



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
The Prime Minister

Europe. A necessity. An ambition.

Speech on the occasion of the opening of the academic year
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Promotion Jacques Delors

by
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Madam Vice-Rector,
Excellencies,
Dear Students of the Promotion Jacques Delors,
Dear Professors,
Ladies and Gentlemen,

Today, I came here to speak to you about Europe. About the future of Europe. Sometimes, it is important to step back and look to the long-term. To look beyond one's own government program or the next elections.

I want to share with you some of my personal views on a number of topics that I believe are important for our continent in the years to come. I am convinced that the future does not just happen, but that we, the people, can and must shape it. That is why I believe in the force of political leadership and democracy.

Coming here was not a neutral choice. I chose to come to Poland and to the College of Europe. To Poland as a symbol of the reunification of a free and democratic Europe after it suffered so much in its history under the Nazi and Communist occupations. To the College of Europe, as a symbol of the power of dialogue and imagination about the future. A crossroads for European ideas, a forge moulding the minds that will build tomorrow's Europe.

What a great story this European Union is. A project that brought peace, democracy and prosperity to our continent after the horrors of the Second World War and the denial of fundamental human rights during the Cold War. I know from my grandparents what it means when your country gets invaded, when Nazi Germany invaded Luxembourg. I was lucky to grow up in a country that co-founded the European Union to settle differences with words, not weapons, and to focus on ensuring economic, social and democratic progress.

Some 15 years ago, as minister of Justice, I stood at the border of Austria, Slovakia and Hungary when the Schengen area was opened towards the East. While we were symbolically opening the border, some local people hugged and thanked us, with tears of joy in their eyes. Because they were now able to cross a border that for so long was the symbol of their separation from the rest of Europe, of their denial of freedom and fundamental rights. I will never forget the emotions and impressions of that day.

Bringing people together - ensuring peace, prosperity and democracy - that is and must remain our goal and vision, today and tomorrow. And that is something we need to strive towards every day.

Yes, our European Union has brought peace and opened borders. And yet, we witness a war in our neighbourhood and border controls are being reintroduced.

Yes, our Union has brought prosperity and raised living standards. And yet, we witness our competitiveness declining and others leading the world economy.

Yes, our Union has brought democracy and spread freedom. And yet, we witness the rule of law being challenged and our democratic values being tested.

And next to all that, we are faced with other common challenges: climate change, significant migration movements, artificial intelligence, to mention but a few.

All those challenges can be mastered. I believe in the strength of political leadership and of the collective will of the people. The history and evolution of the European Union is living proof that together we can achieve a lot. That history is made by men and women who take on responsibility. And making progress, that is our common task. It is my task as Prime Minister. And it is your task as citizens and future leaders of our continent.

There are no easy answers to the challenges of our time. Yet, there is one simple truth: countries trying to deal with them on their own will not succeed. But together, we can.

Peace and a European Army

“That is why, in my personal view, we need to discuss the need for a European Army.”

One such challenge where we must be united is defence. Russia’s unacceptable invasion of Ukraine has been a wake-up call. Peace and the respect of the UN Charter principles cannot be taken for granted.

We cannot give up on international law. It is the strongest weapon for our nations, especially for smaller nations. If we give up on it, we give in to the supremacy of might over right and it will be the power of the strongest that prevails. That is not the world I want to live in.

We need institutions that encourage dialogue and democracy. And they need to be backed by an ability to defend our principles. That is true in Ukraine, that is true elsewhere.

And that is why, in my personal view, we need to discuss the need for a European army. One that is fully integrated and interoperable with NATO and a strong and indispensable partner to our North American allies. Together we will be much stronger.

The fact that it failed in the past should not be a reason for us not to try again. Because the world we live in has changed, as has the nature of threats. If we do not start thinking about ways to organize our common defence, we will not be strong enough when we need to defend ourselves, or our neighbours.

And even if it will not be possible in the short term to make one big jump towards a European army, we can move forward step by step. At the beginning, we should go ahead with a coalition of the willing. A few countries that are ready to pool their sovereign rights to be more efficient in defence.

Of course, each country will want to keep control over important decisions such as when to activate its army, when to send its soldiers to war. But it is also obvious that the current situation does not offer the level of security that we need. So, we need to start thinking about a European army.

Geopolitics and a European Foreign Policy

“We will all benefit and have a bigger impact if we speak with one voice, a common European voice and start taking important foreign policy decisions by qualified majority.”

Apart from its implications for our defence, the war in Ukraine is also a symptom of a broader challenge: our ability to play a role on the international stage. Our global influence is waning. Other countries – or groups of countries, such as recently the BRICS countries – are rising, they are becoming more vocal. Now and in the future, the voice of Europe will only be heard if it is a common voice.

For instance, I believe that the European Union, as an important geopolitical player, should have its own permanent seat on the UN Security Council. The Security Council needs to better reflect today's geopolitical reality. Losing national prerogatives on foreign policy issues may be difficult at first.

But we will all benefit and have a bigger impact if we speak with one voice, a common European voice. To achieve that common foreign policy, the EU needs to start taking important foreign policy decisions by qualified majority.

But more than any events beyond our borders, our future will be shaped by internal developments and by how we choose to respond to them.

Migration and Schengen

"It is high time that we reaffirm the true spirit of Schengen. Control has to be regained at our external borders. Based on a policy guided by the heart and by the mind."

One of those developments is migration, where we must keep four dimensions in mind.

- First, the protection of the right to political asylum, which is a cornerstone of our values and our free world.
- Second, the need for controlled legal immigration, combined with successful integration, to sustain our economic and social model.
- Third, the fight against illegal immigration.
- Fourth, the return of those who are not eligible for either asylum or a visa.

Freedom and security go hand in hand. One cannot work without the other. And that is also the spirit in which the Schengen agreement was initially drafted. Free movement – migration – inside the Schengen area can only work if we have strong borders to the outside. Over the last few years, as immigration flows increased, we have struggled to assert control over our external borders. This has recently led to border controls being reintroduced within the Schengen area.

And yet, this is short-sighted. Because it is a national response to a cross-border problem. It is merely moving the problem to the neighbouring countries. And if all of us do it, we all lose. It is no wonder that one country's decision to put in place temporary border controls often leads to other countries doing the same, as we have seen too often over the past weeks.

I am extremely worried about this recent trend. 'Schengen' is free movement, 'Schengen' is Europe; it is a key symbol of everything the European Union stands for. It is high time that we reaffirm the true spirit of Schengen. Control, real control, cannot be regained at our internal borders.

It has to be regained at our external borders. Based on a policy guided by the heart and the mind. By the heart because we cannot erode asylum rights. Those who require asylum should be able to get it. That is a non-negotiable element of our values and common humanity.

But policy should also be guided by the mind. Because we cannot allow our societies to be overwhelmed by those who are not eligible for asylum. If we do, we risk a social backlash, precisely when we need broad support to maintain our ability to welcome those who are genuinely in need of protection.

So, we must be serious about both sides: welcome those who qualify for asylum or a visa and return those who do not. In this respect, the EU's migration pact is a major step in the right direction. And while it needs to be implemented as soon as possible, we also need to go beyond those measures.

First, it is high time that we turn Frontex into a true European border guard. It should have the same powers as national agencies at our external borders. And this needs to be backed by a common return policy and mechanism, which increases our bargaining power vis-à-vis third countries. Return policies must become part of our visa and cooperation agreements with third countries.

The second leg of our strategy to revive the Schengen spirit needs to be deeper police cooperation. Such police cooperation has been a key element of Schengen from day one. Because it is the only long-term solution to addressing security concerns. In this context I believe that Europe can learn a lot from the federal structure of the United States.

With free movement of people, goods, and capital, crime also becomes cross-border, and so, police action must too. That makes a European police agency with true executive powers in certain areas indispensable. But even with more executive powers and smarter systems, a new Europol can only effectively fight cross-border crime if we harmonize the definition of serious cross-border crimes.

I know that these ideas go to the heart of national sovereignty. But let me say it once more: Schengen, Europe will only work if we realize that common solutions are superior to individual attempts. History has shown us that national – or nationalistic – solutions fail. They do not bring about peace, social progress or prosperity.

Competitiveness and the Single Market

“To switch gears on completing the Single Market, we need to rely much more on mutual recognition. A mix of harmonization and mutual recognition can be a powerful solution.”

An inward-looking mindset, a closed mindset, will be a losing strategy on the economic front too. And without a strong economy, there is no social security, no investments in infrastructure, in defence or in the necessary energy transition. So, we must get serious about our competitiveness. As Europeans, we are in competition with others around the world – the US, China and many others.

If we want to create jobs, attract investments, develop industries, we must regain our competitive advantage. And at the heart of these efforts must be the Single Market. Because a truly integrated Single Market fosters more trade and cross-border services, which is beneficial for everyone. Unfortunately, the reality is that we are far from a complete Single Market. In fact, we have a tendency to move backwards. There is a natural temptation to reintroduce small barriers to favour specific national interests.

But that trend puts the Single Market at risk. We need to introduce a principle that national exceptions cannot be extended beyond their current scope. And we need to set a higher threshold for new derogations, as well as ensure strict enforcement by the European Commission. This will safeguard the progress we have achieved so far.

But to switch gears on completing the Single Market, we need to rely much more on mutual recognition. A clever mix of harmonization and mutual recognition can be a powerful solution. We should harmonize only essential parts of a regulation and rely on mutual recognition for less important elements. That will truly reduce the regulatory burden on our companies.

Because with every additional layer of paperwork, we risk driving our companies, especially our SMEs, into a bureaucracy burnout. Each slight difference in procedures and reporting templates means new compliance checks, more legal uncertainty and a higher risk of sanctions, hitting SMEs particularly hard.

Every company knows its own country's rules best. If applying those rules is sufficient to do business in another country, companies will expand. However, a good European regulation that avoids overcomplexity and truly replaces 27 national rules is beneficial to our competitiveness. And most regulations have been created with good intentions. But we need to avoid overregulation.

Taken together, our regulations have become both too complex and too numerous. A maze and a mountain at the same time, that our companies are trying to navigate by hiring more and more compliance officers rather than business development officers. Think about that. They spend their time and money on being compliant, not on being innovative, on reporting activities, not on launching activities. Relying on mutual recognition can help us restore that balance in favour of a more competitive business environment.

And if we truly believe in the benefits of trade and cross-border services, then we need to draw the logical conclusions for our trade and competition policies. Over time, we have increasingly used trade policy to achieve goals unrelated to trade. But this practice risks being self-defeating because it can become a first-mover disadvantage. If we overload trade agreements with other objectives, we risk concluding fewer agreements. That in turn reduces our economic clout, lessens our global relevance, and risks that others impose their standards and values on us. We need to refocus our trade policy on its primary objective: more trade. This will help our companies export more and increase their activity. And paradoxically, the strict application of competition law within the Single Market reduces our competitiveness on the international level. Because it holds back the emergence of European champions.

The twin transition and investment

“To close the investment gap, we need to radically change our investment culture, in both the public and private sectors.”

And our competitiveness agenda needs to be even broader because our economies need more investment. In Europe, we are seriously under-investing. Every year since 2000 the EU has dedicated on average 2 percentage points less to productive investments than the US. This adds up to a significant gap, which is especially pronounced in the ICT sector. And it will make being competitive in the future so much more difficult. Because we know that today’s investments are the basis for tomorrow’s growth.

To catch up, we need to radically change our investment culture, in both the public and private sectors. The European Investment Bank is doing a phenomenal job and we should strengthen its firepower as much as possible without risking its credit rating.

But, overall, the public sector is still too hesitant about supporting the launch of new industries. We need to move from being a lender of last resort for ailing industries to an investor of first resort for promising industries. But the investment gap is too large for the public sector alone.

We need private sector financing too and we need to make progress on the savings and investment union. We can achieve a lot by cutting red tape, increasing retail investor participation, incentivizing more securitization and harmonizing savings products. And we should foster supervisory convergence amongst the EU’s national supervisory authorities.

But above all, we need a change in our investment culture. Compared to Americans, Europeans do not like taking risks. For this to happen, we need to work more on financial literacy.

Investment is particularly crucial to maintain our economies’ growth potential in new sectors. Today we are living through a new industrial revolution. The exponential growth in computing capacity, data availability and global connectivity is reshaping the very core of our economies.

That is why I fully support Enrico Letta's conclusion that a Single Market for the twenty-first century needs to take a new approach to research and innovation. First, we need to continue investing heavily in digital infrastructure, such as data centres and high-performance computers, especially if we want to keep up with the developments in artificial intelligence. Second, we need to better connect our universities and public research facilities among themselves, but also with companies. Third, with data being the new key commodity, we need to create a harmonized data platform covering all 27 Member States. That will be a very attractive proposition to innovate in the EU.

In addition to innovation, massive investment in our energy systems will be crucial for our competitiveness and many other policy priorities. It will lower prices for households and industries. It will reduce our dependencies. And it will help fight climate change.

Revamping our entire energy system will be extremely hard. But it will be so much harder if we all try to do so individually. In April this year, Portugal met its entire electricity demand with renewable energy sources. And it has even more potential to grow its production. But to make that available to the rest of Europe, national energy networks need to be better connected. Solar panels in Portugal could help power Luxembourg. Hydrogen from the North Sea could help power Italy. And wind farms in Sweden could help power Germany.

Both the switch to renewable energies and to an integrated network will require substantial financing. That is why we should consider time-bound joint public financing at the European level for this specific effort and create as many private sector investment opportunities as possible. Because in the end, it is in our common interest to get this done. And get it done quickly. From that perspective, the energy transition is an opportunity that we should seize.

I fully support Mario Draghi's vision to use this moment to re-industrialise our continent and reduce our dependencies. And it will also benefit the rest of the economy too. Luckily, the priorities identified before – less regulation, cheap green energy, and more public and private financing – are also what is needed to restore our industry's ability to compete with other economies around the world.

To bring all of this together, we need a more ambitious industrial strategy that is fit for both the ecological transition and a new geopolitical reality.

Enlargement and European values

“Europe is so much more than a necessity. It is not a marriage of convenience, but a union of choice. It is an ambition, an aspiration to uphold our common values.”

On all the matters I discussed so far, Europe is a necessity. On its own, no country will defend itself. No country will manage migration. No country will be competitive. No country will succeed in the energy transition. When the sirens of national solutions call, we must remember the falseness of their songs. The answer must not be less Europe, but more.

But Europe is so much more than a necessity. It is not a marriage of convenience, but a union of choice – a union among nations with different traditions and cultures, but with the same core values: democracy, freedom, human rights, rule of law, respect of minorities.

Some nations may occasionally neglect these principles, but they are the foundation on which our continent has thrived over the past century. And that makes them non-negotiable. The Single Market, the Euro, Schengen, a common security are not ends in themselves. They are the means to achieve our objectives of peace, democracy and prosperity.

Europe is about you. Europe is about people who share the same values. That makes the European project unique and that is why we must defend it. That is why I call for more exchanges among artists, students, athletes. Culture, education and sports are important building blocks for a peaceful and enriching Europe.

More than a necessity then, the European Union is an ambition, an aspiration to uphold our common values. And that is also why stable institutions that can guarantee democracy and the rule of law are an essential criterion for EU membership and enlargement.

And yet, it is also true that we need to think about enlargement from a strategic perspective. It is important that we do not leave a gap, a void that others exploit at our expense. We see this risk in the Western Balkans, Georgia or Moldova. Their domestic politics are divided by a fierce struggle between those who want to move towards Europe and those who want to move away from it. It is in our own interest to support those who seek more cooperation with Europe.

Of course, taking into account strategic considerations does not mean that enlargement is endless. The EU has a geographical limit: it should be a community of all democracies on European soil. But that will not happen from one day to the next. Necessary domestic reforms need time.

But it cannot take decades either, otherwise people in those countries get frustrated, turn their back on us and join other blocs. What is needed is a mechanism that brings the various candidate countries gradually towards full membership, by allowing them to access certain EU programs, without participating in all policies or the decision-making process straight away.

Decision-making and a Europe of different speeds

“I want to revive the idea of a Europe of multiple speeds, of concentric circles, of different levels of integration.”

If we want to deliver on Europe as a necessity and live up to Europe as an ambition, our decision-making needs an overhaul, especially if more countries join. This is not an end in itself but an indispensable means to achieve our goals. Today, Europe often leaves the impression of being slow at making decisions.

A lack of consensus should not stand in the way of decisions. That is why we should extend qualified majority voting to more policy areas. In politically sensitive areas, I could imagine a super-qualified majority rather than unanimity. We would avoid one single country blocking important decisions when there is a broad consensus among all others. If we cannot address the big challenges, and address them quickly, then our political system loses its credibility. We risk our European project and democracy itself. And that brings me to a larger point. In many policy areas, we are stuck in revolving discussions.

I want to revive the idea of a Europe of multiple speeds, or of concentric circles, of different levels of integration. Countries could join a given level at their own pace, whenever they feel ready and fulfil the necessary conditions.

At the core, a smaller group of Member States would be highly integrated with some elements of a federal structure, such as the Euro, Schengen, a common foreign policy, a common defence. A second circle would be for those who merely want a close economic cooperation, a free trade area. A third circle would include all candidate countries and give them more of a perspective to join the European Union than today's waiting room does, which often leaves them in a limbo for far too long. And a fourth level would be for those who do not wish to be members of the European Union, but where cooperation is indispensable in some areas. I think of countries such as the UK or Switzerland.

Conclusion

“History did not just happen. It was made. The future does not just happen either. We make it happen. Now is our time to act. To dare. To be bold.”

Today, it is our duty to shape the future, to take a long-term vision for our continent and to be bold enough to make it a reality. Bold enough to address the challenges in defence, migration, competitiveness, the energy transition. Bold enough to reaffirm our values and strengthen our position in a changing international context. Bold enough to recast how we make our decisions and govern our Union. We were bold when we created the European Coal and Steel Community. We were bold when we imagined the Single Market and Schengen. We were bold when we launched the Euro and reunited the democratic Europe after the fall of the Iron Curtain.

None of this was pre-ordained. History didn't just happen. It was made. Made by great European leaders. Made by the millions in Eastern Europe who marched to join this common adventure. There was nothing certain about the European Union.

The future does not just happen either. We make it happen. Now is our time to act. And this is the challenge for you, for me, for all European citizens. To act. To dare. To be bold. Because we can make the future better. And together, we will make it better.

Long live Europe. Vive l'Europe. Vive Europa.