

# Prime Minister Katainen's statement at the Parliament's plenary session 16 April 2013

(check against delivery)

Mr President, Honourable Members,

I would like to thank President Schulz for his invitation to address the European Parliament today.

This is a very special honour for me personally, because I have been active in European affairs all my adult life.

Thanks to European integration, I belong to a generation which has had more opportunities than the generations before.

Thanks to European integration, I had the opportunity to complete part of my studies at the University of Leicester in the UK. As an ERASMUS student, I spent a year there studying European affairs.

This experience opened my eyes to the importance of European integration. It was a period of great optimism. Finland had joined the European Union. The implementation of the Economic and Monetary Union was accelerated. Preparations for the next enlargement - which united Europe - were gradually gathering pace.

\*\*\*

Mr President,

Today, we live in more difficult and challenging times. We are in the middle of an important debate about Europe's future. I am therefore grateful for this opportunity to exchange views with you. I have come not only to speak to you, but also to listen to you.

The debate about European integration is overshadowed by the economic crisis. People worry about their jobs, their pensions, their children's future. With far too many young people unemployed, it is easy to see why they are worried, even angry.

The public mood in many parts of Europe is pessimistic. Let's be frank about it. Personally, I fully understand this mood. But it worries me.

We all have been forced to make very difficult choices during the financial crisis. Consequently, nationalism and populism are on the move. These painful decisions have undermined people's trust in the European project.

My fear is that we turn inward, when we should open up.

That we doubt each other's motives, when we should come together.

That we allow extreme voices to lead the European debate, when we should present a credible, pragmatic way forward.

We as political leaders have to respond to people's concerns and fears.

We should not let pressing economic and social challenges poison the whole idea of European integration. We should not let nationalistic and populist voices dominate the European debate.

They will blame the EU for all our troubles. Or they will say – often from outside Europe – that the only solution is to create fully-fledged United States of Europe here and now, without raising the issues of democratic legitimacy and national responsibility.

Why are we -- the pragmatic pro-Europeans, who know that we need both more Europe and more national responsibility -- let this debate be dominated by the extreme ends of the spectrum?

I don't understand those who stir up divisions between south and north. If we are divided, we forget our common value base and lose our ability to build Europe together. We simply cannot afford that. We have difficult decisions at hand but we must stay united.

Mr President, Honourable Members, it is our duty to take the stage and challenge these extreme positions. We must explain to people why deeper European integration is the right way forward. To get people's support for this agenda, we must make sure the overwhelming majority of Europeans find integration to be just and fair.

You in the European Parliament know what I am talking about, because you represent the peoples of Europe.

As responsible politicians we must set the European agenda. We must present solutions to Europe's political and economic challenges. And we must win people's trust in the European project.

This is no easy task.

But we can go a long way if we work on European integration that benefits everyone. In other words, we need fair integration.

I understand that people in different member states and in different personal situations may not find their life very just and fair right now. But can Europe be more fair in the future? I think it can.

To me fair integration means that the European Union continues to be founded on common values and rules that are truly respected by all and at all times.

Fair integration means that while member states engage in ever closer integration, they keep their own house in order. We should be able to rely on each other. But we cannot outsource all responsibility to others.

And, most importantly, fair integration means that the European Union functions in ways people can support and feel their own. It is a question of democratic legitimacy and accountability and ownership.

You can see I am not talking about anything earth-shattering. All I am asking for is that we jointly agree on things on the basis of common rules, and then live by them. That we seek common solutions where such are needed and keep our own house in order so that each member state can trust the other.

Let me be clear: we need more Europe AND we need more national responsibility. We cannot have one without the other.

\*\*\*

Mr. President,

Let me now explain how I see fair integration in practice.

I will raise three issues and look at them from the point of view of fair integration.

(1) First, we must respect our common European values and rules we have adopted together. The European Union is so much more than a free trade area – it is a community of shared values.

We must defend European values also when they are challenged from within. Failing to do so will undermine the Union's credibility. Not only in the eyes of the world, but also in the eyes of our own citizens.

If we overlook corruption and breaches of the rule of law, or if we fail to curb tax evasion and tax havens, we undermine our own efforts to build a better Europe.

As a Union of values, we have decided that integration is based on democracy. We have decided to replace the use of force by use of law.

We all know there can be no democracy if we don't strictly follow our common rules. In the European context this means the application of the community method.

The paradox of today's debate is that strong rules and strong European institutions are sometimes seen as a threat to member states. When in fact the opposite is true:

Rule of law and common institutions protect member states, and especially the smaller ones.

(2) Second, we need to strike the right balance between solidarity and responsibility. The European Union is a community based on solidarity. Solidarity is part of its very essence.

Finland wants to play its part. Our share of the EU's budget will increase, and we accept that as an element of European solidarity.

Finland is also shouldering its responsibility to assist countries in need of financial assistance. We do this through the crisis management instruments, direct loans and via the European Central Bank.

But solidarity must go hand in hand with the Member State's own responsibility. We all have to do our homework. We all have to take difficult political decisions when they are due.

Europe should help when help is needed. But each member state has to bear the ultimate responsibility for keeping its own finances in order. Those who decide about expenditure must collect the revenues. National governments and parliaments are ultimately responsible for national reforms.

(3) Third, to make Europe stronger, we need deeper integration.

My government will support deeper integration as long as it is fair to all member states.

Our most pressing challenge is to create new jobs. Too many Europeans – especially young people – are without work today. Unemployment is a problem for the whole society, but first and foremost it hits those individuals who struggle to make ends meet.

Last week I visited Lisbon, where I had the opportunity to talk with university students. I was impressed by their enormous talent and energy. But the discussion revealed how worried they were about the future.

I know how they feel. I remember Finland's own financial crisis all too well. In the early 1990s, twenty per cent of Finns were jobless. Finland was at the brink of insolvency. Over ten per cent of our GDP was shaved off in just a few years.

At the time, I was a university student myself. I remember thinking we would never get a job or own a home. We didn't want to graduate, because it was safer to stay in the university. When I now think back to those bleak years, even the images in my mind are black-and-white.

Finland managed to get through the crisis, but in many ways, we are still paying the social price for it.

So, ladies and gentlemen let us make jobs our top European priority!

We all know there is no shortcut to creating new jobs in a sustainable manner. If there was, surely we would have taken it already.

I fully support the proposal to allocate six billion Euros from the EU budget to fighting youth unemployment. And I am pleased the European Council endorsed the Youth Guarantee concept. It is essential we keep all our young people onboard.

What matters the most is our ability to meet global competition. Europe must become more competitive so that businesses continue to make new investments and create new jobs here. Europe has to regain the upper-hand in new technologies and industries.

The key to Europe's economic future lies with reform and openness. We have to work with the markets, not against them.

Mr President,

We have taken impressive steps to overhaul the EU's economic governance. I would like to thank this House for your important role in passing the critical legislation, such as the six-pack and the two-pack.

The implementation of the new rules will require sometimes difficult and painful reforms nationally. Structural reforms will not bear fruit overnight, but reforms are the most effective and most sustainable economic stimulus in the long run.

If we all play by the new rules, our economies will get stronger. This is not just economic theory, it is plain common sense.

\*\*\*

Arvoisa herra puhemies,

Sisämarkkinat ja sisäisen vapaakaupan edistäminen ovat Euroopan integraation rulseipä. Tässä olemme päässeet pitkälle, mutta emme riittävän pitkälle.

Tavarat liikkuvat Euroopassa hyvin, mutta palvelut eivät. Siksi palveludirektiivin toimeenpanoa täytyy tehostaa.

Digitaaliset sisämarkkinat tarjoavat valtavan mahdollisuuden luoda uutta työtä ja kasvua. Komissio arvioi, että EU:n talous kasvaisi 500 miljardilla eurolla vuoteen 2020 mennessä. Olisi hulluutta jättää potentiaali käyttämättä.

Sähköinen kauppa ja digitaaliset sisällöt tarvitsevat kiireesti toimivat sisämarkkinat. Niiden rakentaminen on alkanut -- osin Euroopan parlamentin ansiosta! -- mutta työ etenee liian hitaasti. Tarvitsemme uutta, älykästä sääntelyä, joka raivaa kaupan esteitä ja tukee digitaalisen talouden dynaamisuutta.

Monsieur le Président,

Nous avons le devoir de libérer le potentiel énorme de notre commerce extérieure pour créer des emplois. La commission européenne a estimé que la réalisation d'un plan ambitieux de libre échange va créer deux millions d'emplois en Europe.

Nous devons ouvrir les marchés et donner les entreprises européennes les opportunités dont ils ont besoin.

[We must unleash the enormous potential of free trade to create jobs. The European Commission has estimated that implementing an ambitious trade agenda will create two million jobs in Europe.

We need to open markets and provide European companies with the opportunities they need. At the same time we must be ready to open our own markets. ]

Européerna har både den skicklighet och den kreativitet som krävs för att nå framgång på den globala marknaden. Vi måste tro på oss själva. Om vi tyr oss till protektionism och bygger hinder så isolerar vi oss bara från pulsen och händelserna inom världsekonomin.

Inledandet av frihandels- och investeringsförhandlingar med Förenta Staterna och Japan är de bästa nyheterna på länge. Låt oss hålla farten uppe och inte fastna i detaljer.

It is essential we strengthen the Economic and Monetary Union. Our immediate priority is to finalize the banking union. To me, the banking union is a good example of fair integration. It is about curbing reckless risk taking and protecting tax payers from having to rescue over-sized and under-capitalized banks.

Mr President, Honourable Members,

Three final points on how to make Europe fit for the future:

First, we need a truly integrated European energy market. Energy is the lifeblood of the economy. Global competition for energy is getting fiercer.

Europe needs to get its act together and take internal energy market seriously. We also need to move away from subsidies that distort the market. We need more investment in energy infrastructure. To drive investments in low-emission alternatives, we need to restore the effect of the emissions trading system.

Second, we need concrete steps in the European Security and Defence Policy. Europe has to take more responsibility for its security, which means we must learn to work more closely together. We need closer cooperation to meet the security challenges; to overcome the financial limits; and to provide our security and defence industry a wider home market to grow. I am looking forward to our December discussion in the European Council.

Third, we must keep enlargement on our agenda. The European Union must remain open to deserving candidates.

\*\*\*

Mr President, Honourable Members,

The next European elections will be held in a year's time. This election is of exceptional importance. It will be a test to the democratic legitimacy of the European Union. Its outcome will show the future direction of our common European project.

European integration has never been challenged like today. We have a lot to defend, and we should do this with pride. European integration has proven to deliver peace, stability and wellbeing to European citizens on a scale never seen before in the continent's history.

And it will continue to do so. The European Union will emerge from the crisis stronger. It will take some time and the road ahead will not be easy.

We must focus on building mutual trust. Together we are stronger than any of us would be alone. And we must focus on reinforcing the fairness of European integration, because that is the best way to regain people's trust in the European project.

We have an obligation to focus our energy on what unites us, not on what separates us.

Thank you.