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“The Euro is not only currency; it is first of all the responsible and sustainable fiscal policy”

Interview with Dalia Grybauskaitė, President of the Republic of Lithuania

1. The Lithuanian Presidency of the Council of the European Union - 1st July to 31st December 2013 – is taking place at a key moment in the European political agenda. Indeed it is the last full Presidency to take place before the institutions are renewed again in 2014. Some major legislative decisions will be taken during this term in office. What are the priorities of the Lithuanian Presidency? What do you want and what can you achieve in six months?

The Lithuanian Presidency [1], just like the French Presidency in the second half of 2008, will be the last one before the European elections and the EU legislative agenda will be more intense than usual. Our priorities reflect current economic and political challenges in Europe, as well as the expectations of the European citizens.

Today we need a credible Europe to be more resistant to possible future crises and create conditions for economic growth. As Presidency, we will work to further strengthen the foundations for financial stability. This includes further deepening of Economic and Monetary Union, particularly focusing on further development of Banking Union, as well as further work on financial markets reform and fight against tax evasion and tax fraud. Our experience shows that we will not regain our credibility without responsible fiscal policies.

Furthermore, Lithuania will focus on growing Europe that helps tackle social issues. In this area we will build on the Europe 2020 agenda and the European Semester, reinforced by a stronger Single Market policy as the main driving force for economic growth and against the unemployment. One particular area in this context is youth unemployment, which requires special consideration on national and EU levels. In Lithuania, last year we managed to reduce the youth unemployment by six

per cent, but more could be achieved, among others by implementing the measures already agreed on EU level. Lithuania will also pursue the EU commitment to complete the internal energy market by 2014 and ensure that no Member State remains isolated from the European energy networks as of 2015. Digital Agenda, research and innovations are also among priorities.

We cannot forget about the EU's external partners and our vision of an open Europe. The Presidency will focus on the closer integration between the EU and its Eastern Partners and host the EU's Eastern Partnership Summit in November 2013 in Vilnius. The agenda also includes a smarter control of the EU's external borders and promotion of free trade with strategic partners.

2. The Lithuanian Presidency will have take on some particularly complicated European issues, including the adoption of the multiannual financial framework 2014-2020, a question to which you are not indifferent – you who were once European Commissioner for the Budget from 2004-2008. Whilst the new proposal presented by the Irish Presidency of the Council of the European Union was deemed insufficient by some MEPs on 19th June last – what might the consequence be if no compromise is found over the next few weeks?

If we declare that we need growth and jobs in Europe, if we say we need to increase Europe's competitiveness – we need to finalize negotiations on the Multiannual Financial Framework and all related programs. The agreement on the Multiannual Financial Framework for 2014-2020 is crucial to ensure that the EU budget funds reach member states in time and the projects that have been started are successfully carried out forward. This issue is among our highest priorities for the Presidency. If we are late to reach the agreement

1. <http://www.eu2013.lt/en/>

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among all European institutions we will delay the needed funds for most important issues such as youth guarantee scheme, Connecting Europe Facility, COSME, and many others.

3. Croatia became the 28th EU Member State on 1st July 2013. During its presidency Lithuania will aim to strengthen the EU's relations with its Eastern neighbours, notably Ukraine. In view of the meeting of the Heads of State of the Eastern Partnership which will take place in Vilnius on 28th and 29th November 2013, what are you expecting exactly?

It is important that the Vilnius Summit is seen as a summit of opportunities both for partner countries and the EU. The Vilnius Summit is an important milestone as we try to set up a longer-term perspective for Eastern Partnership. Finalization of the Association Agreements, including Deep and Comprehensive Free Trade Agreements, with four countries (Ukraine, Armenia, Georgia and Moldova) is a major priority and a concrete deliverable. We also aim to reinforce a range of other links with Eastern partners, particularly in the sphere of business. If we delay signature of the Association Agreement with Ukraine, we risk this key neighbour drifting away from us – because the EU is no longer the only centre of gravity in the region. Close links with the Eastern neighbours as well as all neighbours in general is strategically important for European security, stability and wealth. In general terms, we hope the summit will leave a legacy of closer connections between the EU and its neighbours to the east.

4. The conclusions of the European Council of 23rd May 2013 insisted on the need to “complete the internal interconnected energy market and for it to be fully operational” by 2014. Regarding the energy issue, which is so vital for a country like Lithuania, can you tell us what you think the crucial underlying stakes are to this issue?

Energy security is a top priority issue for Lithuania. Today Lithuania is a so-called ‘energy island’, heavily dependent on electricity import and fully dependent on a single external gas supplier. As a result of that,

Lithuania has no other choice but to a political price for gas, which is approximately 30% higher than EU average.

We are trying to diversify our national energy mix, energy suppliers and supply routes as well as to establish necessary legal basis in the energy sector. LNG terminal in Klaipėda will start operation at the end of 2014. As a result, at least some of the risks of political pressure by one single monopolistic gas supplier will be eliminated. Power link with Sweden will be completed at the end of 2015 to satisfy. Up to 50% of Lithuania's electricity demand

Along with our focus on implementation of EU internal energy market by 2014 and elimination of energy islands by 2015, Lithuania will also facilitate discussions on strengthening the external dimension of EU energy policy with particular focus on nuclear safety in EU neighbourhood and the necessity to guarantee a level playing field for Member States vis-à-vis third countries which may benefit from lower environmental and nuclear standards.

5. The plan is for Lithuania to adopt the euro by 2015. In what way is the decision to adopt the single currency important for your country?

Lithuania's aspiration to join the Eurozone is our legal obligation, which stems from the EU Accession Treaty. We expect to fulfil all five Maastricht criteria in 2014. The Euro is not only currency, it is first of all the responsible and sustainable fiscal policy. Since 2002, Lithuanian Litas has been pegged to Euro at a fixed exchange rate, so de facto we already have the Euro. The Eurozone is our largest trade partner with more than 30 per cent in 2012, this is why becoming a full-fledged member would create significant benefits not only for investors, but also the consumers. France's political support during the preparation to introduce the Euro will be very important.

6. According to the latest surveys Lithuanians do not really seem very enthusiastic about joining the euro zone. Recently the Polish Prime Minister said he was ready to risk organising a referendum on the issue. Are you also planning to organise one?

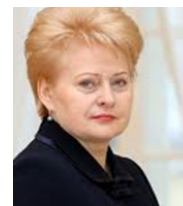
When signing the EU Accession Treaty we declared our commitment to join the Eurozone as soon as we fulfil necessary criteria. Before that, a referendum was held where our people expressed their will to join the EU, accepting all obligations concerned. Since then, we have been working hard and been very close in 2007. Despite a possible impact of economic problems on public opinion, 59% of Lithuanians support our membership in the EU.

7. Lithuania is the first Baltic country to have been given the rotating presidency of the Council of the Union. Latvia and Estonia will then take over in the first semesters of 2015 and 2018 respectively. How do you want to use this opportunity to improve the integration of the Baltic regions and their cooperation with the European Union?

Lithuania, Latvia and Estonia were not afraid to take on responsibility as they fought for their independence and future of their own just over 20 years ago. Our determination brought us back to the family of European nations. The Baltic States' recent history is a success story, based on vision, hard work and commitment to our nations and

citizens. We believe that these are common values with our partners across the European Union.

The presidency is an opportunity to demonstrate our readiness to assume responsibility not only for ourselves but also for others. We take over the Presidency at a time of complexity, and even though European economy is showing signs of recovery, there is still much to do. In this respect, Lithuania can be a role model for dealing with economic problems. We were hit very hard by the economic and financial crisis but we made necessary decisions based on political will and shared political responsibility. And we emerged stronger from the crisis, and it is no surprise that Lithuania is among the fastest growing economic in the EU. We believe that the Presidency is an opportunity for us to significantly contribute to building our shared European future.



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