Steven Maijoor Keynote New technologies within and beyond capital markets

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Remarks by President Donald Tusk ahead of the informal Salzburg summit

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The Brexit negotiations are entering their decisive phase. Various scenarios are still possible today, but I would like to stress that some of Prime Minister May's proposals from Chequers indicate a positive evolution in the UK's approach as well as a will to minimise the negative effects of Brexit. By this I mean, among other things, the readiness to cooperate closely in the area of security and foreign policy. On other issues, such as the Irish question, or the framework for economic cooperation, the UK's proposals will need to be reworked and further negotiated. Today there is perhaps more hope, but there is surely less and less time. Therefore, every day that is left, we must use for talks. I would like to finalise them still this autumn. This is why, at tomorrow's meeting of the twenty-seven, I will propose calling an additional summit around mid-November.

This evening I will call on leaders to stop the migration blame game. Despite the aggressive rhetoric, things are moving in the right direction. Mostly because we have been focused on external border control and cooperation with third countries, which has brought down the number of irregular migrants from almost 2 million in 2015 to fewer than 100.000 this year. In fact, this is less than in the years before the migration crisis. So, instead of taking political advantage of the situation, we should focus on what works and just get on with it. We can no longer be divided into those who want to solve the problem of illegal migrant flows, and those who want to use it for political gain.

Tonight, I will ask for support for our efforts to intensify cooperation with North African countries and the idea of calling an EU-League of Arab States

summit in Egypt in February next year.

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Explaining the European Union's approach to connecting Europe and Asia

What is 'connectivity' for the European Union?

Connectivity is essentially about networks. These can be in the form of transport links: by air, land or sea. Connectivity can be digital networks: mobile or fixed, from cables to satellites, from the internet backbone to the last mile. Connectivity also includes energy networks and flows: from gas, including liquefied natural gas (LNG) to electricity grids, from renewables to energy efficiency. Finally, connectivity has a very obvious human dimension: from cooperation in education, research and innovation to travel and tourism. Connectivity serves and facilitates human interaction.

Connectivity brings people, places and opportunities closer, which is why it has to be approached and managed well. To work efficiently, connectivity requires internationally agreed practices, rules, conventions and technical standards, supported by international organisations and institutions that enable interoperability of networks and trade across borders. The potential impact of infrastructure and investments also requires the necessary steps to be taken to ensure that connectivity is sustainable. This refers to fiscal, environmental, economic and social sustainability.

Why is this Joint Communication coming now and what does it plan to achieve?

Already in 2016, the <u>EU's Global Strategy</u> recognised that connectivity requires that the EU steps up its engagement, noting the link between the EU's security and prosperity and the increasing importance of a 'connected Asia'. Since then, the economic, political, and security related implications of connectivity have become greater than ever before.

With opportunities for investment and better connectivity also comes responsibility. The impact of climate change and the need to speed up a global transition to low-carbon economies, the pitfalls of unsustainable borrowing and the dangers of unfair trade and investment practices make a sustainable, comprehensive and rules-based approach to connectivity not only desirable but necessary. Others are also setting out their own strategies at this time.

These factors have made it increasingly urgent for the EU to formulate its policy on Euro-Asian connectivity. It allows the EU to strengthen its engagement with its partners, clearly laying out its expectations and the conditions of its cooperation, following a unified, cross-sectoral, and integrated approach. The EU can build on its experience of regulating connectivity and creating cross-border transport, energy, human and digital links. It can draw on its many partnerships with third countries as well as regional and international organisations. It has its own means of helping to mobilise investment, which the Commission has proposed to strengthen for the next Multiannual Financial Framework (2021-2027), combining other public and private sources of capital. In doing so, it seeks to create an enabling environment for investment, create opportunities for businesses — based on a level playing field — and citizens, who will benefit from the growth this generates, as well as the results of increased connectivity in the fields of education, research, innovation, culture and tourism.

Does the Joint Communication prioritise regions, sectors or projects?

The Joint Communication looks at how to connect Europe and Asia as a whole. It draws upon the European Union's existing efforts to enhance connectivity, from bilateral dialogues to regional-to-region action plans, to engagement with and in international organisations. All regions and all sectors are important in their own ways. The world is increasingly interlinked, and the Joint Communication seeks to help create conditions where connectivity is increasingly sustainable. The EU's interests in connectivity are best served when countries adopt good regulatory frameworks, create better business conditions, follow sensible economic policies, and tend towards open markets.

How has the EU been working on connectivity already?

The EU has been successfully connecting its Member States ever since its inception. A common transport policy was elemental in creating of the common market for goods and services and the free movement of people. The Trans-European Networks (TEN) were created in 1991, to enhance transport connections between the Member States and are now being extended to many countries outside the EU as well. The European Fund for Strategic Investments (EFSI) seeks to mobilise €500 billion in investment by 2020, having met its target of €315 billion in July 2018. Until now, 21% of this investment has gone to energy, 11% to digital, and 8% to transport, all aspects of connectivity.

The EU is managing more than €8 billion of funding in Asia between 2014-2020, of which significant resources support bilateral and regional initiatives in the context of connectivity, for example ASEAN's Master Plan on Connectivity and the educational exchange programme ERASMUS+, to name a few. Under our Asia Investment and Central Asia Investment facilities, EU funding of €300 million for the period 2010 to 2016 has leveraged around €2.5 billion of investments through blending of grants and loans.

How much money will the European Union invest in enhancing connectivity

between Europe and Asia?

For the next budget of the European Union, the <u>European Commission has</u> proposed to <u>increase the European Union's external action budget to €123 billion</u> for the period 2021-2027. This represents an increase of 30% compared to the previous period. Included in this proposal is an investment framework for external action, with an increased fire-power of up to €60 billion. Building on the successful experience of the EU's External Investment Plan, it will help to raise and leverage additional financial resources for sustainable development from the private sector. If agreed by the Council of the European Union and the European Parliament, this increased funding would make a significant contribution to the European Union's commitment to enhancing connectivity between Europe and Asia.

Is this strategy directly in competition with China's Belt and Road Initiative?

The European Union's approach to Euro-Asian connectivity is that it must be sustainable, comprehensive and rules-based. This approach brings direct benefits to people, both in the 'end point' countries and countries of transit, brings decarbonisation, digitalisation, fair competition, investment and innovation.

The European Union and China share an interest in making sure that our respective initiatives work well together, despite the differences in approach and implementation. Connectivity is not possible if systems and networks are not interoperable. As we have already been doing, the European Union will continue to engage with China — in our bilateral Connectivity Platform, in the wider bilateral relationship, and in multilateral fora — to create synergies and to find commonalities. As the Joint Communication highlights, the EU will further step up its work within international organisations to set and enforce global rules and standards, which will create a level playing field and equal opportunities for all.

How does this Joint Communication relate to the connectivity policies or initiatives of other countries?

The European Union will always look to engage with partners — in Europe's neighbourhood, in Asia and beyond — on enhancing connectivity and finding complementary and common solutions. Our approach to connectivity, highlighting long-standing policies and future strategic direction, is clearly set out in the Joint Communication: connectivity must be fiscally, environmentally, socially and economically sustainable; comprehensive across sectors and financial frameworks; and rules-based. These are the principles for our engagement with other countries and organisations.

The message from the Joint Communication is that the European Union wants to engage more and wants to improve connectivity between Europe and Asia on these mutually-beneficial terms. We will proactively seek to identify synergies between our and our partners' connectivity strategies, such as China's Belt and Road Initiative, Free and Open Indo-Pacific strategies of Japan and the United States, as well as Connectivity 2025 of the Association

of Southeast Asian Nations (ASEAN), among others, in order to jointly foster sustainable connectivity across Europe and Asia.

Further Information

<u>Joint Communication: Connecting Europe and Asia — building blocks for an EU Strategy</u>

Press release: EU steps up its strategy for connecting Europe and Asia

<u>Factsheet: Connecting Europe and Asia - The EU Strategy</u>

EU steps up its strategy for connecting Europe and Asia

The Joint Communication builds on the European Union's own experience of enhancing connections between its Member States, with and in other regions. With sustainable, comprehensive and rules-based connectivity at its core, the Communication will help to guide the EU's external action in this field and is a part of the implementation of its <u>Global Strategy</u>.

The Joint Communication on elements for an EU strategy on connecting Europe and Asia is available online.

"Connectivity is the way to the future. The more connected we are, the more opportunities we have — to find common political solutions and to bring economic prosperity to citizens", said High Representative/Vice-President Federica Mogherini. "Our approach is the European Union's way: to establish stronger networks and strengthen partnerships for sustainable connectivity, across all sectors and based on a respect for common rules. This is the European way to tackle challenges and take opportunities, to the benefit of people in Europe and in Asia as well."

Vice-President for Jobs, Growth, Investment and Competitiveness, Jyrki Katainen said: "We want to work with our Asian partners to improve connections between Europe and Asia, while bringing our values and approach in doing so. Infrastructure networks that will be built should be coherent, interoperable, as well as financially and environmentally sustainable. Calls for tender should be open and transparent to promote good governance and a level playing field. It is an approach that works, and one that we see a demand for among Asian countries, in our Eastern neighbourhood, the Western Balkans and beyond."

The Commissioner for International Cooperation and Development, Neven **Mimica** added: "The EU and Asia are important partners on sustainable development and delivering the UN 2030 Agenda. Our development cooperation is an essential

element of our broader engagement and partnership with Asia, not least in promoting sustainable connectivity. We want to further strengthen our partnership and focus even more on providing technical assistance, improving regulatory environments and creating incentives to drive forward and scale-up much needed investments."

Commissioner for Transport, Violeta **Bulc**, said: "Transport infrastructure is the lifeblood of EU-Asia connections, carrying both people and goods between the continents, on the wings of digitalisation and decarbonisation. Europe is sharing and engaging through one of the most developed transport networks and infrastructure financing programmes in the world: the trans-European transport network. Connectivity matters!"

Sustainable, comprehensive and rules-based: connectivity the EU's way

The EU will combine a principled approach to connectivity and recognition that Asia encompasses different regions, which are home to very diverse countries in terms of economic models and level of development, with concrete action based on three strands:

- Creating transport links, energy and digital networks and human connections;
- Offering connectivity partnerships to countries in Asia and organisations;
- 3. Promoting sustainable finance through utilising diverse financial tools.

Creating cross-border networks

Efficient infrastructure and connections create growth and jobs and enables people and goods to move. From transport links to energy networks, people-to-people contacts to digital webs, the EU will extend its own networks and to contribute to new ones beyond its borders.

The EU's <u>Trans-European Transport Networks</u> (TEN-T) are being extended to countries bordering Asia. The EU should now connect the TEN-T with networks in Asia. The EU's digital single market provides a blueprint for enhancing trade in digital services, while its <u>Digital4Development strategy</u> fosters socio-economic development. We will share our experience of creating regional, liberalised energy markets with a focus on market-driven transformation towards clean energy. We will continue to promote human exchanges and mobility, for example in education, research, innovation, culture and tourism.

Developing strong bilateral and global connectivity partnerships

Our world depends on smooth and secure flows of goods, services and people. With a track record of a rules-based, fair and transparent internal market, the European Union is engaging with partners beyond its borders in order to promote similar approaches to sustainable connectivity.

The EU will pursue bilateral connectivity partnerships. The EU-China

Connectivity Platform, for example, will help both parties to create synergies and address differing points of view. At a regional level, the EU is able to draw on its experience of contributing to the enhanced connectivity and integration of various regional cooperation structures, for example in the Baltic and Black Seas, as well as with ASEAN and as part of the ASEM process. Fostering increased region-to-region cooperation in connectivity would enable the European Union to extend its sustainable and rules-based connectivity model. Finally, the EU will engage with international organisations in determining the legal frameworks and concrete forms of connectivity, for example to set international standards. The World Trade Organisation, the International Energy Agency, the International Maritime Organisation and United Nations bodies are just a few examples where the European Union is working and will continue to work for sustainable and fair global practices.

Promoting sustainable financing of investment

With Asia requiring an estimated €1.3 trillion per year for infrastructure investment, there are significant opportunities for EU companies, provided that robust legal frameworks are in place. The EU will look to combine financial sources from international financial institutions, multilateral development banks and the private sector to ensure sustainable domestic and international finance for connectivity, while ensuring transparency and a level playing field for businesses. A comprehensive approach to investment financing, pioneered in Europe by the European Fund for Strategic Investments, as well as outside the EU through specific geographical investment facilities, has successfully leveraged investments for infrastructure and connectivity. Combined with the European Commission's proposals for reinforced external action under the next EU Multi-annual Financial Framework (2021-2027), the potential for additional intelligent, innovative and multi-dimensional investment financing in and towards Asia is significant.

A better connected Europe and Asia through transport links, energy, human and digital networks will strengthen the resilience of societies and regions, facilitate trade, promote the rules-based international order, and create avenues for a more sustainable, low-carbon future. This Joint Communication will inform the EU's engagement with its partners from the neighbourhood to the Pacific, bringing benefits for the people of Europe and those countries who see the value of our approach to connectivity.

Background information

The Joint Communication adopted today by the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy provides the elements for an EU strategy on connecting Europe and Asia.

The proposals made in the Joint Communication will now be discussed in the European Parliament and the Council, and will contribute to discussions on connectivity at the upcoming <u>Asia-Europe Meeting (ASEM) Summit</u>, to be held in

Brussels on 18-19 October.

Further Information

<u>Joint Communication: Connecting Europe and Asia — building blocks for an EU</u> Strategy

Memo: Explaining the European Union's approach to connecting Europe and Asia

<u>Factsheet: Connecting Europe and Asia - The EU Strategy</u>

<u>European Citizens' Initiative:</u> <u>Commission registers 'Stop fraud and abuse of EU funds' initiative</u>

The proposed Citizens' Initiative calls for the application of enhanced controls and stricter sanctions in Member States which are not part of the European Public Prosecutor's Office to protect the Union's financial interests.

The College Decision notes that statements of support should be collected on the understanding that they would be supporting proposals which do not differentiate between Member States solely according to their participation or non-participation in the European Public Prosecutor's Office. This is because under the Treaties legal acts may not differentiate between Member States solely based on whether they participate in an enhanced cooperation. They can however do so when objectively justified, for example if there are different levels of protection of the financial interests of the Union.

The Commission's decision to register the Initiative only concerns the legal admissibility of the proposal. The Commission has not analysed the substance at this stage.

The registration of this Initiative will take place on 27 September 2018, starting a one-year process of collection of signatures of support by its organisers. Should the initiative receive one million statements of support within one year, from at least seven different Member States, the Commission will have to react within three months. The Commission can decide either to follow the request or not, and in both instances would be required to explain its reasoning.

Background

European Citizens' Initiatives were introduced with the Lisbon Treaty and launched as an agenda-setting tool in the hands of citizens in April 2012,

upon the entry into force of the European Citizens' Initiative Regulation which implements the Treaty provisions.

Once formally registered, a European Citizens' Initiative allows one million citizens from at least one quarter of EU Member States to invite the European Commission to propose a legal act in areas where the Commission has the power to do so.

The conditions for admissibility, as foreseen by the European Citizens' Initiative Regulation, are that the proposed action does not manifestly fall outside the framework of the Commission's powers to submit a proposal for a legal act, that it is not manifestly abusive, frivolous or vexatious and that it is not manifestly contrary to the values of the Union.

For more information

<u>Full text of the proposed 'Stop fraud and abuse of EU funds' European Citizens Initiative</u> (active from 27 September)

Other European Citizens' Initiatives currently collecting signatures

European Citizens' Initiative website

European Citizens' Initiative Regulation

European Citizens' Initiative Forum