

**MEMORANDUM OF THE ALLIANCE OF LIBERALS AND DEMOCRATS FOR EUROPE**  
**to the candidate for the Presidency of the European Commission**

Brussels, July 13, 2009.

The European Union stands at a turning point in its history. Since the fall of the Berlin Wall, the world is changing rapidly. The time of uni-polarity is over and new superpowers are emerging. For twenty years only the United States of America was the leading force of the world, but now it is clear that power will be shared with countries like China, India, Russia and Brazil. This evolution is being hastened by the economic and financial crisis we are currently facing. Strong countries appear to be more able to tackle the crisis and they will emerge from it faster and will become even stronger. We will see a world in which these new powers will not only be economic giants, but political and military heavyweights as well. International politics will be shaped by their standards too. In other words, their rise will change the face of the globe.

The European Union faces a choice. Either it takes a step backwards, becomes a bureaucratic and loose confederation of diverging countries and gives up being an international heavyweight, or we decide to move forward, to become a stronger union speaking with one voice in the world, convinced of our European values and standards. Either we continue down the road of protectionism, where everyone is looking out for their own interests or we return to pursuit a common project characterised by sustainable economic growth and jobs, solidarity between peoples and nations, security and liberty in order to realise a free, fair and open society.

The Alliance of Liberals and Democrats for Europe is convinced that Europe must move forward. Only with more cooperation, more decisiveness and more vigour can Europe provide the answers and solutions to the questions and concerns of our citizens. We do not need a Europe of projects but a European project. A political Europe that people can understand, trust and believe in. A Europe that is an international leader in all fields.

The European Commission has a primary duty in this regard. The Commission must be in the vanguard of the European project again. It must make maximum use of its right of initiative to push integration forwards to deal with the financial and economic crisis, to tackle global warming, to complete the internal market, to defend civil liberties and security, to develop common policies where necessary in areas such as defence and energy, to find common solutions to practical problems affecting citizens in the areas of civil law and cross border healthcare and to extend solidarity between all states and citizens of the Union. Citizens deserve better government at EU level and more capable of meeting social and economic aspirations and more responsive to the democratic will. The Lisbon Treaty, once in place, will provide the EU with the necessary capacity to act effectively at home and abroad.

At the same time the European Union must respect the principle of subsidiarity, working within the competences it derives from the Treaties and always seeking the most effective level of government action for the objectives being pursued.

Over the next five years the European Commission must reclaim its role as the engine of the European Union with the European Parliament as a partner in defence of the common interest.. In opting for an ambitious EU agenda the Commission will find in the European Parliament its most enthusiastic partner. As representatives of the European citizens we want

to seize the moment of ratification of the Treaty of Lisbon to make a new start. This might require a renewed Inter-institutional Agreement and reasserting the primacy of the Community Method over a resurgent intergovernmentalism.

Together with the Commission we will complete the process of a fundamental review of the EU multi-annual budget priorities to ensure a budget that not only matches our political ambitions but one that gives greater emphasis to the new endeavours of stimulating research and innovation whilst encouraging a more sustainable rural development policy and the means to pursue a foreign policy that is more than the sum of its collective parts.

We demand the President of the next European Commission to introduce a European Union budget planning (2013 - 2020) to a large extent based on independent own resources. This is important for the independence of the European decision making process and it will end the unproductive discussion between net contributing and net beneficiary countries.

In this memorandum the Alliance of Liberals and Democrats for Europe outline the three major political priorities on which the ambitious project of the European Commission should be based: (1) addressing the causes of the financial and economic crisis, (2) tackling global warming and (3) defending civil liberties and fundamental rights at home and abroad.

A second, more detailed memorandum will follow once the ratification of the Lisbon Treaty has been completed and before the new Commission is approved

## **1. An ambitious strategy to tackle the financial and economic crisis**

Since the autumn of 2008 the financial and economic crisis has been shaking the world. The stock exchanges have fallen by historical amounts. Businesses are seeing their profits become losses and are making cuts to avoid bankruptcy. After watching their savings and investments go up in smoke, people now fear for their jobs and pensions. As much as two thousand billion euro may have disappeared as a result of the current crisis.

In spite of the serious nature of this situation, the European Union did not rise to the challenge in developing a forceful and coherent strategy for dealing with the crisis. Collective and coordinated action was largely supplanted by disjointed, national remedies lacking appreciation for the global scale of the crisis or the effect of measures on EU partner countries. Economic protectionism began to make a return and develop a dangerous spiral, unravelling the work of 50 years of economic integration and solidarity. We can and must turn things around, sharpening our analysis and providing an effective European response.

We demand that the President of the next European Commission build a single European recovery plan in the fight against the economic, financial and social crisis. Today it is clear that Europe will not recover if it sticks to its 27 different, and often even protectionist, recovery plans. Coordination of national policies is not enough. The European Commission needs to build a coherent, common and ambitious strategy, taking into account the climate package, new technologies and sustainable investments, that will lead us out of the crisis as soon as possible and will take advantage of the opportunity to renew our economy and strengthen enterprise, especially SMEs. The Commission also needs to develop cross-border,

sectorial strategies as it successfully did with the steel sector in the past and as it should do these days, more specifically with the automotive and the banking sectors.

If Europe doesn't join forces to find an effective response to the crisis affecting our economies, it faces a similar experience to Japan characterised by a series of failed plans to restore growth and trust. Therefore, the European recovery plan must first and foremost bring order to the chaos of the financial markets. Only then will trust be restored. A series of purely national measures in a globalised financial world is anachronistic and absurd. Ideally we need a global financial regulator. This may be achievable in time but unrealistic at present. What is realistic, though, is a single European financial supervisor - reaching well beyond a coordinating association of national control authorities. Failure to insist on this will increase the risk of the disintegration of a single market in financial services that we have already begun to witness as banks have turned their focus on their own domestic markets at the expense of a presence in many new Member States.

The financial crisis showed up the key strategic importance played by the Single currency area and the deft judgement of the European Central Bank, without which the outcome could have been far worse. It underlines the need to proceed apace in enlarging the eurozone and encouraging all those EU Member States still outside to align their economies with the current criteria so as to enable swift adoption of the Euro.

The second part of the recovery plan consists in the recapitalization of the European banking system. National interventions implemented so far, did prevent the implosion of the banking system, but did not restore trust. The European Union, on the other hand, does have the authority to demand transparency from the forty biggest European banks and bring about their recapitalization. Together with this recapitalization every single bank should divest its toxic assets. For as long as one bank still has poisonous assets, trust will not be restored. The strength of the chain is in the weakest link and only Europe is capable of examining each link and fixing it if necessary.

Thirdly Europe needs to invest in a new future-oriented economy. A non-fossil economy that counters the effects of climate change, provides for sustainable mobility and addresses the issues of an ageing population. That is why new investments in technology and infrastructure are of vital importance. The trans-European networks in transport, telecommunication and energy have to be implemented more rapidly. They will be the life line of our future economy. In order to build up a new economy, we need attractive investment opportunities, in which we see private entrepreneurship and SMEs as the backbone of our economy. The social market economy is and will remain our common social system.

Both the recovery of the financial markets and the transformation of our European economy will not come cheap. Member States will not be able to finance such huge expenditure, especially as each of them currently faces serious annual deficits and mounting national debt. The only alternative is to make an appeal to the international capital markets. Today investors all over the world are putting their money in the Treasury Bonds of the United States. This means we are ignoring a major source of capital and the opportunities that go with it. Since a lot of trust is being put in the Euro, it would be a good idea for the EU to attract finances on that capital market for example by extending the existing system of bonds of the EIB. For this, and other reasons, the European Union must participate in the mainstream of global

capital market and seek an internationally cooperative stance in adopting regulatory initiatives.

We need more European social and economic governance, not by imposing harmonization but by increasing convergence and mutual recognition. EU governance must avoid centralisation for its own sake and encourage the decentralisation of the management and responsibility of common policies. The Union will become more efficient and more strategic by setting targets for development as regards pension reserves, the quality and cost of healthcare, the labour market and demographic policy. This part of the European strategy will also provide an answer to the question of how we can ensure that the key driving forces of the European economy remain under European control and it will strengthen and complete the internal market. Besides that, there is an urgent need for a new European job strategy that will go further than the current Lisbon strategy. Finally, the Stability and Growth Pact must be made to work better. Public finances must be brought back under control at the earliest opportunity. Executing action and investment plans without limiting costs would mean that all stimulus plans would end up being mortgaged, which would place a considerable burden on future generations.

The judicious use of structural and cohesion funds, properly implemented, can also act as an important catalyst in attracting investment and economic activity to many regions which have suffered most from the global economic downturn.

Our plan for the future must be bold and Europe must take the lead, as it is doing on the environment. The time has come to reform outdated structures and transform an outdated economy. This is the challenge we are facing, and this is what ALDE expects from the European Commission.

## **2. An ambitious strategy to tackle global warming**

The second priority for the Alliance of Liberals and Democrats for Europe is to tackle global warming. The consequences of global warming are already very clear in the increased amount of heavy storms and floods. We know what science has taught us: global greenhouse gas emissions must peak by 2020 at the latest. They must be reduced by at least 50 % as compared with 1990 levels by 2050. Developed countries must take the lead and collectively reduce their emissions by 25 to 40 % by 2020 and by 80 to 95% by 2050. Given the timescale indicated by the best scientific minds in the world, we have no choice but to reach a deal in Copenhagen and one should not be in any way mistaken - there is no Plan B in this field.

Having adopted the most ambitious targets as regards curbing carbon emissions last December, placing the EU once again at the forefront of the climate negotiations, we need to maintain our lead and continue to prove to the other Copenhagen participants just how serious we are about our commitment to tackling climate change.

While we applaud the planned bilateral meetings with the US, China, India and Russia (to name but a few) in the remaining months before the December meeting in Copenhagen, the EU also needs to come forward with specific policy proposals in two key areas. These proposals should favour free market instruments and incentives rather than bans and rules, while respecting cost efficiency and coherence.

One of the key bones of contention in the talks in the Danish capital in December 2009 will no doubt concern financing the climate change effort and in particular the extent to which the more developed countries are willing to help finance climate change mitigation and adaptation efforts in developing countries.

Yet another important issue that we need to clarify in the run up to Copenhagen, both in the interests of regulatory certainty for our industry and to prove our full intention to move to a 30% reduction in the event of a comparable emission reduction commitment from other developed countries, is to come clean on exactly how we in the EU intend to move to this higher 30% reduction effort. A move to the higher 30% reduction is a major commitment, both financially and technologically.

Our future energy and industrial policies must be intertwined with our environmental objectives. They are two sides of the same coin. Without a cleaner, more efficient, safer and more reliable energy policy we cannot hope to bring about a radical slowing down of global warming and our own contribution to carbon emissions. Without a more sustainable and energy efficient industrial sector we will also fail to meet our targets for CO2 emissions reductions.

In the first instance our focus should be on efficiency gains and reducing the huge amount of energy waste that we as citizens, as industry and as government produce. All Member States should be held to the binding reduction targets agreed in March 2007 and reiterated since. Progress should be monitored and ensured. Secondly, the EU must make a collective investment in a renewable energy future, developing new sustainable technologies of wind, hydro and solar power to levels that can support our society in the years ahead. In the meantime, we must ensure that existing reliance on fossil fuel and nuclear power is cleaned up. If we are indeed to meet our ambitious goals for drastically cutting CO2 emissions by 2050 new coal or gas fired power stations should only be approved with appropriate carbon capture and storage capacity, financed partly from the ETS credit allowances and with the full participation of the industry itself. Nuclear energy, whilst still controversial and uncertain in the long-term safety of storage of waste material, should only be pursued with the latest and safest technologies available, the so called nuclear power of the fourth generation. Experiments should continue into new, alternative forms of power generation to fuel the industries and transport of the future.

Furthermore, our future energy policy must be characterised by the three pillars of security, sustainability and solidarity. We need a policy that diversifies supply and reduces our dependence on third country suppliers, in which increasing resources are dedicated to the pursuit of renewable energy sources for the future whilst cutting down our use of fossil fuels and radically reshaping our consumption patterns. The European Commission must guarantee full market opening of the energy sector and access to a European super-grid which would bridge the gap between the energy rich and energy poor countries of the Union and further enhance integration and solidarity of strategic resources just as the founding coal and steel community did in the 1950s.

### **3. An ambitious strategy to enhance our security at the same time as our civil liberties**

A citizen's Europe must be based on human rights, fundamental freedoms, democracy and the Rule of Law: these are the principles and values that are at the core of the European project

and that we shall strive to protect from threats such as terrorism and organised crime, by providing a high level of security for EU citizens. Building on the Tampere and Hague programmes, European Liberals and Democrats expect that the next five year Stockholm programme, to be agreed by December 2009, sets out a more ambitious agenda with a better balance between the need for security and the protection of our personal freedoms. The Commission Communication of 13th June, outlining its priorities for the development of the Area of Freedom, Security and Justice from 2010 - 2014, falls short of that all important benchmark of striking the right balance.

The Alliance of Liberals and Democrats for Europe therefore urge the Commission to commit to a stronger European commitment to human rights, fundamental freedoms and civil liberties. The European Liberals and Democrats demand the President of the next European Commission to create a specific commissioner's portfolio for fundamental rights and anti-discrimination. We expect that EU citizens are granted genuine and enforceable rights, notably in the fields of equality and anti-discrimination, protection of minorities and the fight against racism, homophobia, xenophobia, anti-Gypsism, anti-Semitism, islamophobia, discrimination based on age, disability, religion or sexual orientation. It should defend with all means free movement of people, free press, procedural safeguards for defendants and strong and universally applicable data protection rules. The European Commission in particular has a duty to act to eliminate all forms of discrimination and ensure that all key legislation is adopted in the forthcoming mandate. In order to guarantee fundamental rights the Commission needs to increase the fight against corruption, human trafficking and organised crime.

Fighting terrorism or criminals by suspending the freedoms and right to privacy of the individual is anathema to liberal political philosophy. Extraordinary measures being considered must be fully justified and explained and parliamentary approval sought before being enacted as the principle of personal data privacy is too valuable to jettison lightly. European Liberals and Democrats expect the Commission to follow up EP requests in relation to extraordinary renditions, on international cooperation in the fight against terrorism to be fully respectful of human rights. The Commission must make appropriate proposals in these fields, while more courageously playing its role of "guardian of the Treaties" in focusing on impact-analysis, monitoring, evaluation, enforcement of EU principles and law by Member States in these fields.

Democracy is based on the principles of openness, transparency and access to documents, which ensure wider accountability of institutions towards their citizens. Regulation 1049/2001 on access to documents - which is currently under review - should be modified to fully apply these principles, thereby bringing citizens closer to the EU, its institutions and its activities and policies: European Liberals and Democrats expect the Commission to review its original positions and work together with the EP to enhance citizens' rights through greater openness and access to documents. The European Liberals and Democrats believe the current proposal is inadequate and therefore calls on the Commission to introduce a new one.

Completing the Common Immigration, Asylum and External Border policies is also of urgent necessity and a clear concern of citizens. European citizens have perfectly justified expectations that our external borders are protected to a high and uniform level, and that firm action is taken to fight illegal immigration. The newly proposed European Asylum Support Office must be agreed to as a priority, requiring a commitment from all three institutions.

In the enlarged Schengen area, effective border management must allow legitimate travellers to enter the EU with ease while discouraging the illegitimate. At the same time, any measures to combat illegal migration and to step up external border controls, also in cooperation with third countries, must be compatible with the safeguards and the fundamental rights of the individual laid down in the Charter of Fundamental Rights of the European Union and the European Convention for the Protection of Human Rights and Fundamental Freedoms, notably the right to asylum and the right of non-refoulement. With the borderless Schengen area, the task of securing the external borders of the Union has become increasingly important. It is therefore essential that FRONTEX receives both the commitment of Member States and the budgetary means that will ensure it gets the staff and equipment necessary to accomplish its mission. European Liberals and Democrats expect the Commission to come forward with common rules in the field of legal migration, integration and rights for legal immigrants.

Finally, we should increase our efforts to fight against terrorism, corruption and organised crime, like the Mafia, in all Member States. This will necessitate better cross-border co-operation between judges, law enforcement agencies at national and European level, as well as mutual recognition of judicial decisions between Member States. The roles of Europol and Eurojust at the European level and Interpol at the international level must be clarified in order to avoid overlap and rivalry. European Liberals and Democrats would like to see proposals that would allow Europol to develop wider powers of investigation in pursuit of criminals, and for Eurojust, in collaboration with national public prosecutors to have a broader remit to prosecute transnational crime such as violent attacks and trafficking in drugs and human beings, while providing the necessary democratic and judicial scrutiny mechanisms and common EU safeguards for defendants.

Civil liberties do not apply solely to citizens in Europe. Our aim must be to defend them across the world. The Lisbon Treaty provides a major opportunity to realise this through a common European foreign, security and defence policy. It constitutes the legal and political base for giving the European Union the politics of scale that will permit it to play a more active and effective international role, and one commensurate to its stated ambitions.

Much, however, will depend on its implementation and in this regard the Alliance of Liberals and Democrats for Europe expects the European Commission President to make a commitment to a coherent and cohesive Common Foreign Security and Defence Policy (CFSDP) that will be driven by the High Representative along with full democratic scrutiny and involvement of the European Parliament. Together we can build a Europe that speaks with one voice in international for a like the IMF, the World Bank or the UN, a Union faithful to its initial purpose to assure peace, democracy, welfare and human rights on the European continent and abroad. Crucial in this is our commitment to further enlargement.

There is no choice to be made between deepening and enlarging the European Union. The success of the Union has always been the combination of both, which turned poor dictatorships into prosperous democracies. This is especially relevant for Western Balkans, where we have the duty to prevent in the near future what happened in the near past. We cannot afford the human disasters of a civil war on our continent any more. Therefore we maintain our strong commitment to the on-going negotiations for EU membership and the promise made to the countries of the Western Balkans the gradual integration with the Union and with full membership as the ultimate objective. At the same time we must avoid a

situation whereby differences in the pace of integration among EU candidate countries result in the erection of new barriers in the region. We must maintain our support for the process of visa liberalisation.

Outside the European Union the Eastern Partnership and the Union for the Mediterranean must deliver in offering greater prosperity, security and democracy in the Union's near neighbourhood and be result driven. In our policy towards the developing countries, Africa in the particular, we need to increase our efforts and ensure coherence between External relations, Development and Humanitarian Aid, Enlargement and International Trade policy by putting these portfolios clearly under the overall supervision of the High Representative for Foreign Affairs and Security Policy (HR). Our trade and cooperation agreements must be endowed with effective means to enforce Human Rights clauses where fundamental rights are manifestly being abused or under threat in third countries.

Finally, the Alliance of Liberals and Democrats supports efforts to extend the reach and coherence of European Diplomacy. Making good use of the European External Action Service, the Commission has to become the driving force in organizing a more unified European position towards the outside world. Focusing on our traditional strengths of conflict prevention and crisis management, the EU must put a particular focus on Human Rights and Democracy Promotion as well as humanitarian relief missions. In addition, the Commission must see to it that the new Directive on Defence Procurement is implemented in a way that ensures the emergence of a truly common defence market, strengthening the European defence, technological and industrial base, exploiting economies of scale and ensuring that European forces will benefit from the best possible equipment whenever they are sent on ESDP missions abroad.

Without vision and ambition, leadership and action, Europe will wither and die with the return of economic nationalism, half-hearted and disjointed measures on the environment, an increase in tensions in our societies between ethnic groups and social strata and an unstoppable rise of conflict abroad threatening global security. We live in a dangerous world of changing threats and challenges. Only working together will we be stronger and better prepared for what lies ahead.