

**Transcript of speech given by the UK Prime Minister, Tony Blair, to the European Parliament in Strasbourg, 26 October 2005 (26/10/05)**

Mr President, Colleagues. It is a very great pleasure to be with you here this afternoon in the European Parliament in Strasbourg, and let me add my word of welcome to our colleagues from the Ukraine. If at any point in time we should ever feel lacking in confidence about Europe and its values, then the interest of people such as our Ukrainian friends should tell us that the values of Europe are strong and are much envied by so much of the rest of the world.

Mr President, my purpose in coming here today is, as I explained I would, to report back on what we intend over these coming weeks to be the basis of the UK Presidency, and I have with me Douglas Alexander, who is our Europe Minister, and after I have left he will stay to answer more questions – especially the difficult questions. However I shall be here, I am pleased to say, for at least an hour and a half to hear both your comments and to answer some of those questions myself.

Can I also say, just at the very outset, to explain how we want to take forward the Presidency over these coming weeks. On 23 June in Brussels we set out an essential vision as to how we combat the challenge of globalisation, and I think it is agreed generally in Europe that we need to get Europe moving and we need to get it moving in the right direction. The question is how we do that? We now have an opportunity, both in the informal summit, which is tomorrow, and then in the formal summit in December, to set out that direction and put in place the specific policies to match it. So over these two summits our idea is first to agree the right direction for Europe economically; then secondly to set out some new priority areas for European action; and then thirdly, on the basis of that and in the context of that, to get a budget deal in December at the formal Council.

Now let me first of all come to the informal summit. This is what I want to come out of this informal summit. The first thing is that I want to get that informal summit to agree effectively the Commission paper presented by President Barroso and the European Commission. That Commission paper is an analysis of the challenge of globalisation and how we meet it, how we meet it both as member states and how we meet it as the European Union. It is, I have to say, a stark analysis, but it is the right analysis. It shows just how great a competitive challenge we have from the emerging economies such as China and India, never mind the United States and others; it shows how important it is we deal with the 20 million people – almost 20 million – unemployed in the European Union; it shows how we must make our labour markets less restrictive, how we have to make sure in research and development, and innovation and other areas, we catch up with the best practice in the world; it shows how in areas like energy, where after all we are going to be importing within the next few years something like 90% of our oil and gas needs, that Europe has to up its game considerably; and it shows also the enormous demographic challenge that we will have, that we will have fewer people of working age, more people in retirement, more people therefore needing to work, and therefore issues such as work-life balance and how we allow people both to raise their family and to work in the workplace is all the more crucial.

So the first thing that we want to do at this informal summit is to get that paper agreed and make that the basis then for the discussion we have about Europe, its social model, its economic future. However, in addition to that we also want to add some specific areas of future priorities for European work, and I just want to go through some of those, if I may. In respect of these areas of future work, we are in addition, as the Presidency, publishing some papers today from academics within the European Union on certain aspects of the challenge we face in each of those areas, and those will be published and available for people, Members of Parliament and of course for people attending the summit tomorrow.

But what are these areas, what are the new priority areas that we should be thinking of? First of all, there is research and development and innovation. We need both to make sure that more of the European budget is spent on those priority areas if those are the future areas for the European economy, and we also need to co-ordinate better how we do the work in these areas. We propose

specifically a European Research Council that is the equivalent of the American National Science Foundation, that will support the funding of research and development projects and gives us the chance in Europe to be forming the world beating companies in the technologies of the future. So one major area for future priority work is research and development.

The second area is energy and energy policy. I believe it is time that we developed within Europe a common European energy policy. For far too long we have been in the situation where, in a haphazard and random way energy needs and energy priorities are simply determined in each country according to its needs, but without any sense of the collective power we could have in Europe if we were prepared to pool our energy and our resources. This should focus, not on new regulatory barriers, but rather on obtaining a genuinely open energy market. It should deal with, for example, a properly integrated European Union grid. Already this is done on a bilateral basis between countries. Think of how much greater economic power and competitiveness we could have if we were prepared to make sure that that was integrated on a European-wide basis. Secondly, we like other major countries in the world, should be prepared to enter into dialogue at a European level with key suppliers of energy, use our collective weight to make our voice heard; and thirdly, we need to be developing ... coming to some common views at least about the possibilities and perspectives on issues to do with areas like nuclear power - I thought certain things might have a mixed reception! But these are areas into which we need to be putting future work.

The third area – universities. Let's be absolutely clear about the situation in Europe today. Our university sector is not competing in the way it needs to with America. You have got China and India developing their university sector in an extraordinary way, and yet if you look at the overall, not just the spending on our university sector, our tertiary education sector, but also where we are getting the value added in the connection between business and university, we don't have anything like the same possibilities in Europe that they have in other parts of the world. Our proposal is that we task the Commission specifically on coming back and reporting to the European Council next year on the challenge facing European universities, how we compete with the United States, how we get more public-private partnership into sustaining them, and more graduate schools, linking business and the academic world across the European Union.

There is a fourth area I would like to suggest for priority work, and that is how we both control migration, but use migration to boost the effectiveness and competitiveness of the European economy. We need both to make sure that we have the proper controls on illegal immigration, at the same time as recognising that controlled migration can actually bring a benefit to our European economies. One of the papers that we publish today is a paper from a French academic, Patrick Weil, and he has also been an advisor to politicians in France, which points out how ironically those countries that have opened their labour markets to those from the accession countries, the accession ten, have actually benefited economically from that opening up. Now I think we need to take those lessons further.

The fifth area is where we need to make far greater progress on what I might call the demographic or work-life balance issues. Now here it is not appropriate for the European Union to be engaged in substantial bouts of extra regulation and so on, but here is where the open method of co-ordination could work properly – in things like work-life balance, in childcare, and provision for people to be able to raise their family and work at the same time, in how we get the best practice in pension and social security systems across Europe. This would be sensible if we were looking at how we modernise the European economy.

And then the final part of priority work is in relation to what was called by the European Commission, the Globalisation Fund. And I just want to make one thing very clear about this idea, the important thing about the Globalisation Fund is this, it should not be a fund that protects companies that need to restructure, or failing companies, or bails out companies that can't succeed. What it should be however is protecting and helping people in circumstances where restructuring has made them redundant or given them difficulties within the labour market. Now to

take an example from the UK recently where we had the Rover works, where thousands of people were made redundant, we didn't stop the restructuring because it was necessary I am afraid economically, even though tragic for the individuals involved, but we did provide real help with retraining, reskilling, finding new jobs around the workforce in order to protect, not the job, but the individual. I think such a fund, if it is done in the proper way, helps us meet the challenge of globalisation, rather than hinders us.

So at the informal Council tomorrow, what we want to propose is that we agree the basic direction in the Commission paper, and then in the six areas of work I have just set out, that we set out how we can make progress on each of those in order to enhance the competitiveness of the European Union, and also its social solidarity in helping people adjust to the challenge of globalisation.

In addition tomorrow, arising out of the special Council that we had on 13 July, we want to propose measures for a counter-terrorism strategy in order that we get agreement to those measures at the December Council. Those should focus on things like the radicalisation of people inside the European Union, the protection of our infrastructure, and in particular how we exchange information and protection better, how we retain that, how we get cooperation between the different security and police services inside the European Union in order to protect our people better, and as the Home Secretary, Charles Clarke, said to you I think when he was here at the European Parliament, we are happy to deal with this in the first pillar so that that can be part of the co-decision-making process. Now if we can agree that tomorrow, then I believe that we have the beginnings at least of the right context in which we can get a financing deal.

In addition to these other issues, there are outstanding dossiers, and let me just say a word about those at the moment. On the Working Time Directive, I hope we can reach agreement under the UK Presidency, we will certainly try to do it. In respect of the Services Directive, we know the position taken by the European Parliament, I still however hope that it is possible to get political agreement on the right way forward here, because I say this in all sincerity to you, the Services Directive is a necessary part of completing the single market and it is important for Europe. I would also like – you know I decided to come to the European Parliament today, and was unable to attend the British Parliament, this is a kind of reminder, so thank you for that. Can I also say I would like - and this may get me into further trouble - but specifically say to the President of the Commission, who I congratulate on the work that he has done over the past few months, and say that Commissioner Verheugen's proposals on deregulation are an important indicator that Europe is prepared to regulate where it is in the interests of its citizens, but prepared also to deregulate where it is necessary for our competitiveness. I think colleagues, this will be giving our Ukrainian colleagues an excellent example of what a modern democracy is all about.

When we then come to the December Council, it is our intention to do our level best to reach a financing deal, and I want to make it quite clear, I know this particularly from conversations I have had with members from the accession countries, obviously for all of us the European budget is important, and as we know in Britain there are major issues that arise in connection with it. However I think we should remember – that is we, the 15 members of the European Union as was some time ago – that for the accession ten countries this is of fundamental importance to them. And what I want to say to you is I acknowledge our responsibility as the Presidency to do our level best to reach agreement. I hope we can do that, whatever the particular level the budget may be.

Also can I just make one other point, which is that if we are to get a budget agreement, however, and I know that people want that, they want it in the European Parliament, they want it in the European Council too, we are going to be in a better position to get that agreement if we have agreed an economic direction, new priorities for work, and if those can then influence the outcome of that budget debate. That budget debate has got to make a start in this financing deal in re-ordering the priorities, and it has got, through the review process, to be able to give us a forward perspective of a more rational way to spend the European budget in today's world. If we want our economy to meet the future challenges, at some point we have got to make sure that the budget is aligned with the economic priorities of our citizens, of our business and of our workforce.

Now finally on the external relations. In respect of climate change you will know that we have successful agreements both with China, India, and also with Russia, on the issue of how we take forward a proper dialogue on climate change. And in particular I would commend to you the coal demonstration plant, with near zero emissions, that we have agreed with China for Europe to build. I think this could be an important signal for the future, and I am perfectly happy, in response to questions, to say more about climate change in a moment. In December also we hope we can get agreement at the December Council on an Africa strategy. I think Europe can be proud of what we have done in respect of development, but the truth is we need to do more, and we also need incidentally for these reasons to have a successful outcome to the WTO negotiations in Hong Kong. In defence, it is just worth pointing out that when we began the process of European defence, people were very sceptical. Today we have 9 different European missions round the world, undertaken by European forces, and that shows that European defence can indeed work. And of course we have had the accession negotiations with Turkey and Croatia opening.

Now our aim therefore is to get the following things done: a new economic direction agreed; new priorities for European work, in areas like research and development, energy, universities, migration, demography and so on; a future financing deal that is fair, that makes us start on addressing those priorities and gives the perspective in the future of being able substantially to re-order the European budget; of getting a justice and home affairs set of conclusions that allows us to combat terrorism and illegal immigration, whilst taking the benefit of proper managed migration; to take forward our defence, particularly common defence policy in areas like strategic airlift and air-to-air refuelling; to get clear December conclusions on a development strategy for Europe in respect of Africa; and to make sure that we keep to a strong process of change in order to combat greenhouse gas emissions and the environmental challenge we face.

We came to the point a few months ago where as a result of the No votes in the referendums, there was a sense that Europe was in paralysis. If we want to get Europe moving again, and in the correct direction, then we have to agree both what that direction is and the specific measures to get us there. If we are able, through the course of these next few weeks, to offer at least some explanation and answer to our citizens of how we meet the challenge of globalisation, how we give greater security in the era of global terrorism and mass migration, how we have a foreign policy that uses Europe's collective weight for the benefit of the citizens of Europe, if we are able to do that then we will at least have made a start on putting Europe back together again, on the right track and moving forward.

No one Presidency can achieve all of that, but if we can achieve what we have set out here, I think it will be significant. I came here today in order to report back, both on what we have done and what we intend to do over the next few weeks. I can tell you we intend to report back again and make sure that you are kept constantly in touch with the deliberations within the Council. And if I may end on this point, Mr President, it is important that we make sure that in addressing these challenges, the European Commission, the European Parliament, the European Council, work together and work together closely. That is our desire. As is obvious from the debates you have, and the debates we have with you, we are not always in agreement, but to return to the point I made at the very beginning, it is also obvious from those up in the gallery watching our proceedings, that Europe has an immense amount to be proud of, but it is time we showed our citizens that the next 50 years could be as good as the last.

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