

The State of the Union 2017: 'Building a People's Europe'

Address by the President of the Republic of Estonia Kersti Kaljulaid on the Future of Europe and the Estonian Presidency of the Council of the EU at The State of the Union, 5 May 2017, Florence.



Let me begin by thanking the European University Institute for inviting me to speak here today. I am honoured to speak to you about the upcoming Estonian Council Presidency and to share with you some thoughts on how the future of our Union looks from the North East corner of Europe.

First, a little case study that proves that responsible national policies can result in the recognition of the EU's values by the wider public. It is important to give the EU its due recognition for the possibilities it offers to national policy makers. It is just as important not to blame Brussels for things that go wrong. People in Estonia look at our union with trust, because all Estonian governments have said that they can. This messaging is even more important than EU support schemes, for, as we know, countries that receive equal and high levels of EU support, can differ in their public analysis of the Union. Therefore, money is not defining the attitudes of people, ideals are.

The EU has had considerable overall success in driving economic convergence. If we look at where we were in 2004 and where we are today, then the numbers speak for themselves – Estonians are two point four (2.24) times richer than at joining.

But as I already said, it is not all about money. The GDP of all ten member states who acceded to the EU in 2004 has increased on average one point eight (1.87) times. No one has been left out. All of the countries that joined in 2004 are better off. And almost of all the states that were in the EU before 2004 are too. This is mainly due the opportunities offered by new markets and better cost structuring for enterprises.

And yet, despite the obvious economic gains, the EU's popularity is wavering in many countries and this is happening because of the political messaging about it. Harmful words are not free, as countries have started to find out. Indeed, it is very difficult to criticise the EU and at the same time claim that it is a very useful Union. The message is incoherent and therefore not believable. The problem is not that people get the EU wrong. But rather that they get confusing signals about it.

In Estonia, we make a point of not blaming Brussels for potentially unpopular decisions. We tell our people that solidarity works both ways. For example, even though Estonia had no previous experience with accepting refugees and we were therefore off to a rocky start once the joint decision on burden-sharing was adopted, we accepted our fair share. We put in place a system offering people a new home in Estonia. We made a point of explaining to refugees what the economic conditions of our country are and the amount of support we can offer. We built the system from scratch, in a year, and we are doing well in fulfilling our quota.

Estonia has also always supported a stronger role for the EU globally. The EU does a lot of good in the world. But too little of this is known. I am hopeful that the new EU global strategy will prove useful in not only strengthening the EU's common foreign and security policy but also at helping to boost the EU's image abroad and at home.

Ladies and gentlemen,

In less than two months, Estonia will assume the Presidency of the Council of the European Union for the first time in its history. We planned for a presidency at the beginning of 2018, six months later. But when the UK voted to leave the EU, we needed to step up and took over the UK's slot.

We take on our presidency with a strong sense of responsibility, but also with enthusiasm. And we have set ourselves some ambitious goals.

We aim at a European Union that is competitive, prosperous and secure. We are determined to keep Europe safe but also open to the outside world, including its immediate neighbourhood. And, of course, being Estonia, there is the horizontal digital aspect of practically every policy goal of EU that we want to highlight.

Digital seemed to surface all by itself in preparation for our Presidency. Which shows that without most EU citizens recognizing it, the EU is turning into a digital society much like Estonia. There are already horizontal digital aspects to many EU policies including: security, EU-Lisa and exchange of data, free trade and sustainable development. In both the Eastern Partnership and the Neighbourhood Policy more widely, there

is a strong digital aspect related to fighting corruption and strengthening the rule of law, since you cannot bribe a computer.

But just as others are determined to make our Presidency about all things digital because they believe we can do it, we ourselves are determined that our Presidency not take merely a technocratic approach. Our goal is to take an empathetic, constructive view of the future of Europe. I realise that talking positively about the EU is not de rigueur these days. Indeed, it is much more fashionable - both in and outside of the European Union - to worry about the EU's disintegration and demise. Admittedly there are forces – both internal and external – which threaten to pull the EU apart. But since the EU normally develops through various crises and there is no better means of sorting this continent than assembling in Justus Lipsus for some active verbal combat, the EU is much more resilient than we give it credit for. The EU always has a way of muddling through even if the solutions reached are often neither ideal nor elegant. But they are sufficient. It is simple common sense, even if common sense is not in the Treaty. But neither is muddling through. They should be in my humble opinion.

During our Presidency, our aim, of course, is to do more than just muddle through. We worked hard to get into the European Union. The last thing that we want is to see it disintegrate. We are sad to see it weakened by undeserved criticism. We want it to prosper by constructive analysis of its values and indeed, sometimes fault lines. And so we have decided to place unity at the heart of our presidency because now, more than ever, we see that Europe needs to come together, to consolidate and to act. Of course, this is easier said than done. But by no means impossible to achieve. After all, the EU's core policies – the single market, the common trade policy, Schengen – remain strong and intact.

The euro area's technical structures developed quicker during the euro crisis than they could by mere political deliberation of calm economic waters. The same is now happening to Schengen and securing its borders. Indeed, if we look at the past years, then we can see that the EU has managed to remain united on the issues that matter most. Most importantly - when the Russian aggression against Ukraine erupted in 2014, the EU managed to mobilise and take a united stand on Russia's actions. The sanctions policy implemented three years ago remains in effect today demonstrating that the European Union can and does pull together and demonstrate unity when fundamental interests and values are at stake.

Meanwhile, and also on the positive side, other policy areas like the EU's common foreign policy and defence cooperation are being strengthened. During our presidency, we will work to take the discussion further forward. We will also do our best to implement EU-NATO strategic partnership, which given the uncertainty surrounding us, is more necessary than ever. And we will, of course, work tirelessly on strengthening the all-important transatlantic relationship.

As Presidency, we will also pay more attention to the creation of a prosperous and competitive Europe, which can only be built on a strong economy. This means being both open and innovative.

As I already said, we have had strong peer pressure to make one of our four presidency priorities the creation of a digital Europe. But as our society is already a digital one, we don't want to focus too much on the technological aspects, but rather on the steps that are needed to change societies. We need to reach a stage where people throughout Europe start to complain when they have to communicate with their public

sector in analogue. This would be a real sign of societal transformation. A sign that people have started to trust digital services, that they value the savings in time and money, that digital solutions can be trusted.

To reach this stage, people need digital services that work every time. They need good cyber hygiene. And they must learn how to protect themselves in cyber space. We all drive cars on highways, even though there are risks involved.

The key is to take adequate safety measures. The same rule applies to cyber. Cyber crime is here to stay, but we cannot let criminals put our governments and people off from using technology any more than we accept criminals gaining the advantage on the streets.

Security and safety are at the forefront on people's minds today, not only in cyber world, unfortunately. It is therefore a non-negotiable priority for our presidency. It takes real time info exchange systems to achieve this. There must be no limiting administrative measures born out of distrust of technologies to keep us from achieving our aim.

And finally, our fourth priority is an inclusive and sustainable Europe. We believe that the four freedoms of the European Union can function well only in a truly complete single market, which must go hand in hand with a sustainable social dimension. But the four freedoms function better in an environment less focused on rules and more on principles, which must be commonly agreed.

I would not like to finish without chiming in on the main topic of the future of our Union – citizens, our people, their freedoms. I would like to put forward some thoughts on our next biggest challenge in Europe, which we seem to be quite late in recognising. These are changes in society which are related to technological development. They are only starting and they are much bigger than simply refusing to communicate on paper with governments. Today, they only affect some 5% of our workforce. But it will be much more soon. We should pay especially close attention to the global trends in modern information society that continue to change our jobs and lifestyle. Here we should seize the opportunity to use technological changes to our advantage.

When talking about societal changes that affect the social dimension as well as the EU's competitiveness, the issues that were relevant when the Commission launched the public consultation on the Pillar of Social Rights, still hold true. Technological developments, aging society, changes in family and work patterns, new forms of work, skills mismatches, to name only a few. People are not only working longer but also doing more diverse kinds of work.

I see that we are also on the brink of a big and rather challenging societal change, which we have no time to contemplate, as it is gradual and not acute. But if ignored, it will lead to an overall decrease of European competitiveness. Industrial jobs are vanishing as once did agricultural ones. Yet our social models are built on an industrial way of thinking, which no longer fits with the intermittent, global and fragmented nature of new jobs, the individualism of the new economy where everyone is an employer, employee, works for different companies at the same time and offers their services globally.

All of this will warrant a strong rethink of how we gather taxes in the future. As I like to say, the Cheshire cat will be gone, the grin will not linger much longer. We are used to getting wide aggregated streams of tax money from big companies, both payroll and income, and we bicker among ourselves and globally about

who should get the tax revenue. In the future, we will face a world where independent people sell their time and skills globally, maybe never establishing a stable working relationship for long periods, working only part of the year or taking gap years at a pace which will make them lose social security network. If governments do not adapt, people will simply react by opting out of payments. We must figure out how to capture them with our offer of a social model, but also respecting and accepting their life- and workstyle choices.

Europe is best placed to be the sandbox of this new, emerging social model. This cannot be done by restrictive measures and administrative limitations, but only by support and encouragement of the new lifestyles. We need to be prepared, so that the transformation from industrial, collective work to fragmented, technologically enhanced jobs will not be as brutal to lower earners as the transfer from agricultural to industrial mass employment. I do not know yet how we will do it, but I am convinced that we must and will succeed in adapting.

184 days to solve all of the challenges that Europe faces is not a long time. But just like every other presidency, we will do our best to move forward an agenda that we believe will make the EU stronger, safer and more prosperous. The EU has many advantages and tools. Let's put them to better use, concentrating on issues which by their nature cannot be better resolved by Member States' individually. And let's all keep an eye on those issues that are about the future of our citizens, especially our children and grandchildren, not only the next MFF.

Thank you.