to cut greenhouse gas emissions and to lessen our dependence on energy supplies from third countries.

In 2011, the EU imported fossil fuels worth EUR 406 billion. That is money which did not go towards creating a single job in Europe.

Half a million people are already working in the renewables sector, and they could be joined by many more if we now take the right decisions. We are still world market leaders in the area of renewable energy technologies, but the USA and China are catching up.

If we are to remain world leaders and create new opportunities for ourselves for the future, what we now need are targeted investments in renewable energies and energy efficiency, and of course in research and development, too.

The Commission has calculated that over the next few years three million new jobs can be created in the renewable energy sector and two million new jobs in the energy efficiency sector. Annual cost savings amounting to hundreds of billions of euros may also be possible.

I don't want to gloss over any unpleasant truths. All this will cost a lot of money, but precisely for that reason it is very important that we should offer private investors and industry the planning security they need by establishing a clear, long-term policy framework. The onus is now on the European Council to provide that clarity, because there is much at stake: can we combat climate change, reduce our energy dependency, make our industry more competitive internationally and create new jobs? The decisions you take today will determine whether Europe remains a world leader.

## **Passenger Name Record Data and foreign fighters**

Ladies and gentlemen,

The European Parliament shares your grave concerns about foreign fighters, namely the EU citizens who are radicalised here in Europe and then make their way to Syria and Iraq in order to join jihadist groups, in particular the terrorist militia run by the organisation known as Islamic State.

Unfortunately, this is not a fringe phenomenon which we can safely ignore. Today there are more than 3000 European fighters in Iraq and Syria. Men and women, and even boys and girls, from every walk of life are leaving Europe to join the war.

These terrorists are fuelling the conflicts in countries which are all too close to the European Union. They also pose a security risk to European countries. There is every reason to fear that these violent extremists could put the deadly skills they have learned in wars elsewhere to use in Europe.

None of us can have forgotten the appalling terrorist attack on the Jewish Museum in Brussels last year. Such terrible crimes present a challenge to society as a whole. We must stand united and fearless in the face of such violent fanaticism.

We need a comprehensive strategy that starts with measures to prevent radicalisation and embraces close cooperation between law enforcement agencies and intelligence services. Recently your Home Affairs Ministers took the first steps, and we are looking to the Council to hold an exchange of views with us on this matter shortly.

Discussions have reopened on the Commission proposal on the harmonisation of the use of passenger name record data by law enforcement agencies at EU level. Some EU countries already employ national PNR systems, while others are in the process of developing such systems. There is nothing stopping you from pursuing this work in your home countries and the Commission is even providing funding for such projects.



As far as harmonisation at EU level is concerned, Parliament will of course work constructively with Council. In order to be acceptable to us, any solution must enable our law enforcement agencies to gain a clear picture of what is happening, but at the same time be consistent with the principle of proportionality and with fundamental rights.

You will certainly agree with me that if we decide to adopt legislation, then that legislation must be legally unchallengeable. After all, we do not want to fail before the courts again, as happened last April in the context of data retention.

## **Ebola**

In west Africa a terrible tragedy is unfolding before our eyes. Appalling images are imprinted on all our minds: images of Ebola sufferers being turned away from hospitals and quarantine centres because there is no room for them; images of sick children abandoned at the roadside because their families simply have nowhere left to turn; images of people dying horribly from this terrible disease; images of corpses left unburied. The epidemic is spreading every day, endangering more and more people, posing an ever greater threat to public order and social cohesion.

For too long the international community seriously underestimated the danger.

We must do more to help the west African countries affected by the Ebola outbreak to fight the disease. And we must do so quickly, in order to finally curb the spread of the epidemic, and in order to protect people in Europe.

The volunteer helpers who are fighting the epidemic or are about to leave to work in the areas most affected by the epidemic are fantastic people. We owe them a debt of gratitude, and their courage should be an example to us.

The European Parliament is calling on you to step up your contribution to the fight against Ebola and to coordinate your efforts more effectively. We must work together more closely:

- in mobilising qualified medical personnel;

- in making properly equipped mobile laboratories, protective suits and treatment centres available;
- in coordinating flights and airlifts of medical personnel, medical supplies and food;
- in evacuating helpers who have been infected;
- in focusing on prevention, research and the development of vaccines.

The European Parliament is also calling on the United Nations Security Council, together with the partner countries affected, to consider the scope for using military and civil protection resources. These efforts would be overseen by the UN Secretary-General and the Office for the Coordination of Humanitarian Affairs.

While not giving in to hysteria, we must do everything in our power to halt the spread of this terrible disease and save human lives.

Thank you for your attention.