



**EUROPEAN COUNCIL
THE PRESIDENT**



Nicosia, 28 May 2012
EUCO 98/12
PRESSE 225
PR PCE 83

**Speech by President of the European Council
Herman Van Rompuy
to the Parliament of Cyprus**

It is a pleasure to speak here today in Nicosia, in my first public speech in Cyprus, and it is a great privilege to do so in this House. Thank you, Mr Speaker, for the invitation! As President of the European Council I regularly visit all the Union's 27 capitals – from Helsinki in the north to Lisbon in the south-west –, but I must say coming to Nicosia is always a particular delight.

To fly 4 hours and still be in the European Union gives a sense of space, seeing monuments thousands of years old (as I did during my last visit) gives a sense of time. This year it is even more special, since Cyprus is about to take up for the first time an important institutional responsibility: the Presidency of the Council of the European Union.

I was glad to hear, in my meeting just now with President Christofias, that the government is absolutely ready for it. Preparation is key, but in a way it will still be a baptism of fire!

Coming to Nicosia is also a pleasure because your President is such an excellent host. The presidential orange and lemon orchard is world class...! President Christofias showed me the window from which Archbishop Makarios escaped in 1974 from the attack on the Presidential Palace. An iconic moment in the long history of your country.

In the lives of nations, as in the lives of people, isolated moments, such as that escape, sometimes change a country's course. Like the moment when Lech Walesa in the Polish port of Gdansk, in the summer of 1980, decided to resist, turning a local strike into a fight for freedom.

P R E S S

Dirk De Backer - Spokesperson of the President - ☎ +32 (0)2 281 9768 - +32 (0)497 59 99 19
Jesús Carmona - Deputy Spokesperson of the President - ☎ +32 (0)2 281 9548 / 5150 - +32 (0)475 65 32 15
press.president@consilium.europa.eu <http://www.consilium.europa.eu/>

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Or when the French minister Robert Schuman and the German chancellor Konrad Adenauer shook hands over Europe's founding treaty, in 1951, cementing the reconciliation between their nations. Such dramatic moments show us that we remain masters of our destiny.

That human beings always have the freedom to choose. That we can, here and now, build a bridge between a past which is forever behind us, and a future which is open and offers new prospects. These moments give us hope.

Today we also live through dramatic times, times of crisis – in the world around us, in Europe, in Cyprus. But also today, we can shape the future, together. Today also, we hold our destiny in our own hands – economically, politically. But then we must not "leave it to Fate" or to other people, but also take that destiny in our own hands. This is the essence of my message today.

These are testing times indeed, and I am now thinking first of our economies. Since 2008 Europe has faced two major crises – the banking crisis and the sovereign debt crisis. Both were unprecedented, in intensity and magnitude. They have affected Europe as a whole and the Eurozone in particular, and sparked real hardship in certain countries. Think of the millions of unemployed men and women in Greece and Spain. Cyprus has also been hit. By the crisis – and we all know the risks are not over yet.

You were also struck by disaster last summer with the blast at the Vasiliko power station. Another heavy blow to your economy. In the past two years, European leaders have strived to address the effects and the causes of the crisis. It was and still is our overriding priority. Dealing with exceptional circumstances, and structural challenges. Even among exceptional circumstances, the situation in Greece is unique. It has required tremendous efforts and sacrifices from the Greek people. We acknowledge that.

It has also called for unprecedented solidarity from the other Eurozone countries (including Cyprus). Since 2010, Europe, together with the International Monetary Fund, contributed almost 150 billion euro of support. Sometimes people ask for a "Marshall Plan for Greece". Well, Europe's support amounts to much more than the Marshall Plan! Our solidarity is there!

We are driven by a clear common determination: Greece must remain in the euro area while respecting its commitments. We expect that after the elections, the next Greek government will make that choice. The stakes are high – for you as neighbours with close links to its financial system, but also for all of us in the Eurozone. But unlike two years ago when the Greek crisis started, we now have the tools in place – the European Financial Stability Facility and, soon, the European Stability Mechanism – to guarantee the financial stability of the Eurozone as a whole and help our Member States in overcoming the crisis.

But there is more to be said. It would be a mistake to reduce the financial and debt crisis to such exceptional risks only. It has also brought to light structural challenges that predate it.

Systemic challenges for the Economic and Monetary Union as such: we must now strengthen its economic policy dimension, alongside its monetary dimension.

And structural challenges for all our economies. Overcoming them will require tough decisions and decisive actions. To bring down public debts and deficits, restore competitiveness, finance our future.

Here, let me underline one essential point. Sound public finances and growth are two sides of the same coin. In the long run, you cannot have one without the other. This is why European leaders have worked on both fronts simultaneously. We have tamed the debt crisis, but we have also developed a common strategy for growth and employment.

Last week's informal summit was precisely devoted to this. We identified ways to get the most out of the EU's common policies (like the single market), to mobilise extra funding for projects that can boost growth, and to support job creation and training. At our next summit in June we will take further decisions for growth and jobs.

It will take time before all reforms and investments deliver their full impact. In this field, there are no magic formulas. There is no quick fix. Yet we must do whatever we can. And working on the mid- to long term can bring back confidence in the short term. It can open a perspective of hope.

All Member States have their own challenges to address, and Cyprus is no exception. You are well equipped to deal with them. In the past your country has shown the resourcefulness and resilience needed to adapt your economy. Cyprus' relatively recent transition from a rather poor agrarian society into a successful service economy speaks for itself. Any visitor sees it immediately!

Today, your country has many assets: a society which has become more prosperous and cosmopolitan, the widespread knowledge of a global language, English, not to mention your recently discovered energy resources.

These assets will no doubt help to overcome current economic challenges. Bringing public debt and deficits under control is one among them. This is the main goal of the Fiscal Treaty, which Cyprus, together with 24 other Member States, signed earlier this year – and that I expect your Parliament will soon ratify. Implementing this necessary commitment will, in practice, no doubt mean a combination of raising revenues, bringing down expenditure and structural changes. A robust economy requires high tax compliance, a solid financial sector, a flexible labour market and a sustainable social protection system. The choices how to achieve this are yours, but they have to be made.

Change is the only way forward. If we want to shape our future, we must embrace change and start adapting now. This is true for all European countries. We must keep up our efforts. And we must remain united: we can only come out of this together.

Your country is taking up the EU's Council Presidency at a challenging moment. In the months ahead, there is much to be done, bringing all countries and institutions together in a common effort for growth and stability, and Cyprus is going to play an important part.

I know Cyprus will direct all its efforts into achieving progress on a number of issues. An important one is the negotiation on the EU's upcoming seven-year budget. In a month from now, we will discuss it for the very first time among leaders. This discussion will set the stage for the high-level negotiations that will continue during the Cypriot Presidency. Our goal is to conclude them by the end of this year.

The budget will support – both directly and indirectly – thousands of investments in different areas, from research and development, to enterprises, to transport or energy infrastructures, as well as people seeking jobs or upgrading their qualifications. The budget should be Europe's tool for growth and jobs.

With regard to Turkey's reactions regarding your upcoming presidency, I should like to recall the strong support which the European Council provided to the upcoming Cypriot Presidency already back in December 2011. The Presidency is a fundamental institutional feature of our Union, based on the EU's Treaty: it must be respected by all.

The upcoming Council Presidency is not only important for the government and the administration; it goes beyond that. It is a moment for all citizens of Cyprus – and I underline: for ALL citizens of this island – to feel more strongly their country is a member of the European club, and a respected member for that!

A moment for them to experience their European identity more deeply. Your political life – your life as *zoion politikon*, as Aristotle put it 2500 years ago – is not only shared with the circa one million Cypriots, no, you as citizens of Cyprus are part of a Union of 500 million men and women. Together we, Europeans, share institutions, a market and laws, and much more.

The European identity of Cyprus is all the more important in view of the winds of change in the region. The popular uprisings last year in Tunisia, in Egypt, in Libya showed how so-called "stable" regimes can hide an inherent un-sustainability. The ongoing and appalling tragedy in Syria, so close to your country and which we strongly condemn, is also very much on our mind – especially after the massacre in Houla last Friday.

Maybe this turmoil in the region brought fundamental questions back to your mind, questions you faced in earlier decades too: of identity, of security, of your destiny as an island in between continents and with powerful neighbours. However, the choice to join Europe in 2004 – a choice deeply rooted in your history and culture – today provides a strong first answer, a powerful basis. You are in the Union. And during your Presidency next semester you are the Union.

This shelter of European membership should also, I would hope and expect, give all Cypriots – Greek Cypriots and Turkish Cypriots – the self-confidence and renewed energy to tackle the existential question of how to overcome the division of the island. The situation has lasted for almost 38 years now. That is long.

I should like to repeat what I said to your President today and before: Cyprus can count on my personal support and on that of the European Union in the efforts to reach a settlement. I should also like to acknowledge the efforts of President Christofias in the negotiations as leader of the Greek-Cypriot community.

Overcoming a deep, decades old, intractable problem will not happen miraculously. Behind words like ‘solution’ and ‘settlement’ we are ultimately talking about ending a civil war and establishing peace. This will require strong political will and a sense of compromise on both sides. Aeschylus said that “when one listens to one of two sides, he learns only half the truth”. In any such conflict, on both sides there are arguments and omissions, good intentions and mistakes. It is natural. As a former Prime Minister of a country with its own complicated tensions between communities, I know what I am talking about! That is why I am calling on both sides to make every effort to pave the way towards a solution, towards a united Cyprus.

After all these efforts, I would have hoped that by now a President of the European Council would be able to speak to a Parliament representing the voices of all citizens of this island, to a Parliament of a united Cyprus. Yet I have confidence this moment will come for one of my successors! And if it happens before I leave office, I will be pleased to come back for it myself!

I know: overcoming the situation was difficult in 1974, it was difficult in 2000..., but if nothing changes it will still be difficult in 2025... Nobody should be a prisoner of the past. You can choose a different future.

The historic conciliation between France and Germany after many wars was built on the idea of sharing coal; coal and steel, the war-fuelling products stood at the basis of the European project. In one brilliant move, political leaders on both sides turned around a situation, changing a mutual threat into a common opportunity, only five years after the end of the Second World War.

I see a striking parallel. I am just asking a question as an outsider, but now that enormous gas reserves have been discovered in Cypriot waters, could this not be a welcome trigger to turn around the situation? Just like France and Germany 60 years ago came together over coal, could in the case of Cyprus the avenue toward conciliation not be built on sharing and selling gas?

As President Christofias recently said, this blessing from nature can be to mutual benefit of all in the region, an incentive for security and peace. I fully agree. In any case, the status quo is no option. The time to act is now. Cyprus can create one of these defining moments in the life of nations.

A moment as consequential as when Archbishop Makarios escaped from the Presidential Palace. But this time it would not be a moment of despair, but of hope. It would allow you to lay the ghosts of the past to rest and start a new future.

A united Cyprus in a united Europe. It is not a dream. It is an opportunity to be seized.