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SPEAKING NOTE
for Director-General
Klaus REGLING
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General introduction to the Forum

Excellencies, Ladies and Gentlemen,

It is an honour for me to take Commissioner Solbes' place in welcoming you and opening the 5th Brussels Economic Forum. As you are no doubt aware, Mr Solbes has been appointed Deputy Prime Minister and Economics and Finance Minister in the new Spanish Government.
Mr Solbes very much regrets that he is unable to take part in this year's conference. He has asked me to convey his best wishes to the participants as well as his expectation that this year's Forum will prove as stimulating as all the previous ones.

Incidentally, from a wider Commission perspective, the appointment – or indeed re-appointment – of so many Commissioners to leading political posts in national Governments is a highly positive development. Although we miss those Commissioners who leave before the end of

their term, this two-way flow of senior politicians will undoubtedly lead to a better understanding of the EU's working mechanisms at national level and hence to greater transparency, which can only be helpful.

Traditionally, the Economic Forum starts off with a discussion on the EU's economic prospects and the main policy recommendations. This is done on the basis of the Commission's Spring Forecasts and the latest edition of the Broad Economic Policy Guidelines – the main policy document for economic policy co-ordination in the European Union. Previous forums highlighted the importance of structural reform for strengthening potential growth. Of course this topic remains high on our agenda with the recovery in Europe still modest and the mid-term review of the Lisbon Strategy in prospect.

You will not be surprised to see issues related to fiscal policy on this year's agenda for the policy debate. Without wishing to prejudice the conclusions of our distinguished panel of speakers, I would reiterate the Commission's long established view that fiscal prudence is a necessary – though not sufficient – condition for sustainable growth. Thus, the terms of the Stability and Growth Pact remain the guiding principles for conducting fiscal policy, in the euro area in particular.

After the general policy debate, the Forum traditionally analyses one or two topics in greater depth. This year's Forum takes place on the eve of a historic event: the biggest-ever enlargement of the EU, involving 8 countries from Eastern and Central Europe plus Malta and Cyprus.

Although there are many challenges in terms of integration and catching-up, we felt that the future of the financial systems in the countries concerned is a subject of critical importance that warrants specific analysis.

Financial stability, efficient financial markets and success in meeting the challenges arising from liberalised capital markets are key elements in any successful catching-up process. We are therefore particularly happy to welcome some very distinguished speakers from the new Member States in this afternoon's session.

Incidentally, the 5th Brussels Economic Forum is also taking place 5 years after the start of Economic and Monetary Union on 1 January 1999.

We would therefore also like to look at some of the experiences so far, with a view to drawing lessons for the new Member States.

Some observers have been surprised at the initial widening of cyclical and inflation differentials after the start of EMU.

However, it is not at all surprising that there should be some widening if we consider the initial conditions under which individual Member States entered EMU. The panel tomorrow morning will be trying to put this issue into perspective. I would also expect an answer to the question of what policy measures are required to prevent differences among participating Member States from becoming too wide.

One more observation which appears puzzling is that, while convergence among Member States is in general improving, regional disparities within countries have, in certain cases, increased. This will also be discussed tomorrow morning.

Finally, the Forum has traditionally discussed themes that are more closely related to Community affairs. Last year, we had the very timely debate on the Convention; hopefully, the new Constitution will be adopted soon. This year, issues related to the new financial perspective after 2006 will be addressed – this is on the agenda for tomorrow afternoon.

While the public debate is almost exclusively focused on the budgetary implications – either in terms of GDP or, more provocatively, in billions of euro – the issues involved are in fact much more far-reaching. What should the

Community's priorities be in the decade ahead? How successful has Community support – in particular the Structural Funds – been and what can be expected – or improved on – for the new Member States?

We will certainly not be able to answer all these questions. But I am glad that Commissioner Schreyer will be chairing tomorrow afternoon's session and will therefore be able to present the Commission's viewpoint on these matters.

The final panel discussion will try to wrap up some of the main findings of our conference.

I very much hope that you will find the topics interesting and relevant. I would also like to take this opportunity to thank the distinguished speakers for having accepted our invitation and for their contributions, which I am sure will be very stimulating.

In the absence of a Commissioner, I wanted to keep this opening statement brief. We will thus gain time for our discussions this morning.

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