

HOW TO BUILD A FAIR AND THRIVING EUROPE
Speech at Istituto Affari Internazionali IAI,
Rome, 14 October 2013

CHECK AGAINST DELIVERY

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Dear friends,

We all know what an immensely difficult period Europe is going through economically.

Clearly, some member states are hit harder than others. Italy is in a historic recession.

But we are all suffering. My own country, Finland, lost 8 percent of its GDP in just one single year, 2009.

Europe's economies are slowly beginning to look stronger, but we still have a long way to go.

That is why I want to speak to you about the economy and our urgent need to create new jobs.

But not only that.

I also want to tell you how I see the future of European integration, and what I think we should do together.

In Finland, but probably also in other countries, it has become fashionable to blame the EU for all troubles.

People are quick to say what they do not want from Europe.

Some don't want European bureaucracy. Others don't want Brussels to tell their country should balance public budgets. Some others are tired of rescue packages.

This negative thinking is taking us absolutely nowhere.

It is high time we stopped saying what we do not want from the European integration.

Let's focus our energy on what we do want from it.

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Europeans across the continent share certain common aspirations.

People want jobs. With six million young Europeans without work, new jobs must be our top priority.

People want freedom. They want to move, study or work wherever in the European Union they choose. They want to speak their mind and trust that the law treats everyone equally.

And people want to feel safe, not having to fear for violent conflict, environmental catastrophes or rampant crime.

Can the European Union provide all that? Not by itself, obviously.

But the fact is that European integration has delivered peace, stability and wellbeing to European citizens on a scale never seen before in the continent's history.

The history of European integration is impressive. The Nobel Peace Prize was no accident.

But we must work hard to make sure that Europe also has a bright future.

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Ladies and gentlemen,

What should we do, then?

I say we should focus on very pragmatic steps to build a fair and economically thriving Europe.

It means taking practical decisions to deepen European integration in areas which make our continent more competitive and dynamic.

And it means carefully nurturing our mutual respect and shared sense of fairness.

Let me first elaborate on WHAT Europe needs in order to thrive economically.

And then I will say HOW I think we should proceed. This HOW is equally important, because in challenging times like this, style really matters.

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Europeans need jobs. To create new jobs, we need new economic vitality.

What matters the most is our ability to meet global competition. Unfortunately the EU countries have been losing their competitive edge.

There is quite a lot we can achieve together at the European level. Europe's economic governance has taken big leaps forward.

But the truth is that no one can reform national economies but the member states themselves.

Also Finland has been losing its competitiveness. It is true that Finland still scores high in international rankings, but the reality on the ground tells a different story.

Finland has lost 100 000 industrial jobs in ten years. That is quite a lot in a country of just 5 million people.

Our traditional industries - paper, ICT and machinery - are moving out of the country. Nokia mobile phones was just sold to the Americans. We get news about additional layoffs practically every week.

The government has reacted in three ways:

We have implemented a tax reform to boost private sector investments and jobs. This included a six per cent cut in the corporate tax rate.

We have adjusted our state budget by three per cent of GDP. That means large spending cuts and tax hikes.

And now we are introducing structural reforms to streamline public services and encourage more people to work.

These reforms are complicated and highly unpopular. But they are necessary to boost our economy and to refresh our Nordic welfare model.

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While each member state presses on with national reforms, we must collectively push for reforms at the European level.

We cannot - and should not - shy away from competition, because openness is the key to Europe's economic future.

For the European Union, I see the following priorities:

First, we need to unleash the full potential of the Single Market.

The European Commission estimates that completing the Digital Single Market would alone boost Europe's economic growth by 500 billion euro by 2020. We simply cannot afford to miss that opportunity.

Work on the Digital Single Market is now moving ahead quite nicely, but there are still barriers to be removed.

The goal is to give European businesses and consumers full access to a large home market without dealing with 28 separate sets of national regulations.

Europe needs better broadband infrastructure. Our systems for VAT collection and e-payments must be updated. We need a modern EU copyright regime. And so on.

Regulation must be clear but leave space for technological innovation.

Next week's European Council is our chance to push the Digital Agenda forward.

Another part of the Internal Market that is not working properly is energy. Reliable access to energy at reasonable prices is essential to Europe's competitiveness. Unfortunately, we have a long way to go.

Second, we must reap the benefits of trade and investment agreements with the United States and other key partners. The European Commission has calculated that implementing an ambitious trade agenda will create two million jobs in Europe.

European companies need access to new markets and opportunities. We must also open our own markets for more competition.

If we put up barriers, we Europeans are the ones cut off from the world's economic pulse.

Third, we must complete the banking union as a matter of priority. Banking union is essential to normalising the European financial market and providing businesses and consumers with the financing they need.

Banking union is essential also for organized, swift and legitimate resolution of future problems with banks.

I am optimistic we can agree on the Single Resolution Mechanisms before the current European Parliament ends its term.

Related to business financing, we should identify innovative ways to provide funding for Europe's small and medium size enterprises. In many EU countries - such as Italy - SMEs are the backbone of the economy. SMEs provide two thirds of Europe's private sector jobs.

Fourth, Europe must regain the upper-hand in new technologies and industries. This means bigger investments in education and innovation.

I am glad the new EU budget allocates more resources to Research and Development.

Clean technologies is one particular area where Europe could take the global lead. We have the knowledge and the capacity to innovate. We just need to give our businesses the freedom and the right incentives to grow. It is essential we design the EU's climate targets beyond 2020 in an ambitious and smart way.

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One final point on making Europe thrive economically: We need to reduce the burden European legislation puts on our businesses and jobs.

I am not talking about rewinding integration or returning powers back to the member states. This economically fragile period is not the right moment for that debate.

We need European legislation in order to advance our common goals on the environment, the Single Market and other key issues. But EU legislation must be designed and implemented in a way that does not hurt the economy and jobs.

Italy is a prime example of Europe's strong entrepreneurial spirit and vibrant SMEs. Many of your companies are family businesses with long traditions and global customers.

The EU's job is to set these companies free by opening new markets and knocking down barriers.

The European Commission has just issued a report on its REFIT initiative to make EU legislation lighter. This is a very valuable effort, and I thank the Commission for its work.

But more must be done, also by the European Parliament and Member States themselves. The key is to see that new EU legislation boosts jobs and competitiveness, and not the opposite.

Addressing cumbersome rules is important also to the way citizens perceive the European Union. If people see the EU as a source of heavy and illogical regulations, we risk losing sight of the European idea.

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As you can see, I view deeper European integration as the right way forward.

But when we talk about deepening European integration, we should also discuss the style in which we do it.

At a time when so many Europeans have lost their job, it really matters how we move forward.

Populists and euroskeptics try to ride on our common economic difficulties.

We must not let the pressing economic and social challenges poison the whole idea of European integration.

And we should not reduce the debate about Europe's future in to a simplistic choice between fully-fledged United States of Europe or mere technical free trade area.

This economic and political climate calls for an approach, which is pro-European and forward-looking but also pragmatic and result-oriented.

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Dear friends,

During my visits to other countries, I always try to make time to meet students, business people and others to hear how they see things.

When talking to people outside official meetings, I have often detected a certain feeling of unfairness towards other EU states and citizens.

I can understand it. Many people worry about their jobs, their pensions and their children's future.

But Europe cannot afford division. Especially not now.

In challenging times like these, Europeans must stay together. United our countries are much stronger than they would be alone.

How can we reinforce our collective sense of fairness towards Europe?

One: We must fully respect Europe's core value at all times: Human dignity, freedom, democracy, equality, the rule of law, and the respect for human rights.

The European Union is so much more than a free trade area - it is a community of shared values, built on democracy and the rule of law. In our community, we have replaced the use of force with the rule of law.

We must defend those principles also when they are challenged from within. Therefore I have proposed we improve the way we monitor the Rule of Law in the EU.

Two: We need strong European solidarity and we need strong national responsibility.

Europeans should help each other when help is needed. Be it a question of catching up economically or responding to sudden financial crises; monitoring EU's external borders or reacting to natural disaster.

Finland wants to play its part.

Our share of the EU budget will increase and we are helping countries in need of financial assistance. We fully supported the youth employment initiative and the allocation of 6 billion euro to tackle youth unemployment.

The tragic events off the coast of Lampedusa reveal a challenge that requires joint European action.

Finland supports additional EU support to the region. We are investigating our possibilities to contribute personnel or vessels to a Frontex operation, if requested.

We need European solidarity, but each member state must do its best to keep its own house in order economically. In our close community, national decisions in one country have an impact on the rest of Europe.

Keeping your own house in order requires hard and often unpopular decisions. People usually don't like reforms. I can see it in Finland right now.

But it is the governments' duty to do what they see right. It is their obligation towards their own people but increasingly also towards other Europeans.

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Ladies and Gentlemen,

European integration has been remarkable success story. It has brought peace to our continent. It has helped us combine free market economy with social and environmental responsibility.

But today European integration is being challenged like never before.

We have a lot to defend, and we should defend it with pride.

I am confident that the European Union will emerge from the crisis stronger than before.

It will take time and the road ahead will be bumpy. But thanks to important reforms, we already see our economies getting stronger.

What is essential now is that we stay the course.

And that we focus our energy on what unites us, not on what separates us.

Because together we are stronger than any of us would be alone.

Thank you.