



Joint press conference by José Manuel Barroso and Herman van Rompuy prior to the G20 Summit

Type: [Complete press conference](#) Reference: [I-073736](#) Duration: [18:26:58](#) Lieu:
End production: [18/06/2012](#) First transmission: [18/06/2012](#)

On 18 June 2012, José Manuel Barroso, President of the EC, and Herman van Rompuy, President of the European Council, gave a Pre G20 Summit press conference, prior to the G20 Summit, in Los Cabos, Mexico. On this occasion, they conveyed messages on the results of Greek elections, the deepening the Economic and Monetary Union and the expectations for key items on the G20 agenda.

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TIME	DESCRIPTION	DURATION
18:07:19	José Manuel Barroso, President of the EC, and Herman van Rompuy, President of the European Council, being introduced by the moderator of the Pre G20 Summit press conference, held in Los Cabos, Mexico	00:00:21
18:07:40	Soundbite by José Manuel Barroso (in SPANISH) congratulating Felipe Calderón, President of Mexico, for the leadership he has shown so far and wishing Mexico success in celebrating this event. Mexico success will be a success for the International Community. The European Union is here precisely to contribute to this success.	00:00:29
18:08:09	Soundbite by José Manuel Barroso (in ENGLISH): The European Union will contribute to make this G20 Los Cabos summit a success. Yesterday, the world's waiting for the results of the Greek elections came to an end. It is now crucial that a stable and cohesive Greek government be formed quickly. The new government needs to get to work swiftly to implement the economic reforms which are needed to bring Greece back on its feet again. This was also my message yesterday, when I personally congratulated, Antonis Samaras, President of the Greek political party "Nea Dimokratia", who has now the responsibility to form a government in Greece. I want, once again, to pay tribute to the courage and exceptional resilience of the Greek people. A lot of sacrifices are being demanded from them to redress their economy and move into a prosperous future. The second economic adjustment programme agreed between Greece and the Eurogroup is the foundation to achieve this goal. We	00:06:54

...group is the foundation to achieve this goal. We stand ready to continue to support Greece in its endeavour. We have come a long way in Europe, learning the lessons from the crisis. But recent developments demonstrate we must go further to complete the architecture of our economic and monetary union. We are taking immediate steps to boost growth through targeted investment and we are pursuing important structural reforms. At the same time we are also advancing with work to build a banking union and deepen fiscal integration, while enhancing euro governance. This is what it will take to match our monetary union with a real economic union. This is what it will make possible to achieve lasting confidence and truly sustainable growth. These steps will show the world that the euro and the European project are irreversible. We can and should now move further towards banking union: the Commission will be ready this autumn to make proposals that complement and deepen what we have already put on the table for more effective and integrated banking supervision, a common deposit guarantee system and an integrated banking resolution scheme. Further ahead, we should deepen our fiscal union, notably, by refining our financial backstops and achieving a more integrated budgetary coordination. Under strict conditions some forms of debt mutualisation will be considered. But let me be very clear: any future Eurobonds or Stability Bonds will not be a license to spend. On the contrary, they will become a powerful tool for increased discipline and stability. I expect the G20 leaders to support and to express their confidence in the steps already taken by Europe, and indeed for the steps we are now ready to take very soon. But the challenges are not only European, they are global. As G20 leaders we all need to make ambitious and responsible contributions to remove obstacles to growth and tackle the unacceptable high levels of unemployment. They are hurting our social fabric and people's sense of dignity and purpose, as well as the livelihoods of our people. The EU has been a pioneer in delivering on the G20 financial regulation agenda. With our recent proposal on banking resolution, we have fulfilled our G20 commitments to build a more responsible and solid financial sector. We need to shield our citizens from future crises and make financial markets serve the economy, not just themselves. The EU is also on track for the timely implementation of the 2010 International Monetary Fund (IMF) quota and governance reforms by this Autumn's deadline. This is crucial for the legitimacy, credibility and effectiveness of the IMF. Here, in Los Cabos, we will also discuss trade as an important source of growth and jobs. The European Union is sounding the alarm regarding the worrisome rise in protectionism

...summit regarding the remaining need in protectionism.

Restrictions to trade and investment create more global risks and damage the business climate in countries taking such actions. The G20 must live up to previous commitments, step up the fight against protectionism by extending the deadline of the Toronto stand still commitment. We must also further strengthen the multilateral trading system. We will also call on our G20 partners to give a strong impulse for trade facilitation in order to secure a successful outcome of one part of the Doha development agenda which is particularly helpful for least developed countries. Finally, although it is not formally on our agenda here in Los Cabos, let me very briefly touch upon an issue of which I think it is extremely important also because we need to look beyond the G20 countries, we need to think about developing countries and about global justice. I mean the global financial transaction tax. As I have said before, we want a Financial Transaction Tax to become a reality, in Europe and if possible at global level. It is a question of fairness and it would enable us to help more of the world's poor. A Financial Transaction Tax with other innovative ways of financing development can be a contribution to global solidarity. I expect the European Union to reach a conclusion soon that would allow an FTT to move closer to realisation in Europe and inspire a global solution. I will make this point also at the Rio+20 conference which I will attend in the coming days. I hope this G20 will give also a political impulse that will contribute to success in Rio for sustainable development and not forgetting the poorest of the world in this particular moment in our economic situation. I thank you for your attention.

18:15:04

Soundbite by Herman van Rompuy (in ENGLISH): good morning and welcome to this press conference. Today and tomorrow we will address key issues regarding the global economic situation, and I am happy that Felipe Calderón put growth and job at the centre of our discussions and deliberation. As we told Felipe Calderón during the bilateral EU Mexico Summit yesterday, this G20 should deliver a strong and credible message on growth and job creation. And we should do it with enhanced commitment and cooperative action from all of us. Europe comes to this summit with a constructive and open mind. The commitments under the Los Cabos Growth and Jobs Action Plan - that will come out from this summit - reflect the intense work the European Union and the Euro area members are doing to preserve the stability and the integrity of the eurozone and to promote growth. We more than share the worries about the debt crisis in the Euro area. It's in our own interest to overcome this crisis. But let us first look at facts and figures even in

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these stormy days. The impact of our current problems has to be relativised and can't be compared to the recession after the worldwide financial crisis of 2008-2009. The eurozone will face this year a mild recession -0.3%, and next year a growth rate of an average of 1%. The crisis has affected different countries in different ways. These divergences were reflected in the current account of the balance of payments. Today, these divergences are decreasing significantly. So are the fiscal deficits in the Euro area. A common currency needs this convergence. We continue also combining three ways of tackling this crisis: reforms at the level of the Member States and at the level of the Euro area, promoting economic growth with an active agenda on investment and at the same time ensuring differentiated fiscal consolidation, crisis management with new financial and governance tools (for instance, on recapitalising the banks) and at the same time deepening our economic and monetary union, so that the euro becomes an irreversible project. There are no contradictions between these three avenues. Reforms are undertaken in our Member States to bolster competitiveness and are even reshaping economic structures in some of them to an unprecedented extent. As indicated by the OECD, Euro area Member States have been amongst those delivering the most in terms of structural reforms. I would also like to point to recent, again positive, IMF reviews of the adjustment programme in Portugal and Ireland. Due to past efforts the pace of fiscal consolidation is declining this year, and next year it will be very low. Our public deficit will be less than 3% on average at that time. We have and will continue to confront country specific crises, demonstrate solidarity and we will continue to act to ensure overall financial stability in the Euro area. And we now have tools we didn't have at the beginning. We will not hesitate to use them, as we demonstrated recently. The Euro area Member States are determined, all the more after the choice made by the Greek people. Greece wants to stay in the eurozone. We are confident that the new Greek government will take ownership of the adjustment programme to which the Greek authorities had committed earlier this year. This is the basis upon which to build to foster growth, prosperity and jobs for the Greek people. This crisis will take time to solve. There are no quick fixes nor silver bullets, but we will do all it takes to see it through. Of course fire-fighting is not enough. At the same time it is crucial to demonstrate a clear and credible sense of direction. Our own public, the markets and our partners must feel that we know our destination and our road to get there. Our Heads of State and Government meeting three weeks ago and our

and Government meeting three weeks ago, and our European Council in ten days are geared to that very end. We will work on two major themes: Growth and the Economic and Monetary Union. First there is our ongoing and reinforced growth and jobs agenda. We will not spend our way out of the crisis, but we will exploit all pockets of growth and employment, especially for youth: - We will exploit our common policies. The internal market (also on energy, digital) and international trade contain untapped reservoirs of growth and jobs. If we succeed in opening them up, results will be rapid. - We will use our common budget and the European Investment Bank to supply over the next few years very substantial investment funds to the real economy, for innovation, SMEs and infrastructure, across the EU. Competitiveness, investment and trade will be key. - In the upcoming years we expect discipline and reforms to yield results. If not all, many euro countries are quickly rebuilding their health. Competitiveness will bolster growth. Besides growth and jobs we have our Economic and Monetary Union. We intend to make our Economic and Monetary Union fully solid, secure and stable. The debt crisis has shown that our currency union contains financial, fiscal and economic integration weaknesses. At our European Council at the end of this month, we will propose to kick start the necessary work and to have a clear roadmap for future decisions at least in some crucial areas: - The first priority is to work on a system of integrated bank supervision which will increase transparency and control of risks. And as the sharing of risks and the sharing of control have to go hand in hand we will also call for a speedy development of proposals of the European Commission regarding common resolution frameworks and deposit insurance which are already on the table. - Many tools to ensure fiscal discipline are in place and working. Moreover, we intend to define our road towards fuller fiscal integration, including steps over time towards more common guarantees *pari passu* with more fiscal common control. Next month the ESM, our permanent safety-net will be there and we will consider how to make it more effective. - We will work even on stronger economic policy coordination. Beyond the new disciplining of macro-economic imbalances, we'll work on making common recommendations on national economic policy choices more binding. We need not only convergence on economic developments but also on policies. Allow me to make a final point: the Union is correcting its internal imbalances. We expect that other G20 members correct their external imbalances as well. We know that this takes time but only a joint effort can stabilise the world economy and bolster sustainable growth and jobs. This summit will also address other important items. José Manuel Barroso already gave an

important reform. Eurozone leaders already gave an overview of the EU objectives in the different domains to promote development, to address food security, and green growth, to resist protectionism, and to strengthening the financial architecture. On this last issue, let me just stress that the G20 Finance Ministers in April agreed to increase the resources of the International Monetary Fund by USD 430 billion. Together with the agreement by the Eurogroup of 30 March to increase the Euro area firewalls, this provides a strong global firewall. Out of the global amount of which Europe (Euro area and other Member States) represents 56%, so far commitments of USD 362 billion have been firmly pledged. This is a positive development. But for the credibility of the G20 it is key we go further. We call on those countries who have not yet done so to firm up their pledges. As far as financial regulation is concerned, for instance Basel III, the EU is well on track and we expect our partners to move along with us too. The implementation of the IMF quota and governance reforms of 2010 is a high priority. All EU Member States are set to complete their ratification by the agreed deadline. We encourage all other G20 members to also timely ratify the reforms. Let me conclude that we expect from this G20 Summit a positive message on growth, job creation and stability for the world economy: a strong call for a reinforced international financial architecture, and a renewed commitment to open trade and investment.

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Questions/answers session

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