



**EUROPEAN COMMISSION**

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President of the European Commission

## **Valedictory speech by President Barroso**

European Parliament plenary session

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Mr President, Honourable Members,

First of all, I would like to thank you for the invitation to address this Parliament in what would be the last time I have this opportunity. In fact, we are coming to the end of my second mandate as the President of the European Commission and I am very happy to be here with you and my colleagues to present to you our bilan, since this is my second Commission, I think I can also refer to the last ten years.

I want to share with you my feelings, my emotions, what I think about the way the European Union has responded to these very challenging times and what I think are the most important challenges for the future.

I think you can agree with me that these have been exceptional and challenging times. Ten years of crisis, and response of the European Union to this crisis. Not only the financial and sovereignty debt crisis – let's not forget at the beginning of my first mandate we had a constitutional crisis, when two founding members of the European Union rejected, in referenda, the Constitutional Treaty. So we had a constitutional crisis, we had a sovereign debt and financial crisis, and in the most acute terms we now have a geopolitical crisis, as a result of the conflict between Russia and Ukraine.

The constitutional crisis that we had was in fact solved through the Lisbon Constitutional Treaty. The reality is that at that time, many people were saying that it would be impossible for the European Union to find a new institutional setting. And in fact there were moments of ambiguity and doubt. But basically, we could keep most of the acquis of the European Union, including most of the new elements of the Lisbon Constitutional Treaty, which was ratified by all Member States including those that today seem to have forgotten that they have ratified the Lisbon Treaty.

More recently – because I learned to leave to the end the economic issues because they are still with us – we had this very serious challenge and threat to our stability, in Europe, coming from the unacceptable behaviour of Russia regarding Ukraine. And we took a principled position. We offered Ukraine an association agreement and a free trade agreement and I am happy that, in spite of all the difficulties, Ukraine was there, signing and ratifying the association agreement, and I want to congratulate this Parliament, because the same day at the same hour the Parliament in Ukraine was ratifying this agreement, you were also ratifying the agreement showing you can offer hope to Ukraine as part of the European family of nations.

At the moment I am speaking to you, this crisis is not yet solved – we know that. But I think we can be proud that we have kept a position of principle, that we have condemned in the most unequivocal terms the actions of Russia and that in fact an association agreement was ratified, not only with Ukraine, but also with Georgia and Moldova because I believe we have a duty to those countries that are looking to Europe

with their spirit and their hope to share with us the same future and because they want to share with us the same values.

At this moment we are still mediating and, today, there is a meeting mediated by the Commission on energy with the Russian government and the Ukrainian government, so a political negotiated solution is possible, we are working for that. It is in the interest of all the parties to have a political agreement, but a political agreement that respects the principles of international law, a political agreement that respects the right of country that is our neighbour to decide its own future and a political agreement that respects the sovereignty, the independence of that country. So, we should be proud of what we have been doing in this very challenging geopolitical crisis.

And we also had the financial and sovereign debt crisis. The reality is that the crisis was not born in Europe, but the fact is that because we were not prepared, because the Euro-area had not yet the instruments, we were very much affected by it – not only in financial terms, in economic terms, in social terms and in political terms. I think this crisis was probably the biggest since the beginning of the European integration process in the 50s of the last century. Let's now put things into perspective.

Dear Members of Parliament,

Let's remind ourselves what was the main opinion of most analysts in the economic and financial media, or even many of our countries or outside of Europe, about what could happen: everybody was predicting Greek exit, Greece exiting the Euro, and, of course, Greece exiting Euro would certainly, immediately have had a cascading effect in other countries, a domino effect that was indeed already felt in countries such as Ireland or Portugal. But let's not forget, Spain was also under very heavy pressure, and Italy. We were staring into the abyss. I remember well what happened in discussions in the margins of G20 in Cannes in 2011, I remember well when analysts were predicting with almost unanimity a Greek exit and at least 50% of them were predicting the implosion of the Euro. And what happened? Not only was there no exit of the Euro, now we are to welcome the 19th member of the Euro, Lithuania will join us in the 1st of January 2015. And not only did Greece not leave the Euro area, it has enlarged and the European Union has been enlarging as well. This is a point that has been very much underestimated in our analysis.

2004, the year I had the pleasure and the honour to assume the leadership of the European Commission, do you remember that we were 15? Today, we have 28 countries. So we have almost doubled the membership of the European Union during this crisis. Is there a better proof of the resilience and the capacity of adaptation of our Union? The fact that we were able to remain united and open during the crisis I think confirms the extraordinary resilience and the strength of the European Union and this should not be underestimated.

I know that, for some, these things do not count for much. They are in a way making an idealisation of the past; they dream probably of a closed Europe; they think Europe was better when half of Europe was under totalitarian communism. I don't think that. I think Europe today is better than when half of Europe was under communism. The fact that the European Union was able, during all this crisis, to open, to consolidate and to unite on a continental scale almost all of Europe around the values of peace, of freedom and of justice, I think it is a great thing we should commemorate and not to be ashamed of, as some seem to be.

So, this is I think also a reason to commemorate. Many people were predicting, as you probably remember, those of you following these issues at that time, that the European Commission would not be able to function with 25 or 27 or 28 Members, that the European Union would be blocked. The reality is that the European Union was not

blocked by the enlargement; the reality that I can share with you now is that sometimes it was more difficult to put together some of the core Members of the Union than all the 28 countries of Europe.

So I think we should be proud of that as well, collectively, because the European Union was able to remain united and open during the crisis. And when I say open, I mean it in all senses of the word, including with an open attitude towards the world. For instance, when we have promoted a proactive climate agenda after the failure of the Doha Development Round and the Doha trade talks. And we are now leading in that sense, because I believe that trade can be one of the best ways to support growth globally and in the European Union. Or when we, because it was an initiative of the European Union, went to the former President of the United States of America, inviting him and convincing him to organise the first G20 meeting at Heads of State or Government level, because that was a way of having a global cooperative approach and to avoid the return to ugly, nasty protectionism. That could be a temptation in times of crisis. So we were able to keep Europe not only united and, in fact, enlarging its membership, but also open to the rest of the world.

But now, are we stronger or are we weaker? I know that the most critical people today will say that we are weaker. But are we really?

In fact, when the crisis erupted, we had almost no instruments to respond to it. We were facing, as it was said at that time, an unprecedented crisis. Yet we had no mechanisms, for instance to support the countries that were facing the immediate threat of default. A lot has been done. We have collectively, the Commission and the Member States and always with the strong support of the Parliament, we have created a new system of governance. We have today a much more reinforced governance system than before, including with unprecedented powers for the community institutions, and we have done everything to keep the community method at the centre of our integration. For instance, the Commission today has more powers in terms of governance of the Eurozone than before the crisis. The European Central Bank has today the possibility to make direct supervision of the banks in Europe, something that would have been considered impossible earlier; it would have been almost unimaginable before the crisis. And I remember when we spoke about the banking union, when I gave an interview saying that we need a banking union, I received some phone calls from capitals saying 'Why are you speaking about the banking union? This is not in the Treaties'. And I responded, 'Yes it is not in the Treaties, but we need it if we want to fulfil the objective of the Treaties, namely the objective of stability and growth'. And today we have a banking union.

Honourable members,

If we look at things in perspective and we think where we were ten years ago and where we are now, we can say with full rigour and in complete observance of the truth that today the European Union, at least in the euro area, is more integrated and with reinforced competences, and we have now, through the community method, more ways to tackle crisis, namely in the euro zone. Not only in the system of governance in the banking union, but also in the legislation of financial stability, financial regulation, financial supervision.

We have presented around 40 new pieces of legislation that were all of them approved by the European Parliament. And once again I want to thank you, because in almost all those debates the European Parliament and the European Commission were on the same side of the debate and were for more ambition, not less ambition for Europe. And so today, I can say that we are stronger, because we have a more integrated system of governance, because we have legislation to tackle abuses in the financial markets, because we have much clearer system of supervision and regulation. So, I think we are

now better prepared than we were before to face a crisis, if a crisis like the ones we have seen before should come in the future.

Of course, you can say that there are many difficulties still. Yes, and I am going to say a word about this in a moment regarding the prospects for growth, but please do not forget where we were. We were very close to default, or, to use a less polite word, to a bankruptcy of some of our Member States. And look at where we are now. From the countries that had to ask for adjustment programmes, Portugal and Ireland exited the programme successfully. Ireland is now one of the fastest growing countries in Europe. And in fact all the others that were under the imminent threat of collapsing, are now in a much more stable mood. Spain, that asked for a programme for the banks, also has improved successfully. So in fact only two countries of all those, because we should not also forget the Central and Eastern European countries that also had adjustment programmes, even if they were not yet in the euro area, only two countries are still completing their adjustment programmes.

The deficits now on average in the Eurozone are 2.5%. This is much less than in the United States or in Japan. So, in terms of stability, we are much better now than before. By the way, the Eurozone has a trade surplus. The European Union in general now will have a surplus in goods, in services and, for the first time in many years, in agriculture.

I am saying that because very often the opinion in some of the political sectors is that we are losing with globalisation. This is not the case. Some countries of our Union in fact are not winning that battle, but on average we can say that Europe is gaining the global battle in terms of competition, namely in terms of trade and investment.

But of course, growth is still timid. I think that basically we cannot say that the crisis is completely over, because threats remain, but we have won the battle of stability. Today nobody in the world will honestly bet on the end of the euro. The euro has shown that it is a very strong, credible and indeed stable currency. The reality is that our growth is still timid and clearly below expectations.

So what can we do for growth? This is the important question. And for that I need to make a reminder once again. I know very well that very often the European Union policy and namely the European Commission policy has been presented as completely focused on austerity. I think this is a caricature.

We have constantly asked at least for three important lines – fiscal consolidation certainly, for the countries that are feeling the pressure of the markets. It would be completely irresponsible if they could not frontload a programme of rigour to correct their public finances, but we have always said with equal vigour, probably some would not like to listen, the need for structural reforms, for competitiveness, because the reality is that even before the crisis we were growing under our potential, that is the reality, and with serious problem of lack of competitiveness in some of our countries and so that is why we needed more ambitious structural reforms.

But we have also argued in favour of investment. I have always said that we need more investment, public and private investment. Private investment will come the more we show that we have competitive economies that we can attract private investment. Indeed I am now happy to see that most of our countries, certainly at a different pace, but they are pursuing ambitious structural reforms that would have been considered completely impossible before the crisis.

And the reality is, if we want to be honest in terms of the analysis that the countries that have suffered the most during the financial crisis were precisely those that have lost in terms of cost competitiveness before the crisis. And now, for instance the reforms that have been made by Spain, by Ireland, by Portugal, by Greece, are impressive.

Now, apart from the political consolidation and the structural reforms, we have always seen the need for more investment. Private investment, but public investment as well. You will remember the debate about the MFF. President Schultz remembers certainly. We were together in many meetings asking the Member States to do more in terms of investment and the most important instrument we have at European level for investment is the Multiannual Financial Framework, that is around one trillion euros.

So if there is not more ambitious investment it was not because of a lack of ambition of this Commission, or a lack of ambition of this Parliament. It was because of the opposition of some capitals. This is the reality. We are for solid investment, targeted investment for growth. Not only with the MFF. Remember the proposals that for instance here in the State of the Union speeches with you I have put forward. The increase of the capital for the EIB that finally was agreed. The project bonds that the Member States have accepted, but only as pilot project bonds. The facility that we have created for SMEs with loans from the EIB and funds from the structural funds, from our budget. Unfortunately only two countries wanted to pursue that line.

Or, for instance, the programme for youth, the Youth Guarantee that we have proposed and that the Member States have agreed. But now with the Youth Employment Initiative, only two countries have accepted to have a dedicated programme for youth employment.

So, my dear colleagues, let's be clear: we are for investment. I wish all the best to the new Commission and to my friend and colleague Jean-Claude Juncker, to have the support of the Member States for a more ambitious investment programme for the next years. I believe this is possible now, I believe the awareness is much bigger on this matter. But once again this is part of a comprehensive strategy that combines fiscal consolidation with structural reforms and investment, and, of course, all the measures taken by us in terms of the banking union and in terms of financial regulation for stability.

And I'm saying this with this vigour because I think it would be now a mistake, after everything we have done, to give up, to show less determination, to abandon the road of structural reform. I think we have done a part of the job, stability is broadly there, growth, even if it is slower than what we would like to have, but now we need determination to complete the reforms so that sustainable growth, not growth fuelled by debt, excessive public or private debt - because such growth is artificial, it's a fictional growth, and afterwards, sooner or later, we would pay the price - but sustainable growth - that I believe it is possible if we continue the courageous path of reforms and a stronger governance for the European Union.

I don't have the time now to go over all the other policies we have been developing over the years. But let me just highlight one or two, because I think they are very much at the moment of decision, and I think they are important.

I'm extremely proud that it was my Commission in my first mandate, in 2007, that put forward the most ambitious programme for climate protection in the world. And we are still leading in the world in terms of the climate agenda.

In fact, we were able to join the climate agenda with the energy security agenda, and I'm saying that because this week we are going to have an important discussion in Brussels at Heads of State and Government level, and I hope that the European Union will keep its leadership role - of course not to be isolated but to have others, because we have a responsibility towards our planet. And this is was certainly one of the great advances of these years, that the European Union was able to make the most important and bold steps in terms of fighting climate change.

Another area where I think we could very proud is – in spite of all the restrictions because of our financial situation – that it was possible in the MFF to get 30% more for Horizon 2020, for research and technology. I think there is a great opportunity now for us to do more in that area, as also in the culture side, with our Creative Europe programme.

The reality is that in some areas it was possible, in spite of the economic and financial crisis, to increase investment at European level.

But I'm also very proud that in spite of the pressures of our budgets, we could always be there in terms of development aid and neighbourhood policy.

Whenever there was a big tragedy in the world, from the tsunami in Indonesia to the recent Ebola crisis, from the Syrian refugee crisis to Darfur, we were there, we were among the first. And I think we, Europeans, should also be proud of that, because we are still, together with our Member States, the most important donor for development aid in the world. That is something that corresponds very much to our values and I'm happy that in spite of all the crises we did not abandon our obligations in terms of development cooperation.

I have already said a word about trade. I think it is very important to keep an ambitious trade agenda, an open Europe but for free and fair trade. And the Commission has concluded a record number of agreements, not only with South Korea, Singapore, Central America – the first region to reach an agreement -, Peru, Ecuador, recently with Canada, with Western Africa, Eastern Africa and Southern Africa. And I could also mention some others that are now progressing, like Japan, the United States and also an investment agreement with China.

So we are the most important trade bloc in the world. We are the biggest economy in the world.

And I'm saying that because today I know it's very fashionable the pessimism, the defeatism about Europe, what I call the intellectual glamour of pessimism. But I believe that we have a good record to show and I believe that together, collectively, we are much stronger and we can better defend our interests and protect our values.

Dear colleagues – I call you colleagues because I believe we have been sometimes in discussions but we have been colleagues in this great enterprise that is the European project -, I think politically we have some lessons to draw.

One is that we have shown great resilience. I think we can say that the forces of integration are stronger than the forces of disintegration. And I believed that day and night, sometimes in very dramatic moments, sometimes when I had to make dramatic appeals to some capitals: to the richer countries, asking them to show more solidarity; and to the poorer countries asking them to show more responsibility.

Sometimes we have done it very discretely, it's true. The European Commission is probably more discreet than others. I did not want the Commission to be part of the cacophony of different voices during the most acute moments of the crisis. It was extremely market sensitive that situation. But I can tell you, in my full conscience, that we have done everything we could with existing instruments to avoid the fragmentation of the euro or to avoid a division in the European Union. And I very often had to call on my colleagues in the European Council, Heads of State and Government, to show the ethics of European responsibility.

But one of the lessons I draw from this is that if eventually it was possible to come to decisions, it is true that it was sometimes extremely painful and difficult. And took time. We have said also, and I think it is something that we can all agree: democracy is slower than the markets are.

The Commission would have preferred, and I'm sure this Parliament as well, decisions to be bolder, more comprehensive, faster. But we are a Union of democratic states, we are not a super state. And we have to respect different sensitivities.

One of the conclusions I draw from these ten years of experiences is the need to cooperate between institutions. I know sometimes it is more popular to put forward impossible ideas and to criticise others. But I firmly believe that we need to engage with different institutions, that it is not a solution to oppose the countries to the European Union. On the contrary, we have to show to our countries that they are stronger if they are part of the European Union. That we are not diluting their national identity but, on the contrary, we are asking them to share their sovereignty so they can project better their interests globally. I'm firmly convinced of this.

And I'm saying this to you now, as I am leaving in a few days: my only interest is that these lessons are learned so that we do not repeat some mistakes in the future. At the same time, I think we can say that it is not through confrontation but through cooperation that we can attain our objectives.

At the moment I prepare to hand over this very challenging and interesting job to my good friend Jean-Claude Juncker, I want to say here, on my behalf and on behalf of all my colleagues of the Commission, that we wish the new Commission all the best, that they have a great challenge ahead of them but that they could count also on our support. And I'm sure of the support that this Parliament is going to give to them.

Because, Mr President, the relations were not always perfect. But I think you can agree that we were able to establish a fruitful relationship between the Parliament and the Commission.

I've been in this Parliament more than 100 times. There was never a Commission that was so often represented in the Parliament as my two Commissions. We have established this cooperation and I'm so grateful because this Parliament, sometimes with very strong demands, was always supportive of the community method, was always supporting the community institutions. And I believe this is very important for the future of Europe.

My dear colleagues of the European project,

The way to solve the problems we have in Europe is not through revolution and even less through counter-revolution. It's by compromise, it's by reform. Evolution and reform. We have to reform to adapt to the new challenges but not with new clashes between the institutions, not with clashes against our countries. And I believe that if this idea of strong cooperation putting the European common good above all else, I think my colleague and friend Jean-Claude Juncker and his new Commission will have success, of course based on the support I'm sure you are going to give them.

Because the European Union is a union of values. In these last days I had to face many journalists and they asked me 'what was your most emotional moment? Which moment did you prefer?' And I have many, and I also had very difficult ones, to be honest. But one of my most emotional moment was when, on behalf of the European Union, together with Martin Schulz and the President of the European Council, Herman Van Rompuy, we received the Nobel Peace Prize on behalf of the European Union.

I think this was a powerful reminder sent to us from the global community that we count in this world and that what we do is very important. That the values that were at the origin of the creation of our Union, namely the value of peace, are still at our essence today. And that we have to fight for them.

And I think is the moment I really said I want to share with all those in the different institutions, including this Parliament, that have been working for a united, open and

stronger Europe. And when I leave this office, with all my colleagues at the Commission, I can tell you that we have not achieved everything we could, or everything we would have liked to have achieved, but I think we have worked with the right conscience, putting the global interest of the European Union above specific interests. And I believe that now there are conditions to continue to do work for a united, open and stronger Europe.

I thank you for your attention.

Auf wiedersehen, goodbye, au revoir, adeus.

Muito obrigado, thank you very much.

**Following the statements of the Members of the Parliament, President Barroso made the following closing remarks:**

Monsieur le Président,

Je voudrais répondre à quelques questions que les orateurs qui m'ont précédé ont évoquées. Tout d'abord, je crois que la preuve que nous, la Commission que j'ai eu l'honneur de présider, sommes sur la bonne voie c'est que les critiques viennent des deux extrêmes de la salle, très souvent avec le même ton, c'est-à-dire refuser de façon catégorique les difficultés et les extraordinaires défis auxquels nous avons dû faire face, et en ne présentant aucune réponse cohérente.

La vérité c'est que nous avons vécu peut-être la plus grande crise économique et financière au moins depuis le début de notre intégration européenne et la vérité c'est que ce n'était pas l'Union européenne, ce n'était pas l'Europe, qui a créé la crise. C'est ça ce que certains souverainistes, pour utiliser leur expression, ne comprennent pas ou ne veulent pas comprendre. Ce n'était pas l'Europe qui a créé la dette privée excessive, le manque de responsabilité du domaine financier, au contraire. Tout cela s'est passé sous la supervision ou le manque de supervision nationale. L'Europe est la réponse. Maintenant nous avons un des plus ambitieux, sinon le plus ambitieux au monde, système de régulation et de supervision. Donc, dire que l'Europe est pire à cause de l'Union européenne c'est un mensonge. C'est un manque de respect complet et un manque de rigueur intellectuelle. Ce n'est pas l'Europe qui a créé la crise financière. Elle est née aux Etats-Unis. Certes, il avait des vulnérabilités en Europe, mais ce que l'Union européenne a fait était de répondre. L'Union européenne n'était pas la cause et je crois que c'est quelque chose que tous ceux qui partagent l'idéal européen, de droite, de gauche ou du centre, doivent avoir le courage de dire, parce que sinon nous allons renforcer précisément les populismes d'extrême gauche ou d'extrême droite.

J'ai écouté avec attention certains d'entre vous qui ont dit que le populisme maintenant est plus fort et attribuent la responsabilité de cela à l'Union européenne. Mes chers amis, ce n'est pas vrai. Le populisme, la xénophobie, ça existe très clairement en dehors de l'Union européenne. Regardez ce qui s'est passé en Suisse contre les immigrants. Regardez ce qui s'est passé en Norvège avec ce terroriste qui a tué je ne sais pas combien de jeunes parce qu'il est contre une Europe multiculturelle. Regardez le Tea party aux Etats-Unis. Est-ce la faute de l'Europe le Tea party aux Etats-Unis?

Ce qu'il y a aujourd'hui dans le monde c'est un populisme agressif, parfois avec des arguments de gauche, parfois avec des arguments de droite, parfois c'est difficile à faire la différence, et donc dire que cela est le résultat de l'Union européenne est un manque de rigueur intellectuelle et un manque d'honnêteté politique. Ce que nous devons faire en tant qu'européens c'est précisément de montrer que ce n'est pas l'Europe qui a créé

la crise, ni même les dettes publiques des états membres. L'Europe pourrait faire peu quand un état membre falsifie ses comptes par exemple. L'Europe a dû faire face à ça. La première initiative de ma deuxième Commission a été de demander aux états membres de nous donner plus de pouvoir de supervision des statistiques nationales parce que dans la première Commission que je présidais cela a été refusé. Et cela n'a pas été refusé par la Grèce. Cela a été refusé par les grands états membres qui ne voulaient pas donner plus de responsabilités à l'Union européenne. Donc, si l'on veut vraiment faire un débat, soyons précis et soyons rigoureux sur le plan de l'honnêteté intellectuelle et de la rigueur politique.

C'est pourquoi chers amis, il y a une chose que je voudrais vous dire avec une très grande conviction. L'équipe, que j'ai eu l'honneur de présider a travaillé avec un grand dévouement, avec une grande rigueur, toujours en mettant en premier lieu l'intérêt européen. Il y a quelque chose que je veux vous dire, car nous sommes ici une assemblée politique avec différentes forces politiques, toujours en mettant en premier lieu l'idée du bien commun européen. Dans ma Commission il n'y avait pas de collègues du PPE, des socialistes, des libéraux. Il y avait des gens qui travaillent pour l'Europe. Mon parti est le PPE et j'en suis fier, mais en tant que Président de la Commission mon parti est l'Europe et ça c'est un message que je voudrais partager avec vous, notamment pour les grandes forces du centre gauche, du centre droit pro-européennes. Bien sûr qu'il faut exprimer les différences, mais il ne faut pas que ces différences affaiblissent les camps pro-européens. Il ne faut pas donner plus de cadeaux à l'extrême droite et à l'extrême gauche. Il faut que les forces pro-européennes s'unissent. Il faut qu'elles aient le courage de défendre l'Europe. Il faut elles le fassent aussi dans les capitales et pas simplement ici, à Strasbourg. Il faut qu'on puisse avoir cette grande coalition pour l'Europe, parce que je crois que nous avons l'énergie suffisante pour gagner les batailles du présent et les batailles de l'avenir.

Je vous remercie.