

**Public Hearing on Improving the Enforcement of Judgments
and facilitating cross-border debt recovery**

Brussels, 1 June 2010, 9:00-13:00

Conference Centre Albert Borchette, Room OA

**Key note address by Mr. Martin Selmayr,
Head of Cabinet of Vice-President Reding**

Ladies and Gentlemen,

Thank you very much for being with us this morning at a hearing on a rather complicated technical subject. I hope that the morning will show to all of us how important the subject is in the current circumstances. You don't need to have any reminders of the fact that, at this moment in time, Europe is in a crisis of unprecedented dimension. I think we should keep in mind, when we are sitting in this quiet *Centre Borschette* in the middle of Brussels today, that the world outside is not so quiet. This is why, at this moment in time, all capitals in Europe, all European Union institutions have a particularly important role: to keep calm, to keep a cool head, but at the same time to look very intensely into crisis management and to see how we can avoid the mistakes of the past, how we can avoid unilateral moves in the European Union and how we can jointly find the way back to growth.

The most important asset that the European Union has, in these times of crisis, is an old instrument. It is our internal market – an internal market that many of us take for granted, an internal market with 500 million consumers, 500 million citizens, hundreds of thousands of companies, with small, medium-sized and big companies. A couple of days ago, former commissioner Mario Monti published a report on how to re-launch the single market project. In this report, he lists many instruments that we can use to focus again on strengthening the internal market. He reminds all of us not to forget the internal market, not to turn back to the old times of protectionism, not to focus on where this internal market still needs completion.

The Vice-President of the European Commission, Viviane Reding, who is also the Justice Commissioner, does not need to be convinced about the added value of the internal market. You know she is from Luxembourg and, in Luxembourg, the Luxembourgers always say that they fell into the internal market idea like *Obélix* fell into the *potion magique*. If you have ever been to Luxembourg, you will understand very quickly why this is the case because you will probably have crossed some borders before even noticing. For Ms Reding, the Vice-President of the Commission, the internal market is the core of our European Union and she will do her utmost over the next 4 ½ years to strengthen this single market in the field under her responsibility. She firmly believes that justice instruments, and notably civil justice instruments, can be a very powerful tool to strengthen the internal market. She always remembers what Jacques Delors, the former President of the European Commission, has once said: Nobody falls in love with the single market. She always says that – even though he forgot to mention the Luxembourgers – Jacques Delors was right. Our internal market today, in many instances, is not really loveable. If you are a small or medium-sized company or an individual consumer, very often you are confronted more with the difficulties of the single market.

When Ms Reding prepared for the new portfolio of EU Justice Commissioner that for the first time was created in the European Commission, she looked into the subject that you are discussing here today. And she saw a figure that she found rather alarming: Only around 37 % of cross-border debt can be recovered today. She asked her experts three times to check this figure. A good mathematician, she also takes it the other way round: This means that in our internal market more than 60 % of cross-border debt is not recovered. If you are a businessman, how can you really contract on a cross-border basis if this is true? If you are a small or medium-sized company and you know that in over 60 % of cases where you have a title, a judgment, but your debtor is on the other side of the border you will not be able to enforce your claim? It has often been said that enforcement is the *Achilles heel* of the internal market. We are talking today about a very concrete issue where we perhaps should do something about healing this *Achilles heel*.

Ms Reding also believes that, in this time of unprecedented crisis, we should show a little bit of courage. We have created in the European Union, perhaps a bit naively, free flow of capital across the borders and that has been a source of unprecedented wealth. However, it has also lead to some of the problems that we see in our financial markets today. She therefore believes that enforcement of cross-border debt must be as

fast as the flow of capital. It cannot be that the fact that we have 27 legal systems is always an obstacle to cross-border enforcement and leads to a situation where our internal market is more a theory than a concrete added value for small and medium-sized companies, bigger companies and individual consumers.

Ms Reding further trusts that legal certainty is very important in these times of crisis. Legal certainty means also that legislation that is prepared must be legally and economically sound. The crisis should not be an excuse for rushing into legislation. The European Commission has always had an approach of high quality to legislation and, in particular in these times of crisis, we should not forget this. This is why we are sitting here together today: to listen to your views, to gather evidence, to check alternative options, to give the time that is necessary and to make decisions, at the end of the day, on the basis of the full understanding of the legal situation and on the basis of sound economic facts.

I would invite you all to use this occasion today and to help the European Union institutions – I see that many representatives of the Member States are also present and I welcome that – to prepare a very effective and sound legislative process – if we decide to go into this direction. We will give it, as said, all the time that is necessary while keeping in mind the urgency of the crisis situation. This instrument that we are discussing today may just be a small building block of all the instruments that the European Union can take to fight and address the crisis and to bring us back on track to growth. But it may be, at the end of the day, a rather important one to restore confidence in our internal market and to reactivate it as a source of growth. I invite you all to participate actively.

I can promise you that the European Commission will listen very carefully to what you have to say; our timing will take into account the results of your discussions today. I would expect that the Commission could come forward with concrete proposals in this field under discussion today in the first half of 2011. Now, I am very curious about what you have to say and I promise to you that I will listen very carefully and Ms Reding will do so to all the input that you are going to make. Thank you for your interest.