



**EUROPEAN COUNCIL  
THE PRESIDENT**



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## **A currency for Europe:**

### **Speech by President Van Rompuy at the occasion of the launch of a campaign about the euro at the University of International Business and Economics, Beijing**

#### 1. Introduction.

It is a pleasure to say a few words on the occasion of the Euro Campaign in Beijing. I am pleased to see so many young men and women here... I hope to show you that "A currency for Europe" [the title of the exhibition] is important for your own lives, your future!

It is less than a year since I last visited China; and it is good to be back. At the time, I spoke to other young Chinese, to the students of the "China-Europe International Business School" in Shanghai. I spoke about Europe and China "standing stronger together in a globalised world".

That theme is still valid today. No economy can address its problems in isolation. We are all increasingly part of a globalised world. The European Union is China's largest trading partner. And many of the challenges we face are similar.

That is why for people in China, it is important to grasp why the European currency came about, how we are strengthening it today, and how we see its future.

#### 2. Europe and the euro: a political project

In the European Union we are 27 countries – from Ireland in the west to Estonia in the east, from Sweden in the north to Spain in the south, with France, Germany and others in the middle.

# **P R E S S**

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Together, we are 500 million Europeans, living in a prosperous, stable and free continent. Our citizens are well educated and trained, making products and services praised over the world, and representing the world's largest consumer market.

Did you know that between China and Europe, our trade is worth 1 billion [dollars] – per day!

Of the 27 EU countries, 17 share the euro. Most of the 10 others will also join the currency in the future (the United Kingdom being the most significant exception.)

The euro is still a very young currency: its coins and banknotes have only existed for 10 years. The euro quickly became the world's second reserve currency. Many countries have showed their confidence in it.

The euro is not a sudden economic experiment.

Not sudden: because it is based on fifty years of preparation.

Not purely economic: because the euro is, at bottom, a political project.

Those are the two keys to the astonishing success of the euro's launch, and to its future.

The European and the Chinese civilisations have many things in common. Let me mention just one: we both value patience. Our cultures and political leaders are capable of thinking not just in days or weeks (as the financial markets do...!), not only in months or years (as maybe some less patient countries do...), no - Europe and China can think in decades, yes even centuries. We have such a long history that we can look with more confidence to the future.

The European Union was always meant to be a work of patience.

Therefore a period of crisis, such as the one we are living through now, does not distract us from our sense of direction and from our goal: "more Europe". "More Europe", as the best means to guarantee the prosperity, the freedom and the security of our citizens.

After two destructive World Wars, Europeans had a deep feeling of: "Never again..." They had a very strong motivation to start something new. And they succeeded.

For the first time in world history, in the space of two generations, our continent has become a place of peace and prosperity. No wonder Europe's experience is a source of inspiration for cooperation between countries elsewhere in the world, for instance in Asia.

How did we do this?

After 1945, European political leaders decided to make the relationships between their states more predictable and civilised, to partly institutionalise them... That is how the European Union was born.

Even today, you cannot understand what we are and how we function if you underestimate those underlying experiences, the desire for peace and stability on our continent, for keeping the legacy of the founding fathers of Europe.

However, to reach this political objective, Europe chose the road of the economy, of achieving more prosperity for the peoples of Europe. We also chose a step by step approach; many steps, one direction... slowly, but surely. An approach you in China will appreciate!

Building one market, since the 1950s, was the best way to tie our states irreversibly together. Later, in the 1990s, we also established common borders and one currency, the euro, for many of us. Another big political project.

### 3. EU facing the euro crisis

In the current crisis, beyond the money involved, it is a common European destiny which is at stake. That is why you should keep this political motivation in mind to understand why European leaders, when in difficulty, will do whatever it takes to maintain the euro and the financial stability of the eurozone.

In the past two years, we have been (and are) facing a crisis of public debt in some countries of the eurozone. It started in Greece – two years ago almost to the day – when the government was close to financial collapse.

Within the currency area, the economies and financial institutions have become closely interdependent. The stakes were high. The financial stability of the eurozone needed to be preserved using all possible means.

That is why the national leaders had to deal together with this crisis, within the European Council of the EU's 27 Heads of State and Government – the body which I chair.

Some governments in countries under pressure had to take drastic measures. Budget cuts. Economic reforms. Three countries (Greece, Ireland and Portugal) had to ask for a provisional European-organised shelter from market rates, to be able to finance their deficits and debts. Other countries had to be convinced to help their partners.

The European Union did build the tools to face the situation. In particular a system of rescue funds or so-called “firewalls”, amounting to 500 billion euro or more [= around 650 billion US dollars]. You could compare this to a kind of International Monetary Fund for the eurozone, a “European Monetary Fund”. We also strengthened the central surveillance and enforcement mechanisms for the public debts and deficits, to prevent future trouble.

Institutionally, as the rest of the world has discovered by now, the eurozone is an original structure. One single currency, with one European Central Bank, alongside 17 national governments, who all have their own economic policies, their own budgets and their own national parliaments.

However, Europe will not do what might seem “logical” from the outside, which would be to centralise everything. We are not on the eve of a “federal jump”, establishing one country out of the 27, with one Treasury, central taxes, budget and debt issuance and all the rest.

The nature of our union is different. Yet as a club – a Union – of states, what we can do and what we do, is to make sure everybody lives by the rules we set together. Each state is obliged to meet the targets which are collectively agreed. We decide to bind ourselves to the common agreed rules. That has been the essence of our collective effort over the last 2 years to improve our “economic governance”. It is a balance between European institutions and national political systems. A balance also between individual responsibility of each and solidarity of all with the union as a whole. That balanced governance can and will perform.

Political leaders are showing real courage, in all member states, to convince their parliaments and public opinions of what is at stake. Some governments were forced to resign for taking unpopular decisions, but all the new ones are committed to adopting and implementing reforms. Leaders show responsibility; there is no space for populism – as for instance the new government of Italy shows. The Greek leadership took courageous measures in extremely difficult circumstances.

As a set of mature economies, we of course do not have China-level growth rates. Yet the economy of the European Union *is* growing structurally, even if slowly. Our peoples are resilient, thanks to a safety net of welfare protection.

Even with only 7 percent of the world's population we still generate 20 percent of the world's income. This is compared to about 19 percent for the US, and 14 percent for China.

Of course we are not complacent. We need to grow more, to produce more jobs, to keep our competitive advantages and to build new ones. We do not close our markets. No, we are adopting reforms within each of our member states to make our economies more competitive. These reforms are on track.

#### 4. Conclusion: China and Europe

Throughout the crisis, and I also said this yesterday and today to the Chinese leadership, we have appreciated the constructive Chinese reaction to the challenge we face. Both in our bilateral relations and in the G20. We highly value your confidence and I can assure you that we will fully live up to it.

The Chinese leaders recognise that the economic fundamentals of the euro are strong: low inflation, a lower public debt and deficit than in the United States or Japan, an equilibrium on the balance of payments for the eurozone as a whole. These fundamentals will remain sound.

The destinies of all eurozone countries are interlinked. But the interdependence goes further. The destiny of the eurozone has a strong impact on the global economy and vice versa.

That is the meaning of the global economy: dependence means responsibility and solidarity: All for one. Every country for the rest.

Europe and China share a wish to live in a multi-polar world. A world which is "united in diversity", where we work together to find global solutions to common problems.

A world not dominated by one currency alone. That is why "a currency for Europe" is vital for you, too.

"No man is an island. Every man or woman is a part of the main." This is more true than ever!

