

**PRESS CONFERENCE WITH THE PRESIDENT OF THE
GOVERNMENT, MR JOSÉ LUÍS RODRÍGUEZ ZAPATERO,
FOLLOWING THE EXTRAORDINARY EUROPEAN COUNCIL**

Brussels, 11 February 2010

The President of the Government: Good afternoon. I would like comment on the development and the outcome of this informal European Council meeting which, as you are aware, was called in order to analyse and assess the fundamental principles of the 2020 Economic Strategy that the EU is going to adopt during these six months. Its basic objective is to work towards economic recovery, to improve the growth potential of the European economy and to strengthen the cooperation, coordination and of what we have come to call the European economic government, starting from the conviction that the sum of our efforts and the integration of our economic policies strengthens our competitiveness and the achievement of our objectives.

The President of the European Council, President Van Rompuy and the President of the Commission, Mr Durao Barroso, have submitted two documents that have been very positively assessed and which have given rise to an extensive debate that, without a doubt, will allow the content of the 2020 Strategy, which is approved in the first instance and will be enhanced by the European Council next month in March, to set objectives, establish follow-up mechanisms and focus the energies of the entire European Union on the resumption of our economic growth and the generation of employment in the medium-term.

However, as you are aware, coinciding with this European Council, all the institutions of the Union and the twenty-seven Member States have had to respond to the situation in Greece; a response that involves and accepts two challenges: firstly, the stability of the Eurozone and secondly, the ability of the Union itself to find a solution and a European proposal that guarantees a path of tranquillity and stability for the Eurozone and also for Greece.

The solution is a European one and, as such, a pro-European solution that demonstrates the commitment of the twenty-seven member states and of the European institutions to each and every one of the countries of the Union, in this case, to Greece and in particular to the countries of the Eurozone.

As you are aware, the European Council has decided on the one hand to undertake the commitment of responsibility to Greece by complying with the fiscal consolidation plans that involve the reduction in the GDP of its deficit by 4 percentage points for 2010 and at the same time, establishing the guarantee to support and give solidarity as required by Greece. It is a positive solution, one of commitment by Greece and by the entire European Union and one that has to enable stability in the Eurozone as well as guaranteeing that which the European Union represents.

I have to say that, from the Spanish point of view, it fully responds to our objective which has already been evident in the work done over these last days, especially in the area of the Eurogroup with the work carried out yesterday by the Economy and Finance Ministers and also the sentiment I transmitted this morning in the meeting we held with the President of the Permanent Council, the President of the Central Bank and the President of the Eurogroup in order to tackle what had to be an appropriate response by the European Council.

We are convinced that the Government of Mr Papandreu will meet its responsibilities and that Greece merits the trust and support of the European Union. We are aware that the Greek Government has a difficult task ahead of it;

but it should know that it has all the technical support of the Commission, of the European Central Bank and of the European institutions by its side and that with this reasonable balance between responsibility and solidarity, the European Union is today giving a message of calm and trust in respect of its operational system and in particular, in this case, in respect of the Eurozone.

Lastly, the European Council has postponed its study on the issue of climate change and there has been an appeal by the High Representative, Catherine Ashton, on Haiti; an appeal in respect of the situation in Haiti that, as you are aware, has been a special concern for Spain. This is a unique commitment for our country under which we are dedicating all types of resources. The appeal concerns the situation that affects around one million citizens of Haiti at the moment, a practical situation of extreme hardship in order to find a refuge or a place to live. The response that we must give as European nations to this extremely severe situation, beyond the reconstruction plan and beyond the plan for urgent aid, means that this is now a priority for the European Union and one which we have agreed upon in the Council meeting.

In short, the European Council has fulfilled its task by being equal to the difficult circumstances facing, in this case, the financial stability of a country of the Union and a country that is part of the Eurozone. We are convinced that ultimately, today is the first time that one of the 2020 Strategy objectives has been put to the test, which is economic cooperation between the Twenty-seven member states and coordination in their decisions regarding economic policy, stability, security and trust. For this reason I believe that we can be reasonably satisfied with the outcome.

Question: I would like to raise two issues. On one hand I would like to know, in your opinion, to what extent the events of today represent a qualitative leap forward in respect of this idea of an economic Government that you have set out as being central to the programme during this half-year, and also if, in the documentation that has been examined, the elements relating to a possible

European fiscal harmonisation have been provided for as well as incentives or sanctions for those countries that do not meet the objectives that have been set out.

And, if you will allow me, on a more domestic note, I would like to know what possibilities you give to a scenario of a national State Pact with all the political parties in order to deal with the crisis; and if this scenario foresees a meeting with the leader of the opposition and as an alternative, if a more stable pact with the *CiU* [Convergence and Union Catalan political coalition], in that it has been the promoter of this initiative, is contemplated for the remainder of the mandate.

The President of the Government: Regarding your first question, indeed I do believe that this is an example of the need for an economic Government in the European Union. Furthermore, I told you that this issue of the economic Government has been the focus of a good part of the discussion and, as this was a discussion on ideas, in which all the leaders of the twenty-seven Member States took part, there were indeed references made to fiscal harmonisation. There were references to the methods that we have to establish in order to exact compliance with the objectives. Various different ideas were put forward and also, for example, the need to open a discussion in respect of the future of the pensions system and our systems for social protection which is at the heart of the European Union.

As President Van Rompuy stated, there was also the suitability or the idea of the suitability of the European Council holding more frequent meetings in order to deal with economic Government, economic policy and the economy. I believe that this objective, which we fully share, is clearly set out under which the European Council becomes, day by day, an important organisation that guarantees the economic governance of the European Union. In my opinion, there is a very positive atmosphere in favour of this position.

When I talk about the economic Government of the European Union, I am not only referring to the economic Government for the twenty-seven Member States but economic Government for the challenges of the economy worldwide and the positions that the European Union has to take on issues that are decisive for the future, such as the regulation of the financial systems and raw materials or climate change. These are absolutely fundamental issues that have to be discussed with the other international players and important economic powers. It has evidently been a qualitative step forward.

Secondly, in respect of the agreements relating to economic policy before the crisis, the Government has always been in favour of taking the initiative to promote agreements. We did this in Parliament in all the many initiatives that we have put in place to tackle the crisis. Many of our initiatives have enjoyed wide parliamentary support and I hope that the capacity for dialogue that we have shown increases.

The Spokesperson of the Socialist Parliamentarian Group has stated today that there is going to be a round of conversations with all the political groups in order to look for common elements to combat the economic crisis. From the Government's point of view, this seems to be a very positive initiative and we will work together to try to strengthen and create new areas for agreement relating to the economy to combat the crisis in our country.

Question: Mr President, in the last few days, above all last week, the attacks on the Spanish economy have been quite harsh, especially those made by some of the international media. Furthermore, on many occasions, we have been compared with Greece. I would like to know if you have had the opportunity, in what you have been discussing with your European partners, to explain and to give reasons or to give them details on the real situation of the Spanish economy.

The President of the Government: I think that at this stage it is quite clear that in this situation that we are undergoing at present - which in the past week has

been exceptional - to believe that the stability of our public accounts was running a risk was quite unfounded. It is possible that elements of wisdom were lacking in some of the opinions given or a lack of a deeper analysis of the reality surrounding the public accounts or that there were other reasons. But if there has been any decisive moment to see that none of this corresponds to reality, it was at this European Council in which, obviously, the objective has been to support Greece and where all the countries have given their support for this country, lead of course by Spain.

There have been statements not only from the field of opinion or from the media, but also from the credit rating agencies, who, in the heat of the intense debate that took place, have made things clear. They said what the Government has been saying, and which I said last week, when, as a result of a fall in the Stock Market, a great debate opened up on the emergency. It was not true and I believe that as the days have passed, although only a few days, the solvency and strength of the public accounts of our country have been quite clear as well as the credibility of the Government to develop the Fiscal Consolidation Plan and to reduce the deficit.

Therefore, I hope that this debate is now passed, in spite of the many voices who so decisively believed that we were like Greece. But that is what happens at times and now it is advisable to make other issues our priorities.

Question: High Representative Ashton has set out the need to approve an aid plan for Haiti. What is Spain's position in respect of the military mission there and what is the position of the other European Union members?

What is your opinion on the rejection today by the European Parliament of the Swift agreement on the request for information by the United States? Could this affect relations with the United States?

The President of the Government: Of course there has been a positive reception to the request from the High Representative, Catherine Ashton. I have explained that it concerns a serious but very specific issue, which is the situation in which hundreds of thousands of Haitians find themselves of having no place where they can go. They have lost their homes and there are insufficient resources for them to have minimum dignity. Spain of course is going to assess the possibilities to give help to these Haitian people by means of the resources that have already been deployed in the area or those which can be deployed.

Concerning the issue of the Swift agreement, Parliament has rejected it. We have to initiate a period of reflection and dialogue with the United States to renew this project and this challenge, because I believe that it is important in the fight against terrorism.

Probably the route that it has taken up until now, regarding the performance and role of the European Parliament, is a situation that should and can be improved on. In my opinion this should not affect the relationship with the United States; but I understand that a European agreement with the United States on the fight against terrorism, in this case relating to the financing of terrorism, is important and we should work so that it can be achieved.

Question: Two questions, Mr President. One, the Stock Market and the Euro are falling in the wake of this political statement. Do you not think that perhaps the European Council should have been a little more specific on the type of aid that is being given to Greece?

Secondly, is Spain willing or able to buy Greek debt bonds if necessary?

The President of the Government: In relation to the first question, if every time the Stock Market rises or falls one or two points it is as a result of political statements, we are going to have to create a new discipline every day in which we interpret the markets and policies. We have to have some perspective and a

wider vision. Yesterday it rose and I do not know if there had been a political statement, but there was no informal Council and perhaps tomorrow the market will go up. I think that we have to have a wider perspective.

Of course, what European public opinion, the people of Greece, the markets and the investors can be sure of is that the European Union is going to support any country that has serious difficulties with their situation, in this case, Greece, and that if the situation evolves until it is absolutely necessary to give help, then the countries of the European Union will help Greece, including of course Spain.

It is true that for those who have voiced their opinion last week on the situation in Spain, it will be strange but, as they are mistaken, of course Spain is as well. We always undertake our share of the responsibility in the European Union, as on so many occasions the European Union countries have assumed their share of the responsibility with Spain, and will do so as necessary.

Question: I would like to ask you about an earlier question that has not yet been answered. Are you going to call Mr Mariano Rajoy, the leader of the opposition, as part of the desire of the Government, as you have said, to promote dialogue, or will you wait until Mr José Antonio Alonso finishes this round with the political groups? I would remind you that you were due to see Mr Rajoy before the end of last year; however this meeting has still not taken place.

Furthermore, within the framework of caution that is always asked of us, it appears that today there has been a new report relating to the three Spanish voluntary workers kidnapped in Mali. I would like to know if you have any news to share with us.

The President of the Government: Regarding the first question, I can tell you that if I decide to call Mr Rajoy, the first person to hear about it will be him. I think that this is a natural courtesy in political dialogue and one that I always try to maintain.

In respect of the second issue, I have heard the news. We have to be cautious, especially at times like these. The Government continues to work very hard with all available resources so that we can soon see the release of the hostages and to transmit a message of calm and reasonable trust during this delicate situation, although, as you well understand, we are in an area that is difficult to manage.

Question: You said that Spain is not in the same situation as Greece. When Commissioner Almunia spoke last Tuesday of serious, severe risks of other Eurozone countries being infected by the situation in Greece, to which countries was he referring?

The President of the Government: I cannot speak for Mr Almunia so he is the one who naturally should respond to your question.

I have said time and again what the current situation is in Spain, but it has not been created by the Government. Some credit rating agencies have stated it and the data is fairly objective: our debt is twenty percentage points less than the European Union average; we have less public debt than the majority of the great European economic powers; and we have a plan to reduce the deficit.

The other day I stated in Parliament and I will repeat it today: Spain is issuing ten-year debt at a lower cost to our country than in February 2004. This is an important fact. What is our next task? Without a doubt, the reduction in the deficit, as promised. We clearly have strength and I hope that everyone understands this and that the analyses are correctly carried out and that there is no room for doubt, because this unquestionably has an impact on the markets or on the investors which could give cause for concern.

Question: Why was Spain, specifically the Spanish Presidency, absent from the last meeting prior to the start of the Summit that seems to have been so decisive for the agreement that has been reached today and where France, Germany etcetera were present but not Spain?

The President of the Government: Allow me to make a slightly ironic comment: last week we were like Greece and today we are outside the problem in Greece. Every week is different!

But I will say that today, from half past eight to ten o'clock this morning, as rotating Presidency, we were specifically and solely working with the Permanent President of the Council, with the President of the Commission, the President of the Eurogroup and with the President of the Central Bank, in order to find a solution to the Greek issue. After that, there was another meeting considered essential by the Permanent President of the Council in order to make a final and necessary effort to reach agreement. But the strategy was decided in the eight thirty meeting and, naturally, the President of the Council and the President of the Commission are well aware of whom they have to convince and whom they ultimately have to ask for support so that this agreement, that had already been outlined yesterday between the Eurogroup members, was the agreement that the whole European Council ratified today, which is what happened and for which we must be congratulated.

Thank you.