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**SPEECH BY THE PRESIDENT, MR PAT COX
PRESIDENCY CONCLUSIONS**



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SPEECH

delivered by the President of the European Parliament,

Mr Pat COX

to the European Council

on 20 March 2003

in Brussels

As delivered

IRAQ

Now the war has begun in Iraq and we enter a new and difficult phase - one which I hope will be as short and as bloodless as possible.

I am bound to say, the consistent and strong preference of the European Parliament has been to regard war only as a last resort and to invest its faith in UN-led multilateral diplomacy and weapons inspection, believing that these had not run their full course. This remains the view of a majority. But the Parliament was, on this issue, at an Extraordinary Plenary Session here in Brussels today, a House divided, as the European Council is a 'Council divided'.

In Parliament today, we were conscious of the vulnerability of innocent Iraqi citizens, whose humanitarian situation was already precarious before a shot was fired, and of our moral responsibility before them. We recognised in our debate, also, that our fellow European citizens - mostly British - in the military services are doing their duty and that they and their families now carry a burden of concern and special vulnerability. Let me say, as an Irish European, that these men and women are in our thoughts today.

We in the Parliament - as you - agree on ends but have fallen short of agreeing on the means to achieve them. Our parliamentary debate revealed a mature capacity to differ, but to respect the good faith of those with whom we disagreed - a practice I would commend to you at this Council.

The past difficult days and weeks have been a setback for effective multilateralism through the United Nations, a setback for the European Union and a setback for Transatlantic relations. We have much to reflect on. There are questions to be asked, but they are not uniquely attributable to any one side of this complex argument. Failure to compromise is a shared responsibility. It marks a departure from the European way of doing business. It has not been a failure of smaller states.

Let me recall what the Treaty already expects of its Member States: "*The Member States shall work together to enhance and develop their mutual political solidarity. They shall refrain from any action which is contrary to the interests of the Union or likely to impair its effectiveness as a cohesive force in international relations. The Council shall ensure that these principles are complied with*" (Article 11 (2) TEU). That is what the Treaty says.

Despite exceptional efforts by the Greek Presidency, this vocation of mutual solidarity has not been fulfilled by ourselves with each other. Little wonder that others may choose to ignore us when we have chosen to ignore each other.

This is a dark hour, marked by an unprecedented disagreement on the way forward. In our bewilderment we are asking ourselves 'How did it come to this?' And we are asking ourselves whether what we are witnessing is merely an aberration or a foretaste of future problems.

We are faced with a paradox: it is certainly a dark hour, but above all it is the hour for action - a dark hour but, I hope, the hour before the dawn.

Prime Minister Blair, in his statesman-like speech of Tuesday last, emphasised that whatever the outcome of this issue, the debate on Iraq will be a determinant for the shape of the world to come. In this I believe he is right. In the weeks and months to come, the real issue for the leaders of Europe sat around this table is to find a new accommodation, born out of tension which - if correctly harnessed - can be creative; a new European order, in which we define our interest, and on that basis, establish a new European Foreign and Security Policy. This is not the time to look back in recrimination but rather to look forward with hope.

Europe and the people of Europe need a perspective for the future, and the European Council is the body which must give that lead.

Together, we developed a Road Map for enlargement and are close to realising its high ambition. Together we have insisted through the Quartet on the publication of a Road Map for the Middle East. It is high time that we established a Road Map together to chart our rediscovery of what being European really means.

What is our common European agenda?

The **first** item on this agenda is enlargement. I recall that, at our meeting in Copenhagen twelve weeks ago, we stood together with a sense of real achievement, under the banner of 'One Europe'. We must not forget the "Spirit of Copenhagen". Enlargement constitutes a crowning political achievement of this generation of Europeans. There must be no hesitation on the enlargement timetable. There must be no division of Europe into a two-speed process. Division is a word which must belong to Europe's past.

The European Parliament will give its assent to the Accession Treaty at our April part-session, enabling its signature to take place in Athens on 16 April.

A **second** agenda point is the challenge of supporting democracy and progress in South-East Europe. The despicable assassination of Zoran Djindjic, a democrat committed to the rule of law and to a Europe of values, like a haunting "spectre from Serbia", reminds us at this table of our unfulfilled challenge in this region.

A **third** agenda item is our collective interest in effective multilateralism through the United Nations. We need to aspire to something more than the cliché: "US fights, UN feeds, EU funds". Europe has a valid experience in sustainable peace. We know that the technological hardware that can win wars is so much better developed than the *soft-ware* for winning the peace. This is a lesson borne out by the experiences of Afghanistan, Bosnia, Kosovo and elsewhere. Both for those committed to this war and for those who oppose it, together we are confronted today with a need for common action over Iraq itself and its neighbouring states - the need for enhanced humanitarian aid, during and after the conflict, and assistance for economic and political reconstruction in a post-war Iraq, if led by the United Nations.

A **fourth** challenge is the quality of Transatlantic relations. I could not put it better than Commissioner Patten in the Plenary Session this morning: "Most of the things we want to achieve as Europeans, we are more likely to be able to achieve if we are able to work with the United States. It is equally the case that most of the things America wants, are more likely to be achieved if America can work with the European Union, and...it is unarguably the case that the world is better served in terms of prosperity, in terms of security, in terms of stability, when America and the European Union work together." It is in our shared interest to ensure that the United States is engaged and connected, and does not single-mindedly embark on a road determined by isolated self-interest alone.

A **fifth** area of this Foreign Policy pathway is our common approach to the Middle East. The imminent publication of the Quartet's Road Map is welcome but long over-due. It is essential to promote and develop a perspective for peace and co-existence in the Middle East, and, more widely, for the quality of our relations with Arab states.

In short, the clear message which European leaders need to give is that we are determined to put our house in order and, in the months to come, to create a greater coherence and a greater presence for Europe on the international stage.

Let me recall to you what I said at the Extraordinary European Council in February: " If this current debate teaches us anything, it exposes a gap between our aspirations and our capacity to act. At a time when we are debating the future of Europe, we have to realise that constitutions and institutions will be merely empty vessels, if not animated by determined political vision and will. That is the challenge."

THE LISBON AGENDA

Europeans are justifiably concerned about the effects of the war on their daily lives. We need therefore to give some hard thought to the likely economic consequences of the conflict, not just for Iraq but for the global and European economies. More than ever this summit, even if partially eclipsed by Iraq, has vital work to do on economic reform.

It is time to stop passing the buck between governments and the European institutions, and to move decisively from rhetoric to practical reform.

The Lisbon agenda, too, reveals a gap between aspirations and achievements. The Commission's synthesis report clearly states that without additional efforts, the EU will miss its goals, and especially employment targets, by a wide margin. The main reason for this is a failure by Member States to ensure that agreed policies are effectively implemented and applied. The growing implementation gap is stifling growth and depriving European citizens of new jobs.

Lack of reform also risks undermining the role and credibility of European institutions in bringing about change. Setting common policy objectives at EU level with clear benchmarks and deadlines can have a powerful dynamic and give an impetus to reform. But *talk* about structural indicators and benchmarks must not become a substitute for real action and reform. In truth, the rhetoric on reform is not yet being matched by corresponding measures.

A couple of weeks ago, European industrialists issued the warning that their companies will shift research and investment out of the European Union unless the business climate improves. That was a wake-up call from the real world. Another warning came earlier this year in a study presented at the World Economic Forum, showing that the EU is not getting nearer to its goals. In seven out of eight criteria defined in Lisbon, we are lagging behind the USA and other OECD countries.

However, where we have undertaken reforms, these have produced encouraging results. One can, for example, note that those countries, which to the highest degree have implemented the Lisbon recommendations also are the ones who have enjoyed big declines in unemployment and above average growth. Politically, this is not a centre-left point. This is not a centre-right point. This is our practical European experience.

Europe must go for growth. Our ability to pay for health care systems, education, future pensions and in other ways to meet the needs and expectations of citizens, will depend on future levels of economic output.

If we do not go for growth, we risk financially breaking the backs of present and future generations. As the Commission has pointed out we face increased public spending of between 4% to 8% of GDP due to the effects of ageing populations alone!

My next message from Parliament to you is that sound public finances do matter. We risk forgetting the salutary lessons of the past when high deficits and debt contributed to undermining macroeconomic stability and imposed an enormous cost in terms of lost output and high unemployment.

In Parliament's view, investing in people and making concepts like "lifelong learning" a real experience is not only important from a business point of view. It contributes to self-development and enhances the ability to cope with a changing world in a positive way.

In addition, we must invest much more in R&D. The EP fully backs the 3% target set at Barcelona. Private investments should account for the bulk, but let us not forget that a third of the required expenditure is supposed to come from public investments. This is crucial for the development of a more research-driven economy. A European Area of Research and Innovation spanning 25 countries entails vast possibilities for knowledge-based growth.

You will have received a letter from President Prodi proposing amongst other things a timetable from now till the next Spring Council for key remaining Lisbon reforms: railways, energy markets, a Single European Sky, financial markets, procurement markets, the information society, temporary agency workers, cross-border social security rules, bio-fuels, energy taxation, liability for environmental damage and climate change.

We in Parliament are prepared fully to play our part in this reform agenda.

Making a success of economic reform requires both national action and a European framework. Parliament remains on track in its legislative contribution. Council still has much work to do. Our qualitative record on the legislative programme is a good one. It has pushed forward the reform process. We ask Council to match it.

We should now move speedily to conclude the Interinstitutional Agreement on Better Regulation. We hope you will give a clear mandate to Ministers to reach an agreement covering all the main elements of our lawmaking work in good time for the Thessaloniki European Council. EU legislation must be a stimulus not a hindrance to economic reform.

Whether on Iraq and foreign policy, or on economic reform and the Lisbon agenda, my key message to you from Parliament tonight is to make a determined effort to close the gap between what we promise, what we hope for and what we deliver.
