



EUROPEAN COMMISSION

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"Europe at a Crossroad"

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Dear Students,

It is an honour to be here today to speak at this distinguished college.

It is also a pleasure to address an audience which so greatly embodies hope in the future of Europe.

Your presence here at the College of Europe is a signal of your interest in, and ambition for, the EU of tomorrow.

And with the EU currently at a crossroad – economically and politically – we need people with ambition to drive our shared project in the right direction.

There is no doubt that the EU is undergoing a period of self-examination and change.

Change is not, in itself, a good or a bad thing. It is what we make of it.

Our common responsibility, as Europeans of today, is to steer this change towards a better Union for the coming generations.

After all, our predecessors did this for us.

Thirty years ago, when I myself was sitting on university benches, I could not have applied to this school, let alone imagine that I would one day speak here as a European Commissioner.

At that time, my country was still under the soviet rule and Europe was more divided than ever.

It is thanks to those who were determined to change things for the better that those divisions are now consigned to history.

It is thanks to them that today we are a Union of 28 Member States, with a strong voice globally and values that inspire people worldwide.

1- The Choice of the European Union

Coming from there, I have one important message for you: Europe matters.

Currently, we are faced with rising doubts about the EU's economic relevance, its political meaning, and its role internationally.

We are seeing some Member States question the merits of EU membership and – unprecedentedly - some candidate countries doing the same.

These are concerns we need to take seriously, and fully engage with.

They must motivate us to review and reform areas that have led to declining support, and to reassess the status quo.

Nonetheless, despite what Eurosceptics might try to claim, **Europe still matters as much today as it ever did.**

It matters to the everyday lives of its citizens, and it matters to the rest of the world.

European unification is a success like no other in history.

The Union brought peace to a continent which had been perpetually plagued by war.

It brought us prosperity, even if this is sometimes difficult to remember in the current economic climate.

It has allowed us to become both the world's biggest economic power and a mighty political voice on the global scene.

And all of this comes from 28 countries agreeing that their common interests are more important than their national differences;

Our Member States accept that the benefits of the Union make it worth sharing the dearest thing that they have – sovereignty.

Choosing to be part of the EU is about buying into a whole set of values.

It is about choosing peace, freedom, security, justice and the rule of law.

It is about choosing a free market economy underpinned by a unique social model.

It is about choosing sustainable development, environmental protection, scientific advancement and cultural promotion.

More than anything, it is about choosing a critical mass that makes all of this possible.

Solidarity has always been at the core of the European project.

When coupled with responsibility, it is the best – the only - way to face the future.

The only certainty any of us have about the future is that things will change.

To cope with these changes, we must recognise the strength that comes from our diversity. The diversity within our Union is one that should be cherished and preserved.

Economic history has shown that those who are best adapted to the challenges of a particular time, may be the most unprepared for new challenges that come 10 years down the road.

If this was the only reason to act with solidarity, it would already be enough.

2- How to work together

Given the importance of both solidarity and diversity in our Union, the question that we now face is how to best balance the two – particularly in the face of the challenges that confront us today.

For example, the economic crisis left no doubt that if we want to preserve our most important project to date – the EMU - then the Eurozone needs to integrate further.

Hence, we've seen Eurozone members deepen the ties between their economic and budgetary policies through substantial new legislation and governance procedures.

They have also decided to create a Banking Union, an ambitious but vital project that is progressing at full speed.

At the same time, those outside the Eurozone must not be marginalised or left behind. Nor should our Single Market be undermined.

Therefore, an important – and new - feature of the deeper EMU is that legislation for the Eurozone is also open to non-euro Member States. I believe that this is a model that will be increasingly used in the future.

A similar approach was taken with the Schengen area, to use another obvious example.

And even in my own policy area of taxation – where progress is notoriously difficult, due to the unanimity rule – we have seen a major leap forward this year.

The need for reasonable harmonisation of taxation for a real Single Market was identified more than 50 years ago. You don't need to be an expert to see that this goal has not been achieved.

Except in the field of VAT and excises, tax harmonisation in the EU is still, unfortunately, minimal.

One of the main reasons for this is the decision-making process. Taxation is one of the last areas not covered by the ordinary legislative procedure - tax legislation has to be adopted unanimously in Council.

And, as I'm sure you can imagine, trying to reach unanimous agreement with 28 different countries is not an efficient procedure.

However, earlier this year, we saw a revolutionary move in EU tax policy. Using the enhanced cooperation procedure, 11 Member States chose to move ahead together with a common Financial Transactions Tax, when unanimous agreement proved impossible.

This is the first time ever that enhanced cooperation has been used in taxation. And by facilitating those who aspire to greater progress, it may open the way to quicker and better results in this field in the future.

Basically, in a Union of 28 countries – each with their different priorities, sensitivities and needs – I do not believe we can expect a "one size fits all" EU.

Nor can we work on a "lowest common denominator" basis, where he who drags his feet sets the pace for all the others.

So what we need is an approach which supports the more ambitious Member States, while respecting those that need more time to come on board.

We need a "fast lane" for Member States that want to integrate more quickly, while always leaving the door open for others to join later.

Will this lead to a more fragmented Europe? I don't believe it will.

In fact, it would be an effective way to ensure that, on one hand, we preserve our united values and policies, while on the other hand, we alleviate current tensions arising from different national needs.

It is a way to strengthen and safeguard our Union, by making it work for each Member State as well as for the collective good.

3- A more political EU

Another way in which we must strengthen the European Union is by making it much more political.

The EU cannot be only about rules and laws.

While these are essential to the functioning of the Single Market, they are not sufficient in themselves to sustain the European project.

This year, your promotion here at the College of Europe is named after the great Enlightenment thinker, Voltaire.

Well, Voltaire, in his writing, constantly questioned the established truth of his time. More than that, he invited his contemporaries to do the same.

Today, this questioning remains as important as it was in the 18th century. There is not one single truth. Governing the EU cannot be based on economic equations alone, or a machine could do it.

So the terms of our collective cooperation need to be checked against reality from time to time.

If we want a strong Union, backed by its citizens, it must be built on a solid political base, democratically representing the people of Europe.

I expect a lot from next year's European elections in this respect.

Thanks to the Lisbon Treaty, the Parliament will, for the first time, elect the president of the Commission based on the results of the European elections.

As a result, we can expect that the next Commission will be much more political.

Don't misunderstand me: this is not a criticism of how we work today.

I come from a country in which, not so long ago, all decisions were taken remotely from "above".

Having experienced that, I can assure you that this is not at all the case in the EU - despite what opponents might try to claim.

Nonetheless, a Commission appointed on the basis of democratic European elections will strengthen our legitimacy further, and rob the Europhobes of ammunition.

Beyond the commonly agreed rules, Europe needs to be governed with clear direction.

It needs to have clear and understandable policies, which have relevance for its people.

A strong industrial policy, an ambitious research policy, a responsible environment policy, and a balanced trade policy, are just some examples of what people tend to adhere to.

Meanwhile, we need to better explain other important policies which are, perhaps, more difficult for the public to grasp.

A concrete example is the European Semester.

You may be aware of this new system of economic governance, designed to support the Europe 2020 strategy for growth and jobs.

The European Semester serves to coordinate policy priorities at EU and national level, and to ensure that everyone is moving in the right direction, together.

It is definitely a very important step in European integration - one that will make the Union stronger both at home and on the global scene.

The European Semester was agreed on – and is implemented - by the Member States themselves.

Nevertheless, some perceive it to be an external constraint imposed by "Brussels" on their country.

This is the reason why we need a more political Europe.

All policies carried out at EU level should be clearly identified by our citizens as a common choice, and Member States need to take more ownership of the decisions they make.

4- EU in the global concert

As a final point, let me discuss briefly Europe's relevance at global level, and the importance of maintaining our international standing.

The EU is the world's biggest trading power. Despite the fact that we make up only 7% of the global population, we account for 20% of imports and exports.

The EU is also the world's primary donor in terms of development aid - more than half of all money spent on developing countries comes from the EU and its Member States.

Our Union matters in terms of size but, even more importantly, in terms of influence.

Our voice is very influential in global fora, such as the WTO and the G20.

I can offer you, again, an example from my own portfolio to illustrate this point.

For many years, the EU has been the international flag-bearer when it comes to tax transparency and fighting tax evasion.

We apply standards of good governance that go way beyond the current global minima, including automatic information exchange between tax authorities, and principles of fair tax competition.

Recently, a new interest in fighting tax fraudsters and evaders has emerged on the international arena.

And with our experience and collective weight, the EU has helped to convince the international community – through the G20 – to develop new global standards for taxation which greatly reflect our own approach.

The result will be fairer taxation worldwide, and greater success globally in clamping down on those who avoid or evade their taxes.

In essence, the EU has key values which should be promoted and defended across the world. It also has the weight of 28 countries to make its voice heard.

In the context of globalisation, this is something we should preserve and develop.

Conclusion

To conclude, Europe is at a crossroad – but this can be a good thing.

Choosing the right path to follow as a Union will lead us to a brighter future.

The crisis has raised a number of relevant questions which we must address together.

The answers lie in a European Union that embraces the differences between its members while preserving the spirit of solidarity.

A European Union that is more political, with all actors – whether EU institutions or national governments – aspiring to greater engagement of the citizens.

And a European Union that champions its values on the global scene, and continues to draw other countries towards democracy, justice, freedom and fairness.

Now I turn back to **you**, as young and committed Europeans.

Your generation has the potential and capacity to steer the evolution of our Union, and your voice in deciding the future of Europe is crucial.

Therefore, I would like to thank you for listening to me, and I now welcome this valuable opportunity to hear **your** views.