

Q: Mr. Almunia you said the enlargement has put an end to the division of Europe and I think we would agree with that and Mr. Rehn is talking in a wider context, beyond the new member States, into candidate member States as well. How seriously should one assess the downside risks to a new division of Europe as a result of the current crisis and particularly in the light of all of the currency depreciation, the extraordinary rise in unemployment and growing signs of social unrest?

Well indeed, we are facing a very serious and difficult economic situation in all of our countries, in all of our member countries, in the 27 and in all the world. Europe is equipped to help the weakest economies within the EU and I gave to you some of the most important figures that are financing these instruments for helping these economies. Indeed at the same time we are sending to the authorities of all the member States, including the 12, recommendations, opinions and in some case warnings about the risks that they have to tackle with decisions that cannot be adopted in Brussels, that should be adopted at the national level. And a couple of days ago I had the opportunity to send some of these messages when we adopted, and I explained to you, the opinions regarding the convergence programmes, some of the new member States, so we are trying to help those who need help and through this help from the EU instruments, in some cases, financial instruments, in some other cases political instruments at economic policy surveillance. We are reinforcing and strengthening Europe and we are using our European instruments, including the euro as a tool for better protection and stronger protection. The euro is protecting also the non-euro area members and in particular those new member States that are preparing their economies and preparing themselves to join the euro area in the coming years and beyond the borders it is up to Oli to answer your question with more details, but I think that the EU is a pole of stability and is used as an anchor to increase the stability in all those countries that want to become members of the European Union, that are candidates and that will be candidates and even to our neighbours that are not considered as candidates so far. So I think the EU is a very useful and important tool to increase the stability and to minimize risks in a very difficult situation for everybody.

Q: I understand that this Communication aims at demonstrating for the new member States, what was their benefit. Are you planning to do the same exercise for all member States also showing in a quantitative way on a different field what was their direct benefit also from this exercise.

Regarding the second question, well this report and this Communication indeed is addressed to all member States and to the 500 million European citizens and probably is addressed beyond our borders to those who want to become also members of the EU. But what can I tell in a particular as the benefits for the old member States. Indeed, for all those that had invested in the EU 12 and that had stepped up the investment during the last 10 years not only after the enlargement but because of the perspective of the enlargement in the years before 2004, the benefits are enormous and this investment force that has increased a lot and you can find the figures in the Communication and the report has not produced significant movements that the so called delocalisation, it's true that we cannot talk about delocalisation within the borders of the EU, but if you look at the figures of the consequences of the investment from Western investor in the Central and Eastern European countries, in most of the cases these investments are all oriented to the service sector so these are not eliminating activities in the Western part of the EU, or are complementary to the investments that have been decided and developed here. So the risks or the fears against the loss of jobs because of the enlargement has a complete lack of arguments in general and indeed you can find some particular cases, but all in all the results show a win-win situation from the point of European

investment, shows a win-win situation from the point of trade, as Olli said, he gave the figures; shows a win-win situation from the point of view of the free movement of workers, labour and indeed shows collective benefits from the point of view of the political stability and from the point of view of the role of Europe in the global world. So I think that the messages that can be drawn from this report and from this analysis are positive messages also from the old EU 15 and for the old European citizens. It is an optimistic conclusion and is a conclusion that is very useful to tackle now the challenges that are common challenges for all of us for all Europeans and not different challenges for one country and not for the others.

Q: You have made a strong case for the benefits of the Western investors have made in Eastern Europe and the profits they have made Eastern Europe but right now this particular week there are more and more warnings as to the amount of money that the investors could lose in Eastern Europe if they have invested for example in Eastern European banks or in the property sector in the Baltics. Are you concerned that given the current crisis and the depth of the crisis in the new member States, having helped bring everybody's economic level up, they are now leading the charge to drag it back down from everybody else.

Indeed I am concerned by the difficult situation in the economy and especially in the financial markets for financial institutions, but I am not only receiving information of some problems in the Eastern part of Central and Eastern part of Europe. I am receiving information of problems everywhere and those who unfortunately have recorded losses are not only recording losses because they had invested in some Central and Eastern European countries, have recorded losses for many reasons, very well known reasons and when governments had decided with the guidelines provided by the Commission to recapitalise banks, and ensure that they are thinking in recapitalising banks, had invested in the past years in the Central and Eastern European countries and that this recapitalisation will also benefit subsidiaries of these banks established in these countries. And today you can find some good information in this regard in the press in the newspapers. Banks that are established directly or through subsidiaries in these countries are recapitalising their subsidiaries in these countries as is normal, and what I want to repeat is the need to better coordinate the action of the financial and monetary authorities of the countries involved both home and host countries, better coordination of supervisors and better coordination in general in the way we are facing these difficult economic situation, we are working on that as you know on an EU level, at the global level and will continue to do so!

Q: Commissioner Almunia in your press release you say that now the big challenges to resist any temptation of protection these tendencies would destroy the single market. Could you please be more specific and tell us were exactly you see these tendencies, is it in all member States, and could you name them? Second question, on the rescue plan for Eastern and Central Europe, do you see the need for such help due to the situation on the financial markets? Thanks

Temptations of protectionism can come from everywhere, from an EU member States, from non-EU member States, all the new public sectors, private sectors, from everywhere we should be extremely aware to avoid creating barriers inside the internal market and to avoid destroying level playing fields that will trigger this protectionist temptations. This can be observed in some case in the financial markets, for instance some government or authorities re-fencing some parts of the financial markets at the financial level. We can observe these trends or temptations in some schemes to support some companies or industrial sectors. We can observe these trends or temptations in some cases in the financial markets, for instance, some government or authorities re-fencing some parts of the financial markets at the national level. We can observe these trends or temptations in some schemes to support some companies or industrial sectors. We can observe these kind of temptations in the way the discussion of the common action required at the EU level, is being developed among member States, but we are committed as Commission, and I am sure that the political leaders also, to

avoid these temptations to materialise in protectionism. We need to protect citizens, we need to protect the economic sectors, we need to protect economic companies, we need to protect economic work, European workers, but this protection cannot be identified as protectionism and there are ways to protect without being protectionist. Regarding the support for the southern and Eastern economies, who has to support? We are supporting these economies through the instruments that we have in our hand in the EU and I mentioned before, from the structural and cohesion funds, to the EIB lending activities. We can also mention the EBRD, even if the EBRD is not formally an EU institution, but we as Commission we are also shareholders of the EBRD, we can mention in the case of financing crisis, the balance-of-payment facilities which has been used. We are supporting these economies and these countries through the surveillance that is and should be interpreted as help, a peer support for the adoption of adequate measures, measures that can be efficient in tackling the crisis, and sometimes these measures are needed but are difficult from the political point of view and the European voices, both the Commission, the Council should support everyone of the governments or authorities should adopt these decisions. On top of these, the private sector should support their own investments and this example of banks that are recapitalising their subsidiaries in those countries, is a very good example and the international financial institutions should be more active and they are stepping up their strategies and their decisions and their instruments and requires the support of the shareholders of these international financial institutions, and we are discussing for instance in the preparatory work for the G20 summit in London the 2nd of April, and we will be having this Sunday a meeting in Berlin to prepare the European position vis-à-vis this summit, we, as the Commission are asking the members of the IMF to increase the support to the IMF through increasing resources that can allow the IMF to increase their lending capacity. For instance Japan the other day formalised a loan to the IMF for 100 billion dollars and the Commission would like very much that those European countries that are in a position to contribute to the IMF to increase their resources through loans, can decide this support and the Commission would like that this support will be presented globally as an EU support, putting together the measures and the resources decided by those European countries that can adopt these kind of decisions. Not all the EU countries can give this kind of support but some of them indeed can increase their contribution to the IMF instruments and the same can be said for the World Bank that is also a very important institution in this area.