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Transcript Q&A

The Power of the Union: Europe, its Neighbourhood and the World

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Dr Robin Niblett:

Thank you very much, President Van Rompuy. Thank you for those thoughtful comments, for taking us on a tour of the world, of this 'increasingly crowded stage,' as you called it.

Those three themes you mentioned about, that on a more crowded stage we are probably going to have to work more closely together; I thought your last comment about how the world looks to a China, or an India, or a Russia confirms that point. An interesting point that you made about the way the world is changing politically – this 'global political awakening' as some people have called it, fed by communications, social media – puts a real premium on the need to have consistent foreign policies that do not contain excessive, I suppose, double standards; an important point we might wish to come back to.

And then this idea that in a more inter-dependent world where power is changing, we cannot *not* be involved in certain areas, and your comments about having to be as engaged in the Pacific, and to think about how we do that, I think was interesting as well. You gave plenty of examples of, kind of, the hard nature of, or the hard results of European soft power, and some comments about the changing institutional structures that come from having much more powerful, joined up EU delegations now around the world.

If I could just kick off with one question, and then I am going to open it up to the audience, if I may? One connection that struck me as being particularly important was your remarks about the importance of the EU market as a tool, as an ability to be able to project change, the more-for-more or less-for-less dynamic; but, how do you think that is playing out today in the face of the most dramatic change that is happening in Europe's neighbourhood, which is in North Africa? Let me set aside Syria where really we are on a sanctions track, but let us look at those countries where perhaps they have their own disproportionate expectations: in Egypt, in Tunisia, perhaps in Morocco, in Libya. What is it that the EU is doing? What do you think it *should* be doing? What more could it be doing in that space to avoid us having a double crisis perhaps in a year's time, not only an internal one, but also an external one?

Herman Van Rompuy:

Thank you. We are developing what we call a neighbourhood policy for especially northern Africa; we are doing the same in Eastern Europe, we are trying to do the same. But in northern Africa we engaged in a neighbourhood policy strengthening the... helping them to strengthen their institutions, to set

up democratic institutions: the rule of law, independent judiciary and so on. We are also engaged in economic development. We are now... we have now foreseen more financial needs coming out of the European budget for those regions. But, and that is in relation to your question, we offer them trade agreements, we offer them an access to the biggest market in the world and very close to them. And we are already discussing this, for instance, with Tunisia, which is really... can become a model for a lot of other countries, but we made the same offers to other nations in the northern part of Africa.

So, here also, trade and our market is also a political tool because if we can't stabilize, if we can't give to the people in those countries an economic and social perspective, then I am very worried about the future of the new democratic institutions. And people are expecting jobs, are expecting rising living standards, are expecting justice, fairness, which was terribly lacking in those countries. And so, in order to stabilize the region, to safeguard our democratic values – because we have not only interest, we have also values – I think giving them, helping to give them an economic future is absolutely key. And the internal, or our single market, is the main instrument for that.

Dr Robin Niblett:

But do you think that the governments that are having to grapple with, as you said, this balance between growth and austerity, would they see these market openings as part of the external driver for structural reform, that may deliver growth? Or are you having to deal with member states who at the moment that say, 'Look, we have to put this on the backburner, the kind of short-term effects it might have on our markets are just too difficult to deal with right now?' Is there a sense of a common destiny here, or is there a sequential question at the moment?

Herman Von Rompuy:

You are speaking now from the point of view of the Europeans, the European countries. We agreed – after a lot of difficulties – agreed on a trade deal with South Korea. We are working with India, we were close to a positive outcome, we are a little bit further away from it. We tried to launch trade negotiations with Japan, we are very close, we are very close, we are not there yet. We are very close to launch[ing] the negotiations. The general climate inside Europe is a climate not of distrust – not that that is the point – but asking for mutual benefits, that is the soft, as some would say in the Anglo-Saxon world, in France it is *reciprocité*, but basically it is the same.

So there is much more awareness also for the benefit also from our side. But in general when we launch that idea of opening our markets for the North African countries there was a broad understanding. Of course, when we get the details, we will see afterwards, but that is the purpose, that is... yeah.

Dr Robin Niblett:

Thank you. Well, look, let me take... draw on some questions; we have got 25 minutes or so, and thank you for being so disciplined on the time at the beginning. If you could please make sure you let our speaker know who you are. Try and keep questions to the point. I will try and take questions individually as we go along, and then we may group a few as the time gets closer to the end.

So, I've seen a couple of hands who have gone up cleverly before you even finished speaking, so I will let those people use their initiative and draw on them first, and then open up around the floor. But, first, you had your hand up first, and then I am going to come to the gentleman here.

Question 1:

Yes, Mr President. I noticed you didn't mention a neighbouring country that can play, and indeed is playing a crucial role in the Arab Spring, in Syria, in Iran, and in the Caucuses, and that is Turkey. Turkey's relations with the EU are rather awkward because the enlargement negotiations are making almost no progress, and I wondered if you either could see a way of unblocking that? Or if that continues, some other way whereby the EU can work more closely with Turkey on foreign policy, particularly in that region?

Dr Robin Niblett:

I'll let you handle that Turkey question first. [Van Rompuy laughs] Well, you are thinking about it.

Herman Van Rompuy:

I will first of all describe what the situation is, what I am thinking about is something different. [Laughter]

Dr Robin Niblett:

Hopefully you can do both at the same time! We will see how it works.

Herman Van Rompuy:

In 1999, Turkey was accepted as a candidate started with a negotiation six years later, which is not unusual, but it is rather a long period of starting negotiations. Until... we are now six years later, seven years later, there is progress on certain chapters, but there is, at this stage, there is... let us call it a deadlock. This is mainly due to a very simple fact: if you want to join a club, you have to accept all the members of the club. You can't pick and choose, 'I wanted to work with this one, and not that one.' Cyprus is a member of the European Union. And if we can't find a solution for the Cypriot question, I think we will continue to face problems in the negotiations with Turkey. If you belong to a club, you have to accept the basic rules of the club, the membership of the club. If you become a member of Chatham House, I think you have to accept all the members.

Dr Robin Niblett:

Absolutely. Tough rules. Yep. [Laughter]

Herman Van Rompuy:

So, that is the main problem today...the main problem today.

But, you are right, we... that is not enough... Turkey is an important country economically, politically not only in the region, but worldwide; it is a member of the G20. And that is why the European Commission took the initiative to launch what we call the 'positive agenda,' engaging them on a lot of issues, not as a substitute for membership, but in the meantime I think we can get close to each other outside of those negotiations. We are engaged with Turkey on many, many issues in the neighbourhood, politically there. So, that is the situation, and I will receive... I think I will receive Prime Minister [Recep Tayyip] Erdoğan next week, or in a couple of weeks, so we can discuss it at the highest level. Also, he will see also [sic] the President of the European Commission [José Manuel Barroso]. But that is the state of play: the negotiations are in a deadlock, but political and economic cooperation are not.

Dr Robin Niblett:

There is a question here please. Microphone is coming.

Question 2:

Thank you, President. You mentioned the power of threatening sanctions, and of course it brought Iran to the negotiating table because of its so-called 'intended nuclear offensive capability.' Perhaps it is unfortunate that the European Union was not quite so strong when Israel developed her nuclear capability.

My question, however, is why were the EU quite happy to apply sanctions against the Palestinian people for democratically electing Hamas, but seems to be very reluctant to apply sanctions, or threaten sanctions, or even encourage sanctions against Israel for its continued building of illegal settlements in the occupied territories?

Dr Robin Niblett:

We have the easy questions first. [Laughter]

Herman Van Rompuy:

Yes.

Sanctions are always an exception. We applied sanctions on South Africa at that time because the kind of regime was against all that we defended as human values. We applied sanctions against Syria these days for obvious reasons. And introducing, or launching sanctions for preventing a country which was involved in some terrorist activities all over the world, applying sanctions to them to prevent them to get access to nuclear weapons is also a very good reason to apply sanctions. So, sanctions is [sic] an exception. Sanctions are not working everywhere, some are biting, some are not.

Israel is a totally different case, and Israel is not that [much of a] threat for the region as Iran is. That does not prevent us to say what we are thinking about the treatment given to the Gaza Strip and to the humanitarian situation, for instance, in the Gaza Strip. And let us not forget that the European Union is the biggest supplier of help to the Palestinian people and the Palestinian authorities. Without us, without the European Union, the Palestinian authorities could not survive. Our contribution is more than \$1 billion a year.

So, that is a positive way of helping the Palestinians, but sanctions are not on our agenda.

Dr Robin Niblett:

Okay, we will just keep going with questions; I have got a lot of questions here.

Question 3:

Thank you. I was wondering, Mr President, given your responsibilities for both foreign policy and the internal affairs of the EU, whether you think there is a case for your job being directly elected at some stage in the future?

Herman Van Rompuy:

I am not against it because I couldn't because I couldn't, after this mandate in two and a half years, my job anyway is finished, so re-election will be for my successor. He will never be as charismatic as I am. [Laughter]

Dr Robin Niblett:

Don't put that in the job description.

Herman Van Rompuy:

So, I think the role of the president of the European Council is a very specific role. He chairs the meetings of heads of states and of governments. He is, in some way, a broker. He has to find compromises; he has to organize work in such a method that after each meeting we have a positive outcome and that we can go forward. That is a very easy description.

If the president of the European Council is directly elected then he has his own agenda, his own agenda. He is not looking for a compromise anymore, he is executing his own programme, and then you are a completely different role. I can imagine that the president of the [European] Commission could be directly elected, but that is something different. You can discuss this because the [president of the] Commission has his own role, his own competencies, the right of initiative and so on. But for the president of the European Council, I think this is not the best way to appoint him.

Some are even thinking at other so-called institutional changes, why not create one function, the president of the European Commission and the president of the European Council, would be for the public and the people outside Europe it would be much more [sic] easier, no? Of course, we would have to change the Treaty, you can't count on Britain to change the treaty. But even that is not a good solution. And those who are very pro-European, they say that the president of the European Commission has to be the president of the European Council so that the community method will prevail. I answer to them, 'Let us imagine that the president of the Council could become president of the European Commission, do you still agree?' And there is less enthusiasm for this. [Laughter]

So, I think we have now a division of labour between the Commission with its own competencies, the Council, whose president is chairing the committee and looking for compromises. I think that this gives us some way of stability. Of course, we have all to work together, and those institutions cannot work if the players are rivals. And that is why on the first day I took office I said to President [José Manuel] Barroso, 'Let us work together.' We meet once a week for a couple of hours to go through the agenda, working closely together. And I know that the press are speculating that we are quarrelling and then so on, but after two and a half years things are going well, and even from the start on they were going well.

So, there, I think the institutional changes are not on the agenda, we have other things to do these days than discussing institutional changes, and, as I said, for the president of the European Council, his role is so specific that the way he is appointed is the right way.

Dr Robin Niblett:

And does not get in the way – just very quickly on this point – of the high representative, Catherine Ashton's current position, there is surely some overlap there that there isn't between the president of the Commission and the president of the Council?

Herman Van Rompuy:

There is in every country a prime minister; there is in every country a minister of foreign affairs. Is it clear in every country which role everybody is playing? It is not clear at all.

Dr Robin Niblett:

You have given me the answer. If it is a foreign minister and a prime minister, I understand that differentiation.

In a minute I am going to take... actually, let me do it now, we have a few questions from our members who are not in the room and our membership manager, Jane Levy, has taken care of them. So, maybe two, Jane? Two good questions. [Laughter]

Jane Levy [Questions 4 and 5]:

This member is a nominee with BP, and he asks: The US chemical industry is investing in new capacity for the first time since 2001 on the back of cheap gas prices. What measures are the EU taking to ensure European industry remains competitive?

And, how will the EU support countries that are struggling to gain independence, such as Scotland? [Laughter]

Herman Van Rompuy:

What was the last question?

Dr Robin Niblett:

How will the EU react to countries struggling that are looking for independence, like Scotland? [Laughter]

Jane Levy:

From a Scottish citizen.

Dr Robin Niblett:

From a Scottish citizen.

Herman Van Rompuy:

You asked for good questions.

Dr Robin Niblett:

Well, there we go. That was challenging... you have got two, so you can...

Herman Van Rompuy:

You can choose. [Laughter]

I never answer hypothetical questions. If we start to answer that kind of question then as a Belgian I will be very embarrassed [laughter]... because... for obvious reasons.

For the other question, on the gas price, I am not an expert at all in this. The gas prices are ruled by markets; and the gas market is changing profoundly after the discovery of shale gas in the United States, and recent discoveries also in Europe; but, I am not an expert at all, so I prefer the second question. [Laughter]

Dr Robin Niblett:

Exactly, which you didn't have to answer. [Laughter] That is brilliantly handled.

First, the question at the back, please?

Question 6:

Thank you, Mr President. I am with Chatham House on the Russia and Eurasia programme.

Sir, the Eurasian customs union is explicitly modelled on the EU. It is in existence, it is growing, it has got more backing than ever before, specifically from Russia, its initiator. So, do you see it as a competitor, a future partner, and do you see the possibility, as the Russians claim, for a Eurasian economic union by 2015? Thank you.

Herman Van Rompuy:

We will discuss this with President [Vladimir] Putin on Sunday evening and on Monday. The Eurasian community is in some way completely different from the European Union. For, first of all, you have Kazakhstan, Belarus, and the Soviet Union [sic]. The Soviet Union is 160 million people [presumably means the Russian Federation, which has a population of 141 million], Kazakhstan is

16 million, and Belarus a few million [9 million]; so it is quite uneven in terms of economic power and even in population. So, it is a very, very specific... a very specific structure.

Second, is that some are members of, or are becoming members of the WTO, some are not. So, it makes dealing with the customs union – because it is a customs union – much more difficult. So, we can find ways and means to deal with them in the format of the Eurasian project now, which is the customs union. But in general we are not opposed to regional cooperation, why should we be? We are a product of regional cooperation. But behind this, behind the European Union, was... that was a political project, and it still is a political project; I don't know if the Eurasian project has the same political dimensions as we have.

Dr Robin Niblett:

Thank you, I have got a number of hands going up. I am going to take two questions in two groups. So, the gentleman right there. I will come to you in a minute, Sir. No, just behind you, with the glasses, you had your hand up.

Question 7:

I am from Dow Jones. My question was actually much the same as that one. Would you find it easier to deal with Ukraine if it were part of Putin's union rather than pursuing its own association agreement?

But also about – with a view to your eye on the meeting at the weekend – you said in your speech that more will be more and less will be less; how would you apply that to relations with Russia in view of the way the last two elections went?

Dr Robin Niblett:

If you pass the microphone to the young man who has got the pen in his mouth right now.

Question 8:

I am a member of Chatham House. I was just wondering to what extent you see your role as providing any form of leadership or strategic vision for the

EU? Because that seems to be something that has been distinctly lacking since 2008 as the EU has lurched from crisis to crisis? Thank you.

Dr Robin Niblett:

That almost counts as a euro question, I think you have done quite well so far, I think only one is going to come up.

Herman Van Rompuy:

Yes, I was already happy.

Dr Robin Niblett:

In any case, if you take those two, and then I will take two more that I will take here and here. But do you want to take those ones quickly?

Herman Van Rompuy:

The first question... I didn't understand all the elements of the question, but it was about Ukraine, I think.

Dr Robin Niblett:

Exactly.

Herman Van Rompuy:

Yep. Ukraine... we negotiated with the new president when he was elected two years ago, [Viktor] Yanukovich, an association agreement, including a trade agreement. We even initialled that agreement because we want to give Ukraine a European perspective, and it was a major step, a major step, and we put a lot of energy into it, it was one of the most complicated negotiations we ever had. And we were successful; we had that agreement.

And then came a disagreement; there is a political chapter, and an economic chapter and a trade chapter, but there is also a political chapter about basic values [that] we share. After what happened, or what we call 'selective justice' in Ukraine, they are not complying, even before the association gets into force, they are not complying with the main elements of this political chapter. So, we said we can't go further, [inaudible] but we will not sign it, we will not

ratify it, and as long as there is no breakthrough in them... if they don't put an end with this selective justice practices, and as long as Ukraine is not coming back to the democracy they had in the period of 2004 to 2010, which was a model of democracy. Difficult to handle, unstable, but the democratic rules were respected.

For... with Russia we have a strategic partnership. Less-for-less – that is not applicable to them because less-for-less is for when you have financial support you are asking at the same time for reforms. That is not the relationship we have; we are not providing financial support for Russia, it is sometimes the other way around. [Laughter] But, in any case, when we are not agreeing on human rights, on democracy, and other basic values, we are... we have such a kind of relationship that we can discuss this, there is also human rights dialogue in the summits, we raise the topic of human rights, and we discuss it. It is not because we have different views, we can't have partnership; otherwise a lot of our partnerships we can stop, we can finish them. So, we stay strategic partners in some way, but not to the extent as with other strategic partners, but in some way we have different opinions of basic values, of the implementation of basic values.

On leadership: what is leadership? You can ask me or another president of the European Council in the future to lead by ideas and by dreams. If there is no outcome, you will say, 'You are a prophet, but you are not the president of the European Council.' So, it is... you have to, each time, agree with seventeen or with twenty-seven.

And of course we have launched ideas, but I am not claiming I am the author of the ideas. I give you an example. I chaired the so-called 'Task Force on Economic Governance,' which is a major breakthrough in the way we handle economic policy is handled in the European Union. Yesterday the Commission launched its recommendation to all the countries. Now it is a major event in all the countries; in each of the countries it is an issue of political debate. And we... it is not only a recommendation that we can put aside; now it is a recommendation you have to answer it. And if you are not complying with it in excessive imbalance procedure, it can even go to sanctions. So, in some way we made national economic policies in some ways – certainly for the eurozone – and gave it a European dimension.

And this was completely new, and macroeconomics availed, this doesn't exist, and making fiscal surveillance much more biting and much more effective. I made this report on the task force. It was approved on the European Council, and afterwards we worked on it with the European

Parliament and so forth. It is a way of leadership, but I had to agree with the seventeen of the twenty-seven. When I come out with my own ideas, then I have to defend my own ideas. Again, the same argument. No, I put ideas on the table and tried to find a compromise, and we managed to do so. In a very short time frame, we managed to do so.

Now, again, I am asked... the European Council asked me to make proposals on the deepening of the economic and monetary union, and in June we will put on the table four building blocks and a procedure to go ahead on... four building blocks on what is called a banking union, a fiscal union, an economic union, and a chapter on democratic accountability and governance. But, again, when I put these on the table as ideas of my own, I make things very, very difficult. So, we work in stages, we work behind the scenes trying to convince people on an agenda, so we take a first step in June, and then later on we will discuss in another framework, but also with political guidance to see how we can go further, and deliver a report, hopefully, in December.

So, there is much more leadership than you can imagine, but it is always as a team that we have to act, because all of the decisions of the European Council we have to take them unanimously. When one voice is lacking, we cannot go further. And it is a difficult exercise, it is a complex exercise, and it takes some time, but there are big countries in the world who haven't got a budget last year, and they have a very clear constitutional role for the president, and for the parliament, and they didn't manage to have a budget. So, also... even when you only have one institution and one state taking decisions in this period it is hugely difficult, it is very difficult. In the European Union we have this specificity and I tried to do this in my way, and after two and a half years I am quite convinced that we can overcome this crisis. You have another Europe, a better Europe, more Europe. Who the author is? That is not my problem; history will judge.

Dr Robin Niblett:

We had a number of people hoping to ask questions, but we have hit one minute past 2pm, and I was asked to finish at two minutes to 2pm because you have a very, very tight next meeting to get to, so I am going to apologize to those people who are waiting for questions, to ask them.

But, I feel I cannot let you leave the stage without asking one fundamental question, which is: can the UK be a valued and... well, can the UK be a valuable player in the EU while being outside a deepening eurozone? You have to give a short answer because otherwise you will be late for your next

meeting. [Laughter] But just, what is your gut instinct as a former prime minister and now a president?

Herman Van Rompuy:

I have no gut instincts. [Laughter]

Dr Robin Niblett:

Okay.

Herman Van Rompuy:

Let us put it in this way: the UK is and will be an important member of the European Union; but they have made their own choices. Not belonging to the eurozone; that is a choice. Not belonging to the Schengen Area; that is a choice. Opting out on some other issues; that is their own choice. But, on matters on which we can work together, we work together. For instance, on foreign policy, I am very glad that in the last months on Syria, on Libya, on Iran we worked very closely together. And so, in terms of common foreign policy, which is a very sensitive issue not only in Britain, but all over Europe, we showed that in those areas we can find common ground. But cooperation is within the constraints that the country itself defined. That is not my problem; that is your problem. [Laughter]

Dr Robin Niblett:

Well, I think we proved we are outside of the eurozone by having no questions about the eurozone. [Laughter] You had to offer it at the end.

Thank you, President Van Rompuy, for an excellent set of comments. Frank, even though not under the Chatham House Rule – you will be able to be franker this evening. If I could ask you just to remain in your seats because I am now responsible for you being late to your next meeting. But if you can please give a strong hand for President Van Rompuy.

[Applause]