



European Parliament marks ten years of the euro

EP President Hans-Gert Pöttering welcomed ECB President Jean-Claude Trichet, Eurogroup chair Jean-Claude Juncker, Economics Commissioner Joaquín Almunia and former French President Valéry Giscard d'Estaing for a formal session marking ten years of the euro.

In his opening speech, EP President Hans-Gert **Pöttering** called the common currency "a bastion of economic stability", saying that "the creation of the euro was a logical development for a growing economic community". "Today, in the European Parliament we are celebrating one of the most important historical decisions made in the European Union," he said.

In spite of scepticism surrounding the planned common currency, after ten years "we can see that the euro has created a lot of trust, and has offered a lot of benefits for EU citizens and companies", he said, adding that with the majority of trade being internal to the euro areas, it "is better prepared to protect Member States from external shocks".

The euro a "decisive element for stability"

Pointing to the worldwide financial crisis, the EP President said the euro has proved to be "a decisive element for stability", with the European System of Central Banks acting as "a stabilising factor". "The common currency has protected us from the worst consequences of the worse financial crisis since the 1930s", he said.

Hans Gert-Pöttering cited Ireland as a country that had been particularly hard-hit by the financial crisis, but its membership of the common currency meant it had been "defended from a much worse crisis".

A positive sign of EU integration

The creation of the euro was not solely an economic decision, he said. "It was a strong signal that the European Union can make far reaching decisions in order to create a common future based on prosperity. The common currency is seen as one of the most positive developments and a positive sign of integration of the EU by many citizens."

Today, more than half of the Member States have adopted the euro, with Slovakia becoming the 16th member of the eurozone. "I'm confident that when we celebrate the next birthday of the euro we will have yet more members and the goal should be that all Member States of the European Union, on the basis of the stability criteria, adopt the common currency."

Trichet: euro "one of the great achievements of Europe"

ECB President Jean-Claude **Trichet** told MEPs that the euro was "one of the great

achievements of Europe... One day it will be seen as decisive step on road to ever closer union of peoples of Europe."

"Since the introduction of the euro, fellow Europeans have enjoyed a level of price stability which previously had been achieved in only a few of the euro area countries. This price stability is a direct benefit to all citizens. It protects incomes and savings, and it helps to bring down borrowing costs, thus promoting investment, job creation and prosperity over the medium and long term. The single currency has been a factor of dynamism for the European economy. It has enhanced price transparency, increased trade, and promoted economic and financial integration within the euro area and with the rest of the world."

"A large steady ship is better in turbulent waters"

"In recent months we have seen another benefit of the euro: the financial crisis is demonstrating that in turbulent financial waters it is better to be on a large, solid and steady ship rather than on a small vessel." We could, he said, be proud of the reaction of the European authorities to the crisis.

The euro, he said, was now firmly established as a stable currency with a sound central bank. Its future success would depend on how well Europe reacted to the weaknesses revealed in the global financial system, firm implementation of the Stability and Growth Pact and constant efforts to render our economies more productive, while avoiding competitive divergences between Member States, as well as properly handling future enlargement. "This is certainly a time for celebration, but not for complacency," he said.

Juncker: Europe's determination to see ambitious plans realised

Eurogroup Chair Jean-Claude **Juncker** said "Europe has often showed the ability to develop ambitious plans and the necessary determination to see them realised. The EU itself is the best example of that, along with the internal market, enlargement - and Economic and Monetary Union." There had, he said, been many detractors of the idea of a single currency. Many people argued it was not possible or that it would be weak and have no future.

"On this anniversary, we pay tribute to creators of euro, their vision, determination and commitment to Europe. We have 16 Member States in the euro and for millions of citizens who use the euro it is the clearest sign of European integration, an anchor of stability, protecting us from the worst consequences of crises. It is an undisputed success."

Real tests for euro ahead

But, the real test for cohesion of euro was still ahead, he said. 2009 would be an extremely difficult year for the citizens and economies of eurozone. "Governments will have to act together to tackle the impact of the crisis and invest in structural factors to build for future."

Protection linked to credibility and implementation of prudent macroeconomic policies: "we must preserve that achievement."

"Externally too, we have to learn from crisis." There was need for a thorough reform of the global financial system and also to eliminate imbalances between consumption and saving around the world: this would need the cooperation of the United States and the major economies of Asia. Regarding the euro's external representation, Mr Juncker said that too often national interests dominated the stage and the euro area's real economic weight was not felt in international forums.

Almunia: EMU an "unarguable success"

The euro, and European Monetary Union are an "unarguable success" of which Europeans can be proud, and which are still providing strength and stability in the current crisis, said Economic and Monetary Affairs Commissioner Joaquín **Almunia**.

The euro, he said, had become the world's second currency, functioning, like the dollar, as an instrument for international trade and payments. For almost 330 million citizens in 16 countries, it is also a symbol of

shared identity and a key part of the EU project, he continued, noting that stability and low inflation have driven trade and investment among euro-zone members, and helped to create 16 million jobs - three times as many as in the previous decade.

A protection against external imbalances

The euro also "protects us against external imbalances", said the Commissioner, stressing that without it, the crisis would have been far worse, inducing exchange-rate volatility and perhaps speculative attacks on currencies. At the same time, the European Central Bank took the necessary measures and led co-operation with other central banks that helped to prevent collapse, he added.

"We must now go on working with each other and with the international community to ensure our economies recover sustainable growth", said the Commissioner, stressing the need for budget vigilance and structural reform.

Giscard d'Estaing: biggest contribution since first EP elections in 1979

"This celebration is justified", said France's former President Valéry **Giscard D'Estaing**, because the euro has made "the biggest contribution to the European project since direct elections to the European Parliament were introduced in 1979".

The euro's success has exceeded the expectations even of its promoters, said Mr Giscard D'Estaing, noting that in 10 years had become the world's second currency, and stressing that "sound management is our shield in times of crisis".

"We look to monetary policy to limit the depressionary effects of the crisis and restore low-inflation growth", said the former President, paying tribute to the European Central Bank's expertise, determination and independence.

"We should nonetheless be wary of seeking a 'global dimension' for the euro", he warned. Whilst this might "flatter the vanity" of some, it would "lead to pitfalls", he said. The euro can nonetheless act as "a factor for stability in the concert of world currencies".

Work needed on financial supervision

Financial supervision needs "maintenance work", said Mr Giscard D'Estaing, who recommended starting with Maastricht Treaty Article 106, paragraph 5 (amendments to the Statute of the European System of Central Banks).

The euro's success should "redouble our courage to take the next step in building a united Europe under the treaty - and find the dynamics of success", concluded Mr Giscard D'Estaing.

Rapporteurs on EMU@10

The chairwoman of the Economic and Monetary Affairs Committee, and co-rapporteur on ten years of EMU, Pervenche **Berès** (PES, FR) said that the euro was a success resulting from vision and political determination, not flowing from market: "It shows what Europe can do when all are mobilised to a single end." She was pleased the ceremony was taking place in "in this house of democracy – it is the currency of all of us, not just of the banks. It has been adopted by citizens as symbol of belonging." The crisis, she said was making people think again about whether to be in or out: "We must encourage them in process, according to the terms set out in the treaty."

In future, the euro, she said, "rich with ten years of experience must now open new areas": she mentioned economic cooperation on world stage, the quality of public spending and supervision of financial markets, where the central bank should have a role.

Werner **Langen** (EPP-ED, DE), the other co-rapporteur on ten years of the euro, stressed Parliament's role in the creation of the euro and warned of the need to take seriously the stability and growth pace and strong

coordination of fiscal policies, which were both essential in a unique project of having centralised monetary policy but decentralised budgets. Economic and Monetary Union had become "a fitness programme for Member States" and efforts needed to continue. "The euro has been well received," he said "It has withstood a baptism of fire to become a means of integration for peoples of Europe."

Political group speakers

For the EPP-ED group Jean-Paul **Gauzès** (FR) said "the euro is the symbol of Europe and the best possible proof that Europe is capable of long term decisions for a prosperous future." It had not always been easy: some retailers had rounded up prices at the switchover and as the euro rose on the exchange markets exporters made their concerns felt, while some challenged the ECB's independence. But all agreed that the ECB's decisions in the crisis had been timely, and that it would have been worse without the euro, he said – without it we would have faced a series of currency crises.

For the Socialists, Robert **Goebbels** (LU) said it was important that we could rely on a strong currency in times of crisis. The creation of the euro demonstrated, he said, that "All those who wanted a better Europe had no need to fear action agreed between governments wanting progress." Now even in the UK some were questioning their "splendid isolation." The euro had become a second global reserve currency: "perhaps we are heading to a bipolar system with the euro and the dollar."

Action to inject dynamism to the economy was not being taken by Member States acting together: they were scattered, but if they united, they could achieve spectacular results, he said. There was nothing to prevent better coordination of economic policy, especially on external representation.

Wolf **Klinz** (DE) spoke for the ALDE group. He recalled how some had said the creation of the euro was "mission impossible. Now it is a fact of life and a minor economic miracle." Over time it had been accepted with enthusiasm by citizens. Inflation had been lower than the average in Germany over the previous 50 years.

Only now, he said, was the euro showing its true mettle in a moment of crisis. He warned against action that distorted competition, and called for firm implementation of the stability and growth pact. We also needed, he said, to ensure the Eurozone can speak with one voice.

The UEN group was represented by its co-president Cristiana **Muscardini** (IT), who stressed the euro's "key role in international trade, as a reference currency for world." Despite hiccups, she said, "we now see a more stable level of prices." The euro was not created via "political hegemony or clash of arms – it was a reflection of a belief that it was a necessary step towards the political union which still lies before us as a goal to attain".

It had, she said, seemed impossible to have financial policy divorced from economic policy, but there is coordination – even if this was not an easy task. Policymakers needed to work in tandem with ECB, she said, with a common economic policy, sharing strategic goals.

Alain **Lipietz** (FR), for the Greens/EFA group, recalled that his party had opposed the euro at the time of the French vote on the Maastricht treaty. However, "like all Greens, I am enticed by developments in economic and monetary policy in practice." There was effective price stability, the reformed stability pact allowed for counter-cyclical policies and there was proper dialogue between the ECB, the Eurogroup and the Commission. Still, there should be, he said, a better way to set exchange rate policy to reflect industrial needs and better account taken of the Lisbon and Gothenburg agendas.

Ilda **Figueiredo** (PT) spoke for the GUE/NGL group. She said blamed "neoliberal policies" for an increase in inequality, unemployment and poverty. It was "unacceptable to keep price stability as an ideological goal." Insistence on wage salary moderation meant real terms cuts for ordinary people, especially in Portugal. Now, in the financial crisis, we were seeing the nationalisation of losses and the privatisation of profits. There needed to be a clean break, to have real policies for social cohesion, she said.

Co-President of the IND/DEM group, Nigel **Farage** (UK) said he doubted there would be a euro to celebrate

Press release

on the 20th birthday. He likened the preceding speeches to Soviet bureaucrats making announcements of success in the face of reality. "The euro is all about the political class imposing its will on the people of Europe. The only countries to have referendums on the euro – Denmark and Sweden – voted no." Now the eurozone would be tested with major problems in Italy and Spain, and in particular Greece, which he said was in "an economic prison" where a change of government could not lead to a change of policy because of the euro's straitjacket. In such circumstances, violence was not a surprise, he said.

Roger **Helmer** (non-attached, UK) said that all the half-dozen or so attempts at currency unions in the last 200 years had failed. Bond spreads showed, he said, that the markets anticipated a euro breakup. "We in Britain can thank Heaven we are not part of this slow motion train wreck," he said.

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