

ADDRESS
BY THE PRIME MINISTER OF THE REPUBLIC OF SLOVENIA
AND THE PRESIDENT OF THE EUROPEAN COUNCIL JANEZ JANŠA
AT THE EXTRAORDINARY PLENARY SESSION OF THE EUROPEAN
PARLIAMENT

Brussels, 26 March 2008

Mr President of the European Parliament,
Mr President of the European Commission,
Distinguished Members of the European Parliament,
Ladies and Gentlemen,

The European Council meeting in March began with the address by the President of the European Parliament, Mr Hans-Gert Pöttering, an address which provided a good basis for discussion and for taking decisions on the dominant themes of the meeting.

These were three: continuation of economic growth and creation of new jobs, response to climate change and stabilisation of financial markets. The achievements of the meeting can be summarised as three decisions:

- 1) we launched an ambitious, specific and more modern three-year cycle of the Lisbon Strategy, one that affords a better balance between concerns for people and the environment on the one hand and a competitive, knowledge-based market economy on the other,
- 2) we confirmed the basic principles and the timeframe for the adoption of the energy and climate change package,
- 3) we defined the further steps to be taken in order to stabilise financial markets.

I. Particular emphasis in the new Lisbon Strategy cycle is given to the implementation of reforms.

There have been several instances lately of a popular misconception that the reason for the rise in retail prices and for unstable financial markets are weak economic foundations of the European Union. The truth is quite the reverse: the solid foundations of the European economy are actually the reason why the uncertainties of the global financial market, the prices of oil and other raw materials have had far less severe consequences for the European Union than they would have if the economic foundations of the European Union really were weak.

Let us take a look at some economic indicators: public finance deficit in the European Union has been more than halved since 2005. Public debt has been reduced to a level below 60%. Economic growth reached almost 3% in 2007; the labour market offers 6.5 million more jobs today than it did two years ago. These are largely the results of the renewed Lisbon Strategy. They are a reason for moderate pride and increased self-confidence, yet without going so far as to be complacent. In a period when the global economy is increasingly unpredictable, it would be very wrong to rest on our laurels and fail to continue our reforms.

When launching the second cycle of the Lisbon strategy, the European Council therefore emphasised that, in the new period, between 2008 and 2010, every effort must be focused chiefly on the consistent implementation of reforms. Our actions are supported by the stability of the Integrated Guidelines, that will continue to apply, and the adopted Country-Specific Integrated Recommendations, on the basis of which we, the Member States will be able to renew our national programmes and implement them even faster, with the priority areas remaining the same: knowledge and innovation, promotion of entrepreneurial potential, modernisation of labour markets, energy and climate change.

Specific measures have already been determined for each of the above areas, in line with the recognition, summed up four hundred years ago by Sir Francis Bacon in his famous phrase 'scientia potentia est'. In today's European Community, knowledge plays the same role once held by coal, if not a greater one: it is a catalyst for economic growth, structural adaptation and social inclusion.

- In the field of knowledge and innovation, the European Council therefore introduced a 'fifth freedom'. This fifth freedom will remove barriers to the free movement of knowledge. It will enable the mobility of talent and open access to knowledge and innovation, which will attract even more Europeans to creative processes. New opportunities to tap European research and development potential are also provided by the establishment of the European Institute of Innovation and Technology approved by the European Parliament two weeks ago.
- To strengthen the competitiveness of companies, in particular small and medium-sized enterprises, the European Council has envisaged measures to facilitate their operation and faster development in the single market. Since small and medium-sized enterprises are the largest employer and a major driver of research and development, it is indispensable that they be provided with appropriate legislation and enabled easier access to finance and above all, increased participation in innovation.
- The social dimension of the Lisbon Strategy was underlined strongly at this European Council, I think certainly more than ever before. We confirmed the importance of investing in human capital. Through learning and training, we can fight inequality and poverty, reduce youth unemployment, create new and better jobs and facilitate the transition towards a knowledge-based economy. We therefore invited the European Commission to prepare an assessment of future skills requirements in Europe up to 2020. In the Member States we also undertook to implement the common principles of flexicurity, to increase social inclusion and to join up economic, employment and social policies in a consistent fashion. The conclusions adopted reflect the positions of both the European Parliament as well as the European social partners.
- Knowledge is crucial in tackling climate change, too. It is only with new technologies that we will be able to deliver on the targets set by the 2007 Spring European Council. The Strategic Energy Technologies plan constitutes the basis for coordinated European policies in this area and these policies will support eco-industry and green industry. As the social partners affirmed during the tripartite meeting which took place as part of the European Council, climate change brings opportunities for all, for employers and employees. The eco-industry alone, for example, has been growing by 5% per year and already today provides 3.4 million jobs.

II. Energy and climate change package: agreement reached on basic principles and timeframe

This is probably the most high-profile achievement of this European Council. Ambitions in the area of energy and climate change were confirmed. It is important that, less than two months after publication of the proposed package on 23 January, consensus was reached regarding two key elements for further discussion: the fundamental principles and the timeframe.

The Heads of State and Government pledged to reach agreement by the end of 2008, thus enabling the timely adoption of the package, which should, in any event, take place before the end of the current term of office of the European Parliament. Honourable Members of the European Parliament, success also lies in your hands. Only with the timely adoption of the package will we justify the expectations of the citizens of Europe and send a positive signal to our partners throughout the world, especially in the light of negotiations on a comprehensive post-Kyoto agreement next year in Copenhagen. I would particularly underline this last fact. The European Council has confirmed three fundamental principles that will guide us in the distribution of tasks and goals between the Member States: 1) economic efficiency and cost-effectiveness, 2) solidarity and fairness, and 3) transparency. I am pleased to observe that Member States no longer see this process only as a sharing of a burden but also as a new opportunity for development.

One of the European Council's achievements is also the agreement on establishing an overall EU emissions cap and an EU-wide emission trading scheme, which will upgrade the national emissions ceilings system used hitherto.

The European Council also addressed the possibility of helping EU energy intensive industries in the event of unsuccessful international negotiations, since the relocation of such industries to countries with lower environmental standards would represent not only a risk of losing jobs in the European Union but also a risk of an overall increase in greenhouse gas emissions.

One other important part of the agenda was the issue of liberalisation of the internal energy market. When, in the early 1990s, the European Commission submitted its first proposal for a Directive in this area, it was already clear that the single market could not be established in a single move and that it would be a lengthy process. Seventeen years later, with the European Council calling for a political agreement to be reached by June 2008, we are approaching the goal. Strengthened cooperation with the European Parliament on this front will be the key to success.

Melting glaciers, long-term droughts and altered precipitation patterns have a direct impact on geostrategic and security interests. The report of EU High Representative Javier Solana and the European Commission on the security aspects of climate change gives a realistic picture of the state of the European Union and the risks involved. It is the first document of this kind that we have discussed. It was endorsed by the European Council as a good basis for further action. Energy and climate issues will be a common thread running through all the forthcoming summits between the European Union and third countries or regions that are to take place before the end of June 2008: with Japan, Latin America and the Caribbean, the Russian Federation and the

United States. In order to speak and act in a concerted manner, positions will need to be coordinated further in the coming months.

III. Financial markets – on the path to greater stability

In response to the turmoil on the financial markets, the Council unanimously confirmed the need for four measures: 1) enhancing transparency, 2) improving valuation standards, 3) reinforcing the prudential framework, and 4) improving market functioning and incentive structure.

In the current unstable situation, sovereign wealth funds play a positive role in providing capital and liquidity. However, the emergence of new players observing only limited transparency regarding their investment strategy has raised some concerns relating to potential non-commercial practices. The Heads of State and Government have therefore agreed on an initiative to draw up a voluntary code of conduct for these funds.

IV. Concern for neighbourhood: Union for the Mediterranean and the new reflection on the eastern dimension

A great deal of attention was paid to the agreement on strengthening the Barcelona Process. In my view, the major achievement was placing a debate that was previously rather informal and closed, or limited to closed circles and informal channels, on an institutional footing. Within the Barcelona Process – the Union for the Mediterranean will, as agreed at the last European Council, involve all EU Member States and other non-EU Mediterranean states. Considering the tried and tested practices of the Barcelona Process, it is understood that the European Parliament – a very important actor in the Euro-Mediterranean Parliamentary Assembly – will be engaged in the debate on further action on this front in appropriate ways.

Since the Slovenian Presidency is striving for a balanced approach to the neighbourhood of the European Union, we also wish to draw attention to the eastern dimension of European Neighbourhood Policy, which must be strengthened in line with the Mediterranean dimension. A more comprehensive debate based on the detailed proposal put forward by our Polish colleagues is expected to take place at the European Council in June.

V. “If you think in terms of a year, plant a seed; if in terms of ten years, plant trees; if in terms of 100 years, teach the people.”

Honourable Members of the European Parliament,

At the Tripartite Social Summit, as well as at the European Council, it became clear that no measure in itself can be effective unless it is linked with other measures to form a meaningful whole. Similarly, all the measures together, both the Lisbon strategy and the energy and climate measures, are not enough unless each of us realises their importance and contributes to their implementation. In the long run, in dealing with these issues, these are not impersonal measures but much more than this, they are fundamental shifts – changing habits and our way of living. Confucius said, “If you think in terms of a year, plant a seed; if in terms of ten years, plant trees; if in terms of 100 years, teach the people.” Together, we must learn how to live a more creative life. We must learn how to swiftly exchange knowledge, and environment-friendly habits. The most effective means of learning is to follow good examples. At the European Council meeting, the Governments of Member States therefore committed themselves to reducing energy use in their own buildings and car fleets and to making high-speed internet available to all schools by 2010.

After the European Council in March, we can confirm that the debates and conclusions were dedicated to what are truly the most pressing issues Europe faces at this moment. This was not very attractive to the fourth estate. However, I also consider the fact that we succeeded in avoiding certain debates which threatened to draw attention away from key development problems and which would not have led to any practical solutions, one of our achievements. This was also the reason why it was easier for us to take several important steps forward. But we have still a great deal more to do.