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THE PRESIDENT**



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**Remarks by President of the European Council
Herman Van Rompuy
following his meeting with Prime Minister of Latvia
Valdis Dombrovskis**

I would like to thank Prime Minister Dombrovskis for his hospitality and for the good discussion we have had and which will continue after this conference. I would also like to say that it is a pleasure to be back in Riga. Last time I visited Latvia was in February last year.

Can I first of all say that today is an unforgettable and fantastic day, I will never forget 12 October 2012. It is a tremendous honour for the EU - and for all of us Europeans - to be awarded the Nobel Peace Prize. I am proud and touched. And we all have reason to be.

Receiving the prize - especially in the midst of an economic crisis - reminds us what the Union is all about. Peace and prosperity. The prize is a great recognition of the peace and prosperity we have created until now. And the prize is a great encouragement to continue promoting peace, prosperity and security all over the world.

Now turning to today's talks. Our discussions focused on two important issues for both Latvia and the EU as a whole: the situation in the euro area and the road map for the achievement of a genuine Economic and Monetary Union as well as the future Multiannual Financial Framework for the EU.

First, I would like to welcome the intention of your government and Latvian efforts to join the euro area in January 2014. This is a bold plan. The euro is the single currency of the EU. The euro is a long-term project at the heart of European integration. And I am confident that the euro will weather the crisis. The signal Latvia is sending by joining the euro proves the confidence it has in the future of the euro. It is very encouraging.

P R E S S

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We have made substantial progress in strengthening the euro area since my last visit here. Much has been done in Member States and at European level to get us out of the current crisis. Much hardship has been and is still being endured by people across Europe to this end. And it is therefore so encouraging that we now witness the first results of all the efforts.

But we are suffering from a lack of growth and increasing unemployment. That is why we have to restore further confidence in the euro area and implement the Growth Compact.

With EU assistance, Latvia has made considerable reform and consolidation efforts in the middle of a global economic crisis and today you enjoy the recovery. You achieved it Mr Prime Minister without breaking the link with the euro. Your experience should serve as inspiration for other Member States.

But the European Union is about much more than just economics and growth. It is also about being part of the same Union. We all have both a political responsibility and a political interest in coming out of the crisis stronger and together. Together we are stronger. One example is the Third Energy Package and EU's insistence on all companies operating in EU having to comply with EU legislation.

At our special summit in November, I will ask my fellow European leaders to agree the future multi-annual financial framework for the EU. Even if this represents only about 1% of European GDP, it does amount to around €1 trillion over seven years which can have huge impact on growth and jobs. It enables investments with a Europe-wide growth potential which otherwise would simply not be possible.

Latvia is a good example of how the EU funding can help a country grow. European structural funds together with national co-financing constituted in recent years the majority of public investment. Even in the midst of the crisis your government has not cut the national contribution needed to keep the European funds flowing to support investments. I believe this is one of key reasons explaining the recovery in Latvia today.

The European budget needs to take off on 1 January 2014, but months of preparation will still be required to set all the pieces. Finding a compromise is a political challenge. This has now been discussed at various levels for over a year. All Member States, including Latvia, have their interests and priorities, especially for Latvia, on cohesion funds and agriculture. We discussed it in the meeting with your Prime Minister and I have taken good note of these demands. I cannot say today what the final agreement will be, but I can say one thing: it will need the unanimous agreement of every Member State and the consent of the European Parliament. To conclude it, we all need to be very flexible. It will need to be a fair and balanced deal.

We need this agreement in November. A failure would mean a failure for jobs and growth. It is surely within reach of 27 heads of state and government to find a compromise on this amount, which is much smaller than those that have been at stake in other recent discussions.