Check against delivery

Many thanks to [H.] Onno [Ruding, Chairman of the CEPS Board of Directors], for your very warm words of welcome.

Before starting, I want to pass on the apologies of my colleague, the Tánaiste [Deputy Prime Minister] and Minister for Foreign Affairs and Trade, Eamon Gilmore, who had been scheduled to join you for this gathering tonight and who wanted to be here, but as I hope you will understand, as a Foreign Minister, his schedule is prone to change at quite short notice. I am very happy therefore to be here, as representative of the Irish Presidency of the Council.

It is a real pleasure for me to join you here this evening as you begin your annual conference, on the important topic of “the Three Unions: From banking to economic to political?”

The focus of your conference is an aptly chosen one, ‘The Three Unions’. It certainly could not be any closer to the heart of the current debate about whither the EU, and whither the Euro? But as we embark in looking further ahead at next challenges, I believe it is wise to pause and look at whence we came.

I am of the view that perhaps our Union does not pause enough to digest achievements nor assess ongoing business before moving ahead. So tonight, let’s first take a glance at the last two to three years in the evolution of the so-called ‘Three Unions’.
I am sure that I do not have to remind anyone here of the sheer scale of the challenges that have faced our common currency – the euro – and which have also faced the European Union as a whole.

The last few years have represented an economic and financial crisis, the likes of which we have not seen before. In many ways we have been in fire fighting mode throughout these years – and rightly so. After all, that is what you do when the house is burning. But once the situation is stabilised and under control, it is vital that we take the time to elaborate on a more strategic approach.

The European Union and its leaders have been criticised by some for not doing enough; for not doing it fast enough; and perhaps sometimes for not getting it entirely right. I believe there is, at least, a grain of truth in some of those criticisms.

We have not always been as sure-footed as we would have liked to have been. Certainly at times, speed has been an issue. However, I would contend that such criticism does not capture the unprecedented circumstances that the Union and its leaders have been faced with in recent years. A high degree of creativity and political will has been needed to find solutions to crises as they emerged and the pace of challenges has been rather extraordinary. But so has the response.

At the outbreak of the economic crisis, we had no effective support mechanism in place to assist in the eventuality that a Member State got into trouble. Appropriately, I believe, we first put in place mechanisms on a temporary footing – the EFSF and the EFSM. As time went on and as the real seriousness of the situation sunk in, we established a permanent support mechanism, the ESM, which is now in place and operational.

Over the same period, we realised that the economic governance tools available to us were simply not up to the task. They needed to be supplemented significantly and that is what has been done, through agreement on a series of measures, including the ‘six-pack’, the Euro Plus Pact and the Stability Treaty – all of which have now entered into force and are beginning to be implemented. All of this represents major leaps forward in economic governance, and in my view, are often seriously underestimated.
I am very pleased that just last week, agreement was reached on further measures contained in the ‘two-pack’. This was an Irish Presidency priority. These two additional regulations – when implemented – will serve as a welcome addition to our armoury.

As this was all happening on the economic governance side, there was also an appreciation that economic surveillance – the discussion of economic policies and fiscal policies – needed to take place in an integrated manner and thus the European Semester process was introduced.

While we are now almost half way through the third such European Semester, the rigour which this new process is bringing to bear is evident and most welcome. EU-level discussions on fiscal policy, macroeconomic imbalances, financial sector issues and growth-enhancing structural reforms are taking place **jointly** during the first half of the year, before feeding into national budgetary processes in the second half. This is a welcome development.

As the European Semester process this year falls into our Presidency, we are working closely with partners and the Commission to ensure that the process is as effective and meaningful as possible. Certainly, as Presidency, we are making efforts to correct any perceived imbalances in the management of the process and aiming to be as timely and inclusive as possible in the way we deliver on the process.

**Strengthening EMU**

But, as the European Union has taken necessary steps to contain the crisis, and to bring stability to the euro, it became abundantly clear that we need to strengthen what underpins our Economic and Monetary Union (EMU).

This new strengthened Economic and Monetary Union, as well as being built on the framework of the stronger economic governance, will also be built on a more integrated financial framework – the so-called Banking Union.

Just as with the strides we have made, in economic governance and economic surveillance, I am convinced that banking union will be viewed as a landmark decision. We have come a very long way in what will, in the future, be seen as a very short space of time. Let’s remember, it was just last June, when EU leaders gave the solemn undertaking to break the toxic link between the sovereign and banks.
This was a critical and historic decision. We now have to implement it, and in full. Since then, we have worked to that end.

In December EU Finance Ministers agreed an ambitious timetable for the next elements of banking union and a framework for the Single Supervisory Mechanism.

After their meeting on the following day, our leaders in the European Council built on this agreement by setting an early deadline for the operational framework for the Single Supervisor. This is to be agreed as soon as possible in the first semester of 2013. As Presidency of the Council, we are making good progress with European Parliament and Commission colleagues in trilogues to give effect to the mandate from our Heads of State and Government.

Moreover, leaders have now confirmed that when an effective single supervisory mechanism is established that the ESM will have the possibility of recapitalising banks directly. While, of course, the details remain to be teased out, this is a highly significant development.

This process will include giving a definition to what is meant by “legacy assets”, which many of you will appreciate, is an issue of special interest to us in Ireland, given the very particular circumstances of our banking sector.

With agreement in the Council on a single supervisor, this has also meant that we can now move on with the next elements of banking union, which include the harmonisation of national recovery and deposit guarantee schemes and the submission by the Commission of a proposal for a Single Resolution Mechanism, which, of course, is the logical complement to a single supervisor.

From an Irish Presidency perspective, it is a top priority for us to work to make the swiftest possible progress on the various strands of banking union, especially the Single Supervisory Mechanism (SSM). We aim to deliver on the banking agenda as set out by leaders last December.

**Further Steps on EMU**

Beyond the short to medium term steps necessary to strengthen economic governance and to put in place an operational and effective banking union, there is an appreciation among European leaders that
deepening Economic and Monetary Union further is necessary if we are to underpin the euro as a stable and credible currency into the future.

To this end, the European Council has asked President Van Rompuy to consider and consult further. He will present a time-bound road map on the following four issues to the June European Council:

- coordination of major economic reforms in the Member States;
- the social dimension of EMU;
- the feasibility of contracts for competitiveness and growth between governments and EU institutions and
- solidarity mechanisms to enhance the efforts made by States that enter into these arrangements.

As Presidency, Ireland fully supports President Van Rompuy in this further work on strengthening EMU. We are cooperating closely with him and actively facilitating discussions on these four issues in the relevant Council formations, led by Irish Ministers. We will make Presidency reports available as input for his June EC report.

I must be frank however with this gathering; we are keen to ensure that possible future agreements do not distract us from the immediate and critical work of implementing what we have already agreed. There is a serious issue of credibility here. Our people and the financial markets must see that we act on what we agree, that we do what we say. Our mantra remains – implement, implement, implement.

We can and must do as much as possible using the tools available to us now. I think that it is fair to say that the time horizon for any steps taking us beyond that may well be on the far side on next year’s European Parliament elections and the appointment of a new Commission. I believe this is a politically realistic assessment. We are engaging constructively and with a good degree of ambition, as are all partners. But we are also sensitive to the complexities which lie ahead.

Coming from a Member State with a very strong and well documented tradition of popular engagement with significant developments in the EU “aka Referenda”, I certainly would not consider that changes to the EU Treaties is an issue for the short term.
Democratic Legitimacy and Accountability

I am coming to the issue of democratic legitimacy and accountability towards the end of my remarks, not because it is irrelevant or unimportant – quite the contrary in fact – I am coming to this issue now because I firmly believe that this is the issue which actually brings together all the various strands to which I have earlier made reference.

In twenty-first century Europe, the need for the bedrock of popular understanding and support of the European Union is more acute than ever. It is simply not feasible – nor, I hasten to add, desirable – for the will of the people of Europe to be taken for granted. The European project must be and remain to be, of the people it serves.

These issues of democratic legitimacy and accountability, of course, do not just arise as matters for contemplation – some far off hypothetical notion of political union – it arises now, each day, as we are working to tighten economic governance and surveillance; and as we strengthen Economic and Monetary Union, in the process of building an effective banking union. We are grappling with it at every stage.

We simply have to bring our people with us on this journey. To do otherwise risks playing into the hands of Eurosceptics and those offering a populist pain-free panacea to all of Europe’s economic and financial troubles or worse still entirely alienating a European public from a construct which has been such a force for progress and development across our continent for generations.

Last December, leaders highlighted the need to “ensure democratic legitimacy and accountability at the level at which decisions are taken and implemented”. There is no doubt in my mind that it is becoming increasingly clear that both national parliaments and the European Parliament will play critical roles. As always, we will need to get the balance right between these levels of engagement and these institutions. But democratic legitimacy is a sine qua non.

I am pleased to say that the Irish Presidency has been active in endeavouring to engage with this issue. Recently in Dublin, Minister of State for European Affairs Lucinda Creighton hosted a discussion on the matter at an informal EU Affairs Ministerial meeting. Similarly, a recent COSAC meeting in Dublin, which
brought together representatives from national parliaments and the European Parliament, zeroed in on this as a critical issue for deliberation. The Irish Presidency is shining a light on this key issue.

Indeed, I must sincerely commend CEPS for placing democratic legitimacy and accountability front and centre for your annual conference. Perhaps even more than with other issues – the more discussions we have on strengthening legitimacy and accountability, in more fora, which reach the maximum audience – the better for democracy; for the European Union; and for the citizen.

As 2013 is the European Year of Citizens, I could think of no better project than engaging our citizens on their Union. I am delighted to note that this is already under way through a pattern of Citizens’ Dialogues, which were launched in Dublin last month.

Chairman,

Once again, I am delighted to be here on behalf of Ireland’s Presidency and commend once more the outstanding contribution this organization makes to much-valued debate on the future of this precious European project.