

# Interview with Commissioner Michel Barnier



*Michel Barnier, the new European Commissioner for Internal Market and Services has lived and breathed politics his entire life. He has served his native France in three senior ministerial posts: as Minister for the Environment in the early 1990s, subsequently as Minister for Foreign Affairs and more recently as Minister for Agriculture. European affairs are not new to Mr. Barnier. He was France's deputy Minister for European Affairs from 1995 to 1997 and European Commissioner for Regional Policy from 1999 to 2004. In this interview, Commissioner Barnier tells Single Market News how a handshake between General De Gaulle and German Chancellor Adenauer moved him to engage in Europe at the age of 14. He recalled how it marked the start of a 'fil bleu', his commitment to Europe, that weaves through his life and career. Meet Commissioner Michel Barnier, a man who believes that 'Europe is not an option, but a necessity'.*



**In your Hearing with the European Parliament, you stated that you wanted to: 'place at the heart of the Internal Market, those who make use of the Internal Market'. Could you elaborate on this?**

The Internal Market, the Single Market, is what we, Europeans in all Member States, have in common for many aspects of our economic and social lives. It is not a bureaucratic invention. The idea is that as European citizens, we share an economy and we share our values for its social aspects. However, citizens, consumers, producers have lost this connection and have begun to view the Internal Market as a constraint rather than as an opportunity to improve their lives together. Therefore, I see it as my mission to prove why this big European market is full of opportunities for us all. We can now live in any European country, we can get our professional qualifications recognised and we have bank cards that work across the continent. I want to tell people about these opportunities, little things that are important to their everyday lives, such as having the euro.

**Do you think the EU is out of touch with its people?**

This is what I feel. This is why I want us to prove again why Europe is important, by highlighting how Europe makes a tangible difference to people's lives. To give you an example, in my first couple of weeks as Commissioner, the European Parliament voted in favour of a text, which will really makes things easier for small businesses, for example by making their accounting standards simpler. There are several million businesses, meaning several million jobs. We have to get to the point where we can show people that Europe is useful to them, that it facilitates their lives, by facilitating their jobs.

**Did the French 'No' vote against the constitution affect you?**

Yes, it was a tough time for me. And it forced me to take a step back and re-think what Europe was all about, and what it meant to people. It demonstrated how big the distance had grown between Europe and its people. On the very day of the 'No' vote, I promised myself I would devote myself to ensuring that Europe would re-engage with

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its citizens. My message was and remains: Europe is not an option, it is a necessity. Things can get complicated in Brussels, because we have embarked on a unique project: a cooperation between nations, not a melting together of nations. I want a united Europe, but not a uniform Europe. There is no one European nation, there cannot be one super state. We are a community of nations, and we should be proud of and respect our differences, our languages, our culture, our traditions. But it also makes sense for us to be together, and pool together some aspects of sovereignty – so we can really count on the world stage, so we can travel, trade and live more easily. And that's why we started by joining up our markets....

**What do you plan to do in the area of financial services during your mandate?**

The answer is: a lot. The crisis has made one thing clear: we must do things differently, we must reform financial markets.

My road map is the G-20 road map and the de Larosière report.

On the latter, we need to build a supervisory system for the financial sector at European level. I want to make Europe the first region in the world to benefit from such an integrated approach. The Commission made ambitious proposals – we now need to reach agreement with Member States and European parliamentarians as quickly as possible so that these new authorities are up and running next year.

We also need to continue to act on our other G-20 commitments, for example to regulate alternative investment funds and to put in place appropriate and effective rules for them. Again, our proposal is on the table and with a bit of good will on all sides, I believe a final agreement is possible before the summer. We need to close the

regulatory loopholes and pursue our determined action against non-cooperative jurisdictions. We need to promote the standardisation of derivatives, central clearing of derivatives and reporting to trade repositories. This also implies putting in place a prudential framework for central clearing parties. More transparency and security in derivatives markets are essential to create financial stability. In this context, we will also need to revise MiFID (the Markets in Financial Instruments Directive) where more transparency is needed, in particular for alternative platforms. We will also review the Market Abuse Directive in order to extend its scope of application.

The G-20 showed a shared commitment to reform together and to ensure convergence of accounting standards at an international level. Therefore we need to continue work on finding the right balance between a faithful representation of a company's financial situation and wider financial stability.

I will also ensure the follow-up of international decisions aimed at strengthening the solidity of financial institutions and in particular their own funds in the framework of the Capital Requirements Directive. And we will take the opportunity to put in place rules on forward-looking provisioning in order to be better prepared for the crises of tomorrow.



**You have stated that for you the real issue is: 'how to put financial markets at the service of the real economy and not the other way around'. Could you elaborate on this point?**

Citizens and companies have moved away from the Single Market. Whereas the Single Market is our best protection in times of crisis, they don't always see its tangible benefits. Like I said to you earlier,

I believe that financial regulation is also about improving the daily lives of European citizens. I am thinking in particular about the conclusion of the Single Euro Payments Area (SEPA) project and the Packaged Retail Investment Products (PRIIPS) initiative, which will simplify the daily lives of citizens and bring them the transparency and security they expect from Europe.

## 'Financial markets need to be at the service of people driving the real economy.'

The crisis is not over and it will have long-term effects on growth. It is essential that we clean up the financial sector with intelligent and effective regulation that does not stifle innovation. We need to act effectively – without forgetting the principles of better regulation: we do not want to add useless burdens when access to finance is essential for recovery. That is what I mean, financial markets need to be at the service of people driving the real economy.

**You have pictures of Monnet and Schuman on your wall. How do these two men inspire you in your role as Commissioner for the Internal Market?**

These two French politicians played an extraordinary role after the Second World War forging reconciliation. But they weren't the only ones. There were Italians, Germans, Belgians, Dutch and Luxembourgers and other politicians who shared the same vision and the same audacity. Together, they agreed that the two strategic raw materials which represented economic and military power at that time, coal and steel, needed to be European. That was the start of the European adventure and the European Economic Area.

The political idea behind the economic project was about wanting to be together for peace; to make sure there would not be another war. It was all about the wish to have stability, peace and democracy between countries on a voluntary basis. But it was not enough to want this, there also had to be a common interest. People had to 'need the peace'. The coal and steel market put into practice the wish to support, to consolidate, to be together through a common interest. And then, step by step, the 'common market' of 1957 followed, and many years later the Single Market.

This is why I have a photo of Monnet and Schuman on my wall: they inspire me, they were extraordinarily brave and visionary.

**In your previous role as Commissioner for Regional policy, crisis prevention and insuring against risk was the order of the day. What approach should Europe take in dealing with the present financial crisis and what should it do to prevent future ones?**

Crisis prevention is something I've always cared about. Many years ago, I even published a world atlas detailing all the big possible natural disasters.

And although financial crises are of course very different, the same principles apply. I believe that in all areas, it's better to be safe than sorry.

We need to create a culture of 'prévoyance' – it's a French concept I really like and I think best translated as 'foresight', as we cannot afford another crisis such as the one we're still only slowly coming out of. We need to learn all the lessons of the crisis – and pursue the work started at the G-20.

**In your view, what other aspects of the various policies under your responsibility will require the most action over the next five years?**

There are many, but here are some which really matter to me: I want to support the growth of electronic commerce. There are still far too many barriers: why is it still often impossible to buy and get delivered items from shops in other European countries? We need to tackle such barriers. And many still don't feel confident about buying online because they're worried it's not safe: I want to ensure we have the right framework in place that gives consumers all the necessary guarantees when they buy goods and services over the internet.

Another issue which matters to me is the recognition of professional qualifications. All of Europe's citizens should be able to enjoy the right to work and live in another country. Member States should have transposed the relevant Directive in 2005, but still today, 20 % of the problems referred to SOLVIT are about this. So more needs to be done to ensure good on-the-ground implementation of this Directive.

I also want to make sure the Services Directive really frees up the potential for our businesses, especially for the small and medium ones. That's what the Services Directive can do – we now need to ensure it's properly implemented.

**'You can't be a good Commissioner if you stay at your desk all the time...'**

I also want to prioritise adapting our copyright framework. This is a sensitive area but we need to find the right balance between making more works easily accessible online, including orphan works, and making sure that the works of European creative artists are properly protected.

**'...so I have decided to go local, to see people, the grassroots.'**

Our patent system is both too costly and too complicated. Did you know it costs nearly ten times more to patent an invention in Europe than in the United States? How can we be competitive in that context? I am pleased about the progress recently made by Member States, and we now need to finish off negotiations so that creativity and innovation are rewarded, not blocked.

There are many other areas that I will prioritise – our work on counterfeiting for instance – but I can't name them all here. But expect an ambitious and fulfilling five years!

**You have announced you will visit all EU capitals. How is this going? Who do you target during these visits, what do you hope to achieve?**

You can't be a good Commissioner if you stay at your desk all the time. You need to get input from those on the ground – businesses who work with EU rules; civil servants who need to apply the rules; citizens who want to exercise their rights. So I have decided to go local, to see people, the grassroots. Not only leaders, the elite, but everyone: people. That's why I have started my tour around European capital cities to meet as many different people as possible. I started with a visit to London; then a second one to Madrid; I'm just back from Frankfurt and I will continue doing such trips as often as possible.



One particular area I am interested in is how the Services Directive is being implemented. Our estimates suggest that if well implemented, it could add more than one percent to economic growth. That's enormous. So I want to meet all those on the ground in charge of making this Directive happen– to see what challenges they are facing and how we can overcome them, so we take advantage of all the opportunities this Directive offers.

## 'My commitment to Europe dates back to the moment when General De Gaulle and the German Chancellor Adenauer shook hands'

I also want to take time to meet young people, and I'll try and meet groups every week, of students for example or young people who want to start their own business. For me, it really matters to talk to a new generation, to listen to their views and to explain what we're doing. I know that the day I can't communicate with young people, I'll be out of touch! Young people keep my feet on the ground.

I strongly believe that Europe is stronger when we're together. But not everyone shares that conviction. And I'm worried by the rise in protectionist and populist sentiment across Europe. So it really matters to me that I take the time to talk to people, and try and convince them that together, we're stronger than when we stand alone.

**Twenty years ago you were in charge of organising the Winter Olympics in France. Now you are European Commissioner for the Internal Market. Could you have thought then that you'd be here now? Is there a 'fil rouge' in your career?**

There is a 'fil bleu' which is my commitment to Europe, but this dates back to well before the Olympic Games. It dates back to the moment when General De Gaulle and the German Chancellor Adenauer shook hands, when I was 14. This was a big moment – it symbolised deep reconciliation between France and Germany. That day, I became a European Gaullist, so this is where my 'fil bleu' began. A framed picture of this event has travelled with me to all my offices since. It means a lot to me.



The 1992 Albertville Olympic Games are another story. I spent ten years of my life on this project – five years on the bid and five years preparing the Olympics themselves. When you come from a mountain region like me, there can be no greater challenge and honour. These ten years had a big impact on me: they changed my views on many things, as the Olympic Games go well beyond regions, beyond anyone's personal interest, beyond political sensibilities. Everyone who contributed – there were 8000 volunteers – had a feeling of personal achievement through having achieved something big collectively. Likewise, I would like each European citizen to have a sense of personal achievement, because of Europe's success.

## 'I would like each European citizen to have a sense of personal achievement, because of Europe's success.'