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**"The European Union in a changing world"**

**speech by President of the European Council  
Herman Van Rompuy**

**at the India International Centre**

It is a great pleasure to make some opening remarks about Europe and the European Union's recent action. Action in the economic and financial and in the political field. I will of course also say some words about the EU-India relationship.

This morning our EU delegation had a meeting with Prime Minister Singh. A very good meeting during which we discussed bilateral, regional and global issues. But first I should like to give some keys to what the European Union is.

We quite simply first have to know each other a little better! The last summit held in India (2009) took place just before the entry into force of the Lisbon Treaty – the treaty which created the post of permanent European Council President that I hold since December 2009! "The European Union in a changing world" is my title today.

Because we are changing, just like you in India are changing, and just as the world as a whole is changing. And politics, political action, is after all about how a society, how we deal with change!

Europe: We change

First about Europe. Europe is in some ways like India. A "subcontinent" on the Eurasian landmass... You have 28 federal states, we have 27 member states – but next year 28, too! (Croatia will join our union.) We have 23 official languages, you have 22 official languages – but if we add English, you have 23 too! Just as a sign of the complexity and diversity.

**P R E S S**

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There is a fundamental political difference between India and the EU. India, with all its cultural and linguistic diversity, is one state. The European Union, even with its central institutions, is more like a club of states, a union of states. Maybe the most "most sophisticated" club of states that ever existed... We don't have the ambition to become one state!

You are fully aware why after the two World Wars, in Europe, there were very strong motivations to start something new. A deep feeling of: "Never again..." Political leaders decided to make the relationships between European states more predictable, more civilised, to partly institutionalise them... That is how the European Union begun. And even today, you cannot understand what we are and how we function if you underestimate these underlying experiences and forces, the desire for peace and stability.

However, to reach this political objective, we chose the road of the economy, of achieving more prosperity for the people of Europe. We also chose a step by step approach; many steps, one direction... slowly, but surely.

Building one market, since the 1950s, was the best trick to tie our states irreversibly together. Later, in the 1990s, we also established common borders and one currency, the euro, for many of us. Another big political project.

Why did more than 20 other European states join the six founding states in the course of the past half century? Partly because they wanted to gain access to the market for their businesses and consumers, to take part in the prosperity.

This was certainly true for the European state which you probably know best..., the United Kingdom, which joined in 1973. But all member states who joined our union did so also for political reasons. To anchor their own young democracy in a wider democratic environment. For instance after a period of dictatorship, like in Spain or Greece or Portugal, after an era of communist rule, like in Poland or Hungary, or after a period of civil wars, as for the countries of former Yugoslavia.

The people of Europe have beaten communism and they themselves ended the Cold War. The world changed dramatically after the fall of the Berlin wall. The world was no longer divided in east and west. Afterwards Europe became so called less relevant. Yes, because we were no longer a problem for the world peace.

For these countries and their populations, the European Union was and is a safe haven. Besides offering economic opportunities, it is valued as a place of democracy and rule of law. This is still true today for the countries in our immediate neighbourhood. All the countries in the Western Balkans – former Yugoslavia – are longing for EU-membership. The union is their only guarantee for a lasting peace. All this is not so bad for a Europe in "decline".

I insist on the political character of the European Union because these motives tend to be underestimated by third countries. And not least, if I may say so here, by those third countries who, for understandable historical and linguistic reasons, still look at us only through the prism of parts of the Anglo-Saxon press to be informed about who and what Europe is! I can tell you, if you would compare the EU as it appears in United Kingdom and American media, with what you can read in the German, the French, the Spanish or the Polish press, the picture would really change...!

It is important to take the different perspectives into account. But never mind, this is where we are – and I am well aware that in politics, images are part of the facts... Now, coming to today's situation, what does the institution which I represent do? And how has Europe been going about since 2 years in the economic and financial crisis and public debt crisis?

First of all, the European Council brings the Union's highest executive leaders around the table: the 27 Heads of state or government of the member states, the President of the Commission, and myself as the President of the European Council.

We meet on average 6 times a year. The European Council keeps out of day-to-day business. The other institutions do it much better, with a central role for the European Commission, for instance on trade. That is why today the President of the European Commission, Mr Barroso, and the Commissioner for Trade, Mr De Gucht, are part of the delegation.

The European Council springs into action to deal with the special cases: agreeing on new treaties, letting new members into the club, or dealing with a crisis situation in the Eurozone. We also set the Union's strategic course.

As President of the European Council, I am an active facilitator and bridge builder. My role is to involve everybody, to find compromises that respect the interests and sensitivities of each member state, and of the central institutions. It sounds easier than it is!

In the past two years, we have been (and we are) facing a crisis of public debt in the Eurozone. It started in Greece – two years ago almost to the day – when the government was close to financial collapse.

Within the currency area, the economies and financial institutions have become so closely interdependent, that all national leaders were heavily involved. The stakes were and are still high. The financial stability of the Eurozone needed to be preserved by all possible means.

Some governments in countries under pressure had to take drastic measures. Budget cuts. Economic reforms. Three countries (Greece, Ireland and Portugal) had to ask for a provisional European organised shelter from the market rates to be able to finance their deficits and debts. Other countries had to be convinced to help their partners.

The European Union did build the tools to face the situation. In particular a system of rescue funds or so-called “firewalls”, amounting to 500 billion euro or more [= around 650 billion US dollar]. You could compare this to a kind of International Monetary Fund for the Eurozone, a “European Monetary Fund”. We also strengthened the central surveillance and enforcement mechanisms for the public debts and deficits, to prevent future trouble.

Institutionally, as the rest of the world has discovered by now..., the Eurozone is an original structure. One single currency, with one European Central Bank, alongside 17 national governments, who all have their own economic policies, their own budget and their own national parliaments. It reflects our history of unity and diversity. Common decisions, individual implementations. Centre and states. A dynamic familiar to you as well...

In that respect, Europe will not do what might seem “logical” from the outside, or on paper, and which would be to centralise everything. We are not at the eve of some kind of

“federal jump”, establishing one country out of the 27, with one Treasury, central taxes, budget and debt issuance and all the rest.

The nature of our union is different. Yet as a club of states, what we can do and what we do, is to make sure everybody lives by the rules we set together. That has been the essence of our collective effort over the past 2 years.

In budget policies, the ceiling on debt and deficit is set together at the union level, and individual member states decide how to raise money and spend it. This division of labour is subtle, but it works. It is a balance between central institutions and national political systems. A balance also between individual responsibility and solidarity of all with the union as a whole.

The budget treaty (or “Fiscal Compact”) that was concluded two weeks ago between 25 member states (that is, all 27 except the UK and the Czech Republic) was a further step in this long process. And we know that we are not yet at the end of the road. However, I am confident that, when we master the Greek problem, we will overcome this crisis.

Political leaders are showing real courage, in all member states, to convince their parliaments and public opinions of what is at stake. Some governments were forced to resign for taking unpopular decision, but all the new ones are committed to adopt and implement reforms. Leaders show responsibility; there is no space for populism – as for instance the new government of Italy shows.

Admittedly, the message we sent out to the rest of the world is not always coherent. We are 27 democratic and independent states. With so many domestic audiences to cater for, the improvements of the system as a whole sometimes does not get the attention it deserves. Yet third parties perceive it.

As a set of mature economies, we of course do not have Indian-rate growth levels. Yet the European Union is growing, even if this year will be a year of mild stagnation. Our people are resilient, thanks to a safety net of welfare protection. Do not forget some fundamental facts. The European Union has a population of half a billion men and women who are amongst the most educated and trained in the world. Even with only 7 percent of world population we still generate 20 percent of the world’s income. This is compared to about 19 percent for the US, 14 percent for China and 6 percent for India.

Of course we are not complacent. We need to grow more, to produce more jobs, to keep our competitive advantages. What was once a competition between European states, has become a competition with the rest of the world. We do not close our markets. No, we are adopting reform within each of our member states to make the economies more competitive.

So not only is Europe’s political project alive and kicking, we also have a global reach. Together, we are the first commercial power in the world, bigger than the US, China or Japan. The euro is the world's second reserve currency and one of the largest trade currencies.

But we also project our internal political project onto a wider global scene. In foreign affairs, European Union member states work very closely together, even more since the Lisbon Treaty entered into force. When circumstances require it, at the level of the 27

Heads of government, in the European Council. More importantly, on a daily basis, at the level of the 27 Foreign Ministers, chaired by High Representative Catherine Ashton.

And around the world, the union has its diplomatic network. For instance here in Delhi, the Ambassadors of the 27 member states and the EU's head of delegation are in permanent contact, to coordinate and speak together on behalf of Europe.

Likewise, we bring our ideas to the G20. On financial regulation. On growth and trade, on climate or development, on all public goods. Because we recognise that today's world, economically, is one of unprecedented financial and economic interdependence.

We have learnt, among ourselves, to tackle such challenges together. And we are convinced that, to some extent, the same is true for the global issues we face. We also work in our own neighbourhood, for instance in stabilising the Balkans after the wars of the 1990s. By offering the perspective of membership to our union.

We were and remain present in Afghanistan even after 2014, helping to build an Afghan police. We have a Naval Mission in the Indian Ocean, to fight piracy off the Somali coast – to keep the sea roads between Delhi and Antwerp or between Mumbai and Hamburg open. We are the largest donors to for instance the Palestinian Authority.

Since one year now, we have been supporting the Arab Spring, and pushing for the democratic reforms and progressive forces to prevail. For us in Europe it was the most fundamental geopolitical shift in our neighbourhood since the end of the Cold War in 1989.

Democracy is expanding, after Latin America in the 1980s, Eastern Europe in the 1990, it seems it is now the turn of the Arab World. Of course there are different traditions and sensitivities, and sometimes unexpected outcomes. But that is history. We should not fear this process, but support it.

As the two of the world's largest democracies Europe and India should help history go in the right direction... We were and are sometimes tempted by the defence of our interest – often commercial or economical. It is a short term view. Values last longer. We forgot this too often.

Sure, changes come with risks. Last spring, European countries decided that it was unacceptable to us for a leader, in Libya, to shoot at his own people and kill thousands of men and women. Worse, this imminent bloodbath would be taking place on the other side of the Mediterranean Sea, in the city of Benghazi only a few hundred kilometres away from the European shores... So we felt the “responsibility to protect”, a notion which also prevailed in the United Nations Security Council, and our countries joined in the effort.

The world is now confronted with another difficult situation, in Syria, and I am glad that India supported the most recent attempts of the Security Council to promote a solution. Even if the attempt, unfortunately, failed because of the absence of unanimity around the table...the atrocities are going on.

We are also collectively putting pressure on Iran, to comply with its international obligations as far as its nuclear programme is concerned. I know it is a concern that you share with us.

The EU agreed on tough sanctions, even an oil embargo. This was not an easy decision for some of our member states, but we succeeded. On a lot of issues: Middle East Peace Process, Syria, Libya, the Arab Spring. We took common decisions. A common foreign policy at work.

India. You change

With these experiences, from this place in the world the European Union approaches India. Do not worry, I have spoken long already, and I will not say as much about India as I said about Europe. For a simple reason also: I am here to learn and to discover your country.

So let me just tell you what people back home see when they look at India, stretching their gaze all the way from the western end of the Eurasian landmass to this fascinating subcontinent...

People across Europe see India as a rising power, as the world's largest democracy with 1.2 billion people, as an economic giant in the making. Even if knowledge does not always go very deep, the general feeling towards India among Europeans is one of respect and admiration, respect for your history and culture, awe and admiration for your recent accomplishments.

They know that your country, too, is changing rapidly. Economically. Demographically. Modernising at high speed. People in Europe are sometimes a little surprised about how rapidly this evolution goes.

When they were children, maybe 30 years ago, India was part of the so-called Third World; at school they were taught to think about India in terms of helping, of solidarity with the poor. When I was here for the first time as a tourist, as a young man, India was a poor country. Even if there is still a lot of poverty, nobody calls India poor any more. Today, they see that Indian companies are investing in European firms, that Indians are excelling in sciences and services.

When I speak to fellow Europeans, I always underline that this is good news. For those hundreds of millions Indians and others who have climbed out of poverty, and also for themselves. Globalisation is a force for the good. But for those European citizens who see the challenges rather than the opportunity, it takes time, mentally, to adapt... This is normal.

Of course India is facing some challenges of its own domestically, and internationally. Global influence brings global responsibility. In this respect, India's contribution to the G20 is very much appreciated.

Today, in my first official visit to India, and in my talks with Prime Minister Singh, I was impressed by the very strong political conviction and determination of the Indian leadership in working for the people's prosperity and in bringing this country to its due place in the world.

Europe and India. What can we do together

Please allow me to conclude with a few remarks on what Europe and India can do together. Let me just mention three points: trade, security and global issues.

First on trade. Despite the recent economic and financial global turmoil, our bilateral trade in goods grew by 20 % between 2010 and 2011. However we are convinced that major trade opportunities are still ahead of us. The Free Trade Agreement currently under negotiation would be in many aspects the world's largest ever, encompassing 1.8 billion people. We are making progress. It is normal that it takes some time. We place substance before speed. It would be good not only for us but also to resist protectionism in this phase of the crisis. A trade agreement between India and Europe will send a strong signal to the rest of the world that the answer to economic uncertainties does not come from increased protectionism, but also from trade.

Second, security. Europe fully shares India's quest for a stable and secure regional environment. We share a common interest in defeating global terror and extremism, in securing our trade lines from the attacks of pirates, in preventing attacks to our information technology infrastructures, and in overcoming the challenge of non proliferation. The EU is fully equipped to tackle these security challenges, and would like to seek a closer engagement with India in this respect.

The intensive work since the last summit in 2010, the first I chaired on the EU side as the first permanent President of the European Council, provides us with a solid basis for further substantial cooperation in the fields of counter-terrorism, cyber-security, counter-piracy and other aspects of crisis management. In 2012 and the years ahead.

Third, our cooperation in global negotiation will be crucial. Let me just mention climate change. At last year's Durban climate meeting, the cooperation between India and the EU – starting from different position – unexpectedly created the dynamics for a positive outcome. This is but one example where India and Europe, together, can show the way, for the benefit of all.

Of course the world is changing. In the right direction. Never there have been so many democracies: it has become the dominant political system. So few wars. At this very moment there are conflicts inside countries but no wars amongst states. Less hunger and poverty according to historical standards.

No country is dominant anymore on the world stage and will become so in the future. The world has become too interdependent, too global to let this happen again. The world will not be divided between Atlantic and Pacific, as it used to be between East and West. These times are over. The world will become global. The focus of people is on development and prosperity, not on war.

Of course we face huge challenges: climate change, energy and raw material shortages. But I am convinced that we have learnt that a “zero sum” game is not an option for our people. All this is not naïve. It is the language of a lucid man who never forgets to hope, if possible.