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## **From financial crisis to recovery: A European framework for action**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

Remarks by President Barroso after the extraordinary  
Commission meeting of 29 October

**Brussels, 29 October 2008**

Today, the Commission has set out how we can move from financial crisis to sustainable recovery.

We have approved a policy framework that will be further developed in the near future.

Our initial aim of course is to promote debate and agreement at European level on the general policy approach.

But we also come already with some concrete proposals.

Our top priority is to minimise the impact on jobs, purchasing power and prosperity of our citizens.

Europe must confront the economic downturn with the same robust and coordinated approach we have taken on the financial crisis.

The main instruments for stimulating demand and employment are of course in the hands of the Member States. But if we are to succeed, we must work together at the European Union level.

The Commission has a clear role to play to help Europe get through the crisis and back on track.

Based on this, we will bring forward, on 26 November, a comprehensive EU recovery plan, based on the framework we have approved today. That recovery plan will include targeted short-term actions to add to the medium-term reform agenda under the Lisbon Strategy for Growth and Jobs.

Firstly, measures to help families and households across Europe. We must keep unemployment to the absolute minimum and support those who have lost their jobs. We will review how we can reinforce the effectiveness of the Globalisation Adjustment Fund. We will encourage Member States to re-programme funds under the European Social Fund, to support measures to quickly get unemployed people back into work. I also want to work with Member States to see if we can build on the progress already made under the Lisbon Strategy to help people, in particular unemployed people, to start up new businesses quickly and cheaply.

Secondly, we will push European coordination and work in partnership with Member States to strengthen solidarity.

On the real economy as on the financial markets, we must swim together or we will sink together. EU cooperation is not an optional extra. It is the only way for 27 interconnected economies to weather the storm. This is the moment to achieve – for the first time – a wider economic policy coordination.

Member States should give priority to reforms that contribute to sustaining demand, either through bringing down inflation or targeted support for the most vulnerable parts of the population.

We want also to act in cooperation with Member States on reinforcing Europe's underlying competitiveness, while also responding to the crisis by speeding up, not slowing down, Europe's agenda for tackling climate change. Those are the ways to create growth and jobs that last.

Our energy efficiency agenda, our climate change agenda, our environmental agenda are part of the solution.

The funds available for cohesion policy for the period 2007-2013 are €350 billion. That means considerable support to public investment by the EU's Member States and regions. We need to make sure it is being used in the best way possible to respond to the circumstances facing us. The Commission will explore with Member States the scope for accelerating investment projects and for bringing forward payments to Member States.

We need to find innovative funding for a wide range of transport, energy and high technology networks which can provide jobs in the short-term and also contribute to sustainable growth in the long-term. A better use of public-private partnerships is one way forward.

There is scope to provide new opportunities for the economy, including for SMEs, while at the same time helping the EU to meet other objectives, like those I have mentioned on climate change.

For example, investment in energy efficiency in buildings can provide opportunities for the construction sector while contributing to tackling climate change.

We also need to look at other areas of green technology, for example cleaner cars.

And we need to work on how we can increase demand for energy efficient goods and services through reduced taxation and innovative modulation in tax schemes.

Part of this work can be done also in cooperation with the European Investment Bank. We will propose reinforcing the capital base of the European Investment Bank, which has already put together a 30 billion Euro loan package for SMEs.

This is a time for solidarity. The Community is to provide a loan of €6.5 billion to Hungary under the Community medium-term assistance facility established under Article 119 of the Treaty, in conjunction with IMF assistance and World Bank assistance. This will shortly be finalized in co-operation with the Hungarian authorities.

We also stand ready to provide substantial medium-term financial assistance to other Member States experiencing balance of payments pressures or serious financial stability risks.

Thirdly, we will continue to apply EU rules rapidly and with the maximum flexibility allowed by the treaties.

I believe we should use to its full potential the flexibility that exists within the Stability and Growth Pact, as well as within the competition, state aids and internal market rules.

On the Stability and Growth Pact, of course, there must be scope for fiscal and budgetary policy to be anti-cyclical in a downturn, to maintain demand and protect jobs. This option is a key feature of the Pact as revised by this Commission and there is indeed a strong case for Member States, who have the necessary room for manoeuvre, to consider such measures.

Commissioner Almunia will set out in more detail our thinking on this.

The application of EU competition law already saves consumers up to six billion euros a year. We must use national and EU competition and consumer policies to make markets work better, bringing down prices for consumers and taking full advantage of the single market.

We should re-affirm our commitment to a vibrant single market, the major driver for growth in the Union. At the same time, we must use the full flexibility of our state aid rules, as set out in the Guidelines we issued recently for Member States.

Fourthly, we will work to improve cooperation and coherence at international level.

When you have global interdependence, you need global governance. The international summit on 15 November in Washington must deliver the first results.

This is very important also because of the need to rebuild a climate of confidence, which we believe is part of the solution to the current crisis.

More will be needed. There are signs that the crisis is spreading to emerging markets and the IMF should be prepared to intervene with emergency financing.

At the same time, the global financial crisis is not an excuse for protectionism. Trade barriers shut out prosperity and open the gates instead to short-term, economic populism. So yes to pro-activism, but no to protectionism.

We will continue to use the WTO process and multilateralism to keep world markets open and promote sustainable development.

We must create new export opportunities for European business, including SMEs, through a proactive market opening agenda, including pursuing trade agreements and our market access strategy.

But I want to finish with a word about the real lifeblood of our economies: confidence.

We are in difficult times. It will take time and the right policies to come through them. But Europe's social market economic model, which is renowned for its combination of dynamism, opportunity and fairness, is resilient for good reasons.

Europe is a continent of all the talents. We have our leading edge technologies, our entrepreneurs, and our highly educated young people.

And we have made our economies more resilient in recent years. This leaves room for manoeuvre in the current situation that has not been there in past downturns.

Without the Euro, which has afforded valuable protection against the worst of the global storms, we would be much worse off.

My message today is that we must refocus policy at European and national level on protecting our citizens and businesses, on restoring confidence and restoring Europe's economies to health.

I believe we have the right EU policy tools. Now we need to put them at the service of this European recovery.

I think in all crises there lies also opportunity. And there is an opportunity now, for Member States and European institutions, indeed for European citizens, to understand that acting together, we can make the most of the instruments we have at national and Community level. We can succeed, not only for the good of Europe and European citizens, but also for the good of the world.

There are no miracle solutions and it will not happen overnight. But I believe Europe will come through this economic storm and emerge stronger.