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THE PRESIDENT

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## ***"The great challenges for the European Union"***

### **Speech by Herman VAN ROMPUY, President of the European Council at Warsaw University**

It is a pleasure and an honour to speak here at Warsaw University.

Or should I say, in Latin, at the "*Universitas Varsoviensis*"? Having studied classics at a Jesuit College in Brussels, I *quasi* prefer your Latin name to the English one!

Indeed, your University has a long and venerable history behind it, and no doubt a great future ahead, as a place of learning. Moreover, your institution has participated in the upheavals of recent Polish history.

I should also like to congratulate the University's Europe Centre on its 20<sup>th</sup> anniversary. Studying the European Union is a good way of feeling more at home within it. Founded, as it was, 20 years ago, back in 1991 [*yes I am quite good at mathematics*], the Europe Centre is just one example of how quickly many people in Poland seized the great European moment, immediately after that wonderful year 1989 when communism collapsed in Europe, the *annus mirabilis*.

Let me stress once more how important for the European Union as a whole the Polish contribution to that very special year of freedom and renewal was, the year 1989.

To other audiences, I sometimes explain that the enlargement of the European Union to include the countries of Eastern and Central Europe in and after 2004 is NOT a bureaucratic process, driven by 'Brussels', but that enlargement should be seen instead as a deeply political enterprise, driven by a great historic event: the end of the Cold War and the unification of the European continent. In Poland, however, I suppose I do not have to explain this... You made this history yourselves!

Moreover, in 1989 the movement for change came from the people, from the grass roots up -- beginning with stirrings of freedom in your country, in Hungary and in Czechoslovakia. A fight against a totalitarian system which evolved into the rule of law. As soon as the Iron Curtain fell, salesmen and students, traders and tourists, men and women from East and West: all started to seize opportunities across borders.

## **P R E S S**

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Today, after the entry of your country and nine others into the Union, these flows of freedom have been secured. Free movement of people is more than an element of an economic union, as we often misunderstand the Union's role. It is a sign of civilization.

In the fight for political freedom against the communist regimes, your country was each time in the avant-garde – in 1989, but also in 1956, in 1968, in 1970, in 1980...Here, at Warsaw University, let me say a word on the 1968 episode. I was a student myself that year – but, unlike so many other students in Louvain and elsewhere in Western Europe, I was already strongly anti-communist as a pupil in secondary school.

Today I should like to honour those students and professors who participated in the revolt of 1968 at this University. In a democratic uprising which was crushed. Some professors who went into exile after those events carried their voices to Europe and the world.

From Oxford, the great Polish philosopher Leszek Kolakowski, who died two years ago: he was active in 1968. His wise writings on Marxism and religion have benefitted many readers, including myself. From Paris, the historian Krzysztof Pomian: he was also banned from Polish academic life. As scientific director of the "Museum for Europe", he has written suggestively on "Europe and its nations"<sup>1</sup>. From Berkeley, California, a man from an earlier generation: the great poet and Nobel Prize winner Czesław Miłosz. He worked briefly at the library of this University, but was already in exile long before 1968. I deeply admire his poetry. And there are many more. At least in the form of their writings, these intellectuals all returned to Poland after 1968 – not least to your library!

In May last year, I was also impressed to hear Prime Minister Tusk, speaking in Aachen as the 2010 laureate of the Charlemagne Prize, on the events in his own city of Gdansk: December 1970, August 1980, 1989. "*We were joining Solidarity as a national uprising*", he said, "*We were convinced that we were plainly dealing with the first victorious insurrection in generations. Victorious, as it was capable of self-limitation, that is combining courage with prudence.*" These are moving and wise words.

Later this afternoon I will meet Prime Minister Tusk again. The main subject of our discussion will be preparation for the European Councils in the months ahead. How to deal with the short-term and long-term challenges which we face.

Of course we will also address the upcoming Polish Presidency of the Council of the EU, during the second half of the year. 2011 will be an exceptional year for Poland in European affairs. It will be a huge challenge, an important responsibility and a privileged period.

I will ensure Prime Minister Tusk of my full support in this undertaking and of my full intention to achieve close cooperation between the Council and the European Council. As I experienced in my first year in office with the Spanish and Belgian Council Presidencies, and now with the Hungarians, and also with the Presidencies of the Commission and the Parliament, working together is the only way to succeed.

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<sup>1</sup> K. Pomian, *L'Europe et ses nations*, Paris, Gallimard 1990.

As you know, the European Council brings the Union's highest executive leaders around the table: the 27 Heads of State or Government of the Member States (plus the President of the Commission and myself). Together we establish political priorities, we set the Union's strategic course and we take responsibility in crisis situations. Our meetings are always about finding a consensus, taking into account the positions and sensitivities of each partner. The oval table around which the 27 leaders are seated is one of the secrets of our success. Our Union is stronger when all Member States are united in supporting jointly agreed objectives.

It is just over a year now since I was chosen by my fellow prime ministers as the European Council's first longer-term president, bringing new continuity to an institution which previously had a new chairman every second or third meeting. My key task is to facilitate and steer the debate, helping to find common ground and to build the necessary compromises. I have also chaired two Euro zone summit meetings.

Previously, there were those who wondered what a full-time President would have to do in between the minimum 4 meetings a year which the Treaty requires. Well, now we know...

The year 2010 was dominated by the public debt crisis in the Euro zone. Let me only briefly recall the series of decisions we have taken, most following the recommendations of the Task Force on economic governance which I chaired:

- strengthening the Stability and Growth Pact;
- establishing new forms of macro-economic surveillance;
- granting conditional emergency loans to two countries in difficulties, first, on an ad-hoc basis, to Greece, and then, on the basis of the temporary crisis mechanism set up in the meantime, to Ireland;
- agreeing to set up a permanent mechanism to deal with such crises.

In my opinion, these decisions constitute the biggest reform of the Economic and Monetary Union since the euro was created. We have made our economies more crisis proof.

If more needs to be done, we will do it. In December last year, the Heads of State or Government of the 16 countries of the Euro zone and the European institutions declared that: "they stand ready to do whatever is required to ensure the stability of the euro area as a whole." People should not underestimate this determination.

In 2010, only sixteen member states shared the single currency. (Two weeks ago, we became seventeen, because Estonia joined on January 1st.) However, from all our discussions last year, it appeared crystal clear that all 27 members are fully convinced that the stability of the Euro zone is vital for the Union as a whole, and of all our citizens. ALSO those outside the euro, such as Poland, or Sweden, or the United Kingdom. The level of interconnectedness, particularly in the financial markets, has been widely demonstrated by this crisis. I therefore welcome the fact that the Polish government wants to participate in the reflection on the strengthening of the economic pillar of our Economic and Monetary Union. It will be one of the main tasks in the weeks and months ahead.

Beyond the immediate issues, we also need to improve Europe's longer-term fundamentals and economic structure. First of all: we need to bring back growth and to create jobs. We also have to get ready for the great societal challenges of the decades ahead: attractive jobs, healthy ageing, a green economy and secure energy supply.

The European single market has been key to the EU's prosperity over the last few decades. It is quite an achievement. We have built the world's largest single market. We thus – voluntarily! – enhanced the economic, ecological and indeed political interdependence which has always existed between the countries on our small continent. Seven years ago, after accession to the EU, Polish entrepreneurs and consumers immediately discovered the market's benefits. The transition period regarding the free movement of labour is now almost over for all countries; the fears some people had in this regard have proven unfounded. I welcome the fact that full legal equality will also be effective in this respect.

Nevertheless there is a perception that the Single Market is less popular than in the past and that it is seen by many Europeans with suspicion and fear. We have to reconcile both citizens -- citizens as consumers and as employees -- and entrepreneurs with Europe. The ambitious Single Market Act which the Commission proposed last October is therefore more than welcome. It is a key element in the EU's strategy for competitiveness, growth and jobs. That's why I want the European Council to underline the single market's importance and to make sure that the 50 measures which have been proposed are prioritised -- starting with those which yield the greatest results.

Already in the February European Council, we will deal with two related fields: innovation and energy.

Innovation is the crucial factor to develop our economies, to achieve employment and growth and to improve living and working conditions. That's why I want European Heads of State and Government to take more ownership of innovation and research.

Research and development spending in the EU is much too low: 1,84% of EU GDP, compared with 2,6% in the US and 3,4 % in Japan. It is sad to say, but if one looks at the figures for the money spent on higher education, the comparison is worse for us.

A European Research Area could help to attract talent and thus investment; the mobility of researchers could thus also benefit the market. And, as you here at the University would no doubt acknowledge, such mobility could also further improve the vitality of academic life!

In the February European Council, we will also talk about innovation's twin theme: energy. It is definitely a field where we need smart ideas, where we need new techniques and discoveries.

We need to provide our citizens and companies with safe, secure, sustainable and affordable energy. No Member State should be isolated from the European internal market for energy. An integrated European market is crucial for ensuring the competitiveness of Europe's economy, security of energy supply and sustainable development. Current rules need to be fully implemented to reap all the benefits in terms of diversity of supply and fairer prices.

It is only with a proper infrastructure across Europe that the energy market will deliver on its promises, that solidarity between Member States will become operational, that alternative supply routes will materialise and that renewables will develop and compete on an equal footing with traditional sources. Within the Union, we should improve connections, both in the gas pipeline network and in the electricity grid.

Another important issue is our determined action to deliver a 20% increase in energy efficiency by 2020. Investment in energy efficiency is another means to enhance competitiveness and to support security of energy supply and sustainability at low cost.

Externally, we should work on stronger cooperation with the main producer, transit and consumer countries. Here lies a great challenge. The European energy market is the world's largest regional market and the largest energy importer. In practice, however, we do not yet leverage the strength and the size of the EU market in our common interest for all 27.

This point brings me, Ladies and Gentlemen, to the Union's foreign relations. In this field as well, European Heads of State or Government have an important role to play: together defining strategic interests, deciding priorities and giving strategic guidance. The energy example, like others, makes clear that we could do more collectively to translate financial and economic clout into political influence.

That's why, upon my initiative, the September European Council was dedicated to our global strategic partnerships. All colleagues agreed that we have to strive for reciprocity and find mutual interests in dealings with global partners. The EU has a certain number of cards which we can only play together, for instance in granting increased market access.

At the bilateral summits between the Union and key partners (at which Commission President Barroso and myself represent the Union) this approach already is starting to pay off. In October we established a strategic partnership with South Korea. In the summit with President Obama, on 20 November, we reconfirmed the importance of the Transatlantic relationship and opened new avenues of cooperation on the themes of growth, jobs and security.

During the summit with President Medvedev, on 7 December, we reached an agreement on Russia's accession to the World Trade Organisation. It is an important step forward. Why? Because a modern Russia is a shared interest for all on the European continent. Building a true strategic partnership between the EU and Russia is a basic and obvious strategic interest for all EU countries, not least Russia's neighbours. Yet, historic experience, perceptions and misperceptions still have a strong influence on the EU-Russia relationship, on both sides.

Our main objective should be to promote Russia's integration into rules-based international economic structures and frameworks. It seems that a close relationship with the EU would give Russia the best chance of achieving good progress towards modernization. Modernisation is not just about the economy and infrastructure. Modernisation is also political. In the last few months we have made progress on the Partnership for Modernisation, on developing a common view on how to move forward toward an eventual visa-free travel regime, and most importantly (as I just mentioned) on Russia's accession to the WTO.

The European Union can only achieve this strategic objective if we play smart and work together. The Lisbon Treaty helps to build a longer-term relationship with our partners' political leaders. It increases trust. We also need to further strengthen the synergy between the national capitals and Brussels. The EU will not replace individual bilateral relationships with our strategic partners. In our foreign policy, the most important thing is not to speak "with one voice", but to have common messages and a shared sense of direction. In this respect, recognizing the modernisation of Russia as a core interest for all 27 member states should be the pole star on our strategic compass.

A word on other neighbours. In the EU's eastern neighbourhood, six countries – two of which are Poland's neighbours – are grouped together under the Eastern Partnership. Its goal is to strengthen political and trade ties, and to promote human rights and the rule of law in these countries. (They are Ukraine, Belarus and Moldova, plus Armenia, Azerbaidjan and Georgia.) Poland played an important role in establishing the partnership two years ago and moving it forward.

The recent fraud and violence during and after the elections in Belarus were a setback. Such events are not acceptable in today's Europe; the EU will not let them pass unnoticed and will review the relationship with Belarus. Nevertheless, at the upcoming Eastern Partnership summit in Budapest next May, we hope to safeguard the political objectives and move the partnership forward. Poland can help to make this a success.

It is clear: there is a lot of work to do. On the economy, both in the short-term and the long-term. And in defending our interests and values in the world.

In the space of seven years, Poland has found its place in the European Union. I should like to congratulate successive Polish governments and the Polish people on that. We are looking forward to the contribution of your country during the Presidency later this year.

Since I have been talking about the importance of history in thinking about the European Union, I should like to address a final point. It seems that sometimes, in the heat of debate, the image of 'Brussels' is linked to the role of 'Moscow' in the Cold War. One should not accept this comparison. And the professors and students of this very University who fought in 1968, at the risk of exile or their life, to restore democracy and to bring their country back to its due place among free European nations, they also would no doubt disagree completely.

The European Union is the world's most evolved and subtlest project for building consensus amongst equal partners. It is the product of the shared will, confirmed day after day, to work together. The bloody battlefields of our history have been replaced by Brussels negotiating rooms. The Union's force of attraction accelerated the collapse of communism and the end of the Cold War. That is a victory. Europe is the best guarantee for peace. It was and is a work of peace. That's why I am so strongly in favour of a European perspective for the Western Balkans, the last remnant of the Cold War and the last place in Europe where war was waged. Europe has to be the fatherland of peace. We owe this to our history.

Sure enough, this successful history is not enough to build a common future. However, our 27 countries will keep working together. Their 27 governments are well aware that in today's globalised world they can no longer guarantee the welfare and security of their citizens on their own.

Together, we defend something which is dear to us: a common civilization. Our countries are envied for their political stability, for their welfare and social-security systems, for the quality of European life. These are accomplishments to be proud of. Our achievements show our unique capacity to develop over time while securing our heritage. We still have that capacity.

So I say to the students of the next generation, we will face the great European challenges, in 2011 AND beyond, together; with optimism and with determination.

Thank you.

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