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European Forum Wachau, 13th June 2015

“Has Europe reached its limits? Reflections on Europe’s future role on the global stage”

Stift Göttweig, Austria

May I first of all start by giving you a brief introduction of our movement, which is a part of the Czech Government, and let me say that it is a pleasure to represent here in this beautiful place called Wachau. To begin, I imagine you have heard various myths and untruths, and I will be happy to disprove them.

It is true, we are definitely not a traditional party in the Czech context, fortunately. Traditional parties in the Czech Republic, instead of delivering on their election promises and tackling real issues of today, have become rigid structures governed by clientelism and are often involved in collecting bribes, percentages and protection money. In this sense ANO is neither traditional, nor do we wish to be. If a corrupt environment and non-transparent procurement has become a Czech constant or system, then we are happy to be against such a system.

They also say that we are a populist party, and so I would like to emphasize here in this regard that we are actually called “Ano – bude líp” in the sense of the English “Yes, it will be better.” We want to try it without wasting public finances, raising taxes, lying, tolerating theft, and with a properly thought-out vision for the state, society and the economy.

Our movement is pro-European – we are proud to have European Commissioner Věra Jourová or a highly visible MEP Pavel Telička, former European Commissioner and currently Vice-President of the Alliance of Liberals and Democrats for Europe Group.

The mere fact that a businessman enters politics does not mean he is some type of oligarch and is doing so for his own interests.

I have built my companies over a long period of time, more than 22 years. I started in 1993 with 4 people and now my company employs 35000 people. I am one of the biggest tax payers in the Czech Republic and a significant tax payer and employer in Germany, Hungary and Slovakia. I am the most watched person by the media and the opposition in the Czech Republic. In the USA, it is common for businessmen to enter politics. For example, former Mayor Michal Bloomberg or President Jimmy Carter. It is also becoming more common here in Europe, with Finland and Slovakia being examples. Even the Austrian minister of finance and my friend, Hans Jorg Schelling, used to be in business

Has Europe reached its limits?

First let me say, that I am a strong supporter of the European Union. I think that for my country, membership in the EU has been hugely beneficial. Our businesses have a huge market at its disposal, new investments have flown into the Czech Republic, European funds help us improve our infrastructure and our students spend a semester or two at universities all around Europe. Furthermore, we can now share the responsibility of shaping the EU, our common future.

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We can cross the border between the Czech Republic and Slovakia smoothly without stopping. It is as it was in Czechoslovakia, yet we are quick to consider it normal, not even realizing it would not have been possible without the EU, without the Schengen agreement.

On the other hand, if I am to be asked if the EU has reached its limits, which is a topic of this conference, I must be more critical. First let me stress, that these limits are not measured by current popular discontent or distaste of voters towards the integration project, or by a lack of courage from politicians before this or that election in a particular country.

There are other factors in the game. There is also an internal dynamism, there are the needs of the economy and common market, there is a role which Europe wants or needs to play globally in the future and in a global competition, there is a shared history and there are historical lessons and the needs and experiences of other countries and regions with inner integration. There is a history of US and Canadian federalism, and a history of federalism in India, there is a history of Swiss confederation, there is a history of German unification and the Bundesrepublik, and even Austria consists of particular lands.

However, the EU certainly has reached its „limits“ in something else, which is very important. Europe is constantly fixing and re-fixing, repairing one thing or another, too often and very chaotically in the last minute, fixing it yet again through a never ending chain of late night emergency meetings.

As it has been said many times, the EU – especially after the global financial crises in 2008 - is „kicking the can down the road.“ It is often simply improvising. The EU behaves like a fireman, but a sort of fireman who focuses only on putting out the fire and does not care enough about long term prevention and is not focused on the soundness of a secure structure. The complicated „step-by-step consensus seeking“ that has become the status quo is not working.

EU integration lacks a clear vision, it lacks mission, it lacks clear goals, strategic planning, and it lacks a sense of purpose. In other words, more and more citizens do not know where the EU is heading and what it wants to achieve in the future. Sometimes it seems that we do not even care or think about the citizen.

Look at the problem of Ukraine, which shows many similarities with the problems of the Eurozone and even with the issue of energy union and migration.

The EU offered Ukraine an association agreement very light-mindedly. I am afraid that to an extent, it was the result of bureaucratic automatism, without meaning it seriously and without any real deep conviction or real political will, and without a real cost-benefit analysis. Is the EU ever willing to open its markets to Ukrainian agricultural products? To an influx of Ukrainian labor? I am afraid that it is not even willing to help Ukraine financially in a substantial and meaningful way, in the form of a new Marshall plan.

Not surprisingly, Ukrainians took this offer seriously and still believe that the EU is really willing to take them in at some point. The desire of Ukrainians to get rid of corruption and kleptocracy is genuine, but I am afraid the EU has started to hesitate.

Russian leaders took this as an opportunity, because the EU does not have a viable and strong plan. The EU and EU leaders are negotiating ceasefires, which are not held and the next

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ceasefires are arranged, etc. But ceasefires are not a solution; once again there is no clear long term plan, goal or vision.

The EU lacks other tools and resorted to sanctions as there were no other options, but what will the response be if the price of oil goes up rapidly and Russia becomes strong and prosperous again? Does the EU know what to do? The EU needs to be more ambitious and should aspire to have a foreign and security policy which is effective and anticipates the future.

Then there's the problem of the Eurozone. There are constant improvisations with packages and aid for Greece and its creditors, but still there are no rules and proper procedures for a proper bankruptcy within the monetary union. It must be stated clearly what happens to a state which goes bankrupt within the monetary union. Currently we do not know. Does such a state have to leave the monetary union or can it stay inside? This is what creates uncertainty. Did you know that Greece has gone bankrupt 4 times in the last 200 years? Similarly with the energy union. There is a lot of talk about energy union and energy security these days, but the common European energy policy or union is simply out of order.

There are disconnected national energy strategies, but for a real energy union, you will have to have a common European strategy. Only then could there be individual national strategies, but this seems like a distant dream. For now we have attempts to interconnect markets, but energy mixes are purely a national matter. On the other hand, we understand that energy union is only in the birthing process, so we welcome and look forward to participating in its discussion.

Moving on to migration and the refugee crisis, there is talk about a quota and refusing the quota, but where is the long term strategy and where is a real deep discussion about European values, about openness, solidarity and proper cultural and religious integration? For quite some time we have known about the failed state in Libya, the catastrophe in Syria, and full camps in Italy, but the real solution cannot be based on a bureaucratic redistribution of refugees, but instead on vision and strategy with effective and realistic measures. This applies to common foreign and security policy, asylum policies, humanitarian and development aid, capacities in the Mediterranean, the fight against human trafficking, etc. And what about integrated military forces? Is that a goal to be sought by many?

We need to protect Schengen, we need to dramatically improve the outer border protection of Schengen. Countries like Italy and Greece have to have an effective system for selecting political and economic refugees and the EU must learn how to send economic refugees back. Organized crime has to be fought both in Africa and Europe, and illegal entry should not be tolerated.

Now let's look at the TTIP. Its negotiations are very technocratic. There is need for a new chapter of openness and transparency, a chapter of dialogue with people. Once again, the EU must explain to its citizens what the purpose and the strategic goal of all this is, what the mission of the TTIP is. Otherwise the unfortunate suspicion that it is only good for multinational corporations will grow. We cannot simply say that the purpose is free trade, but people must know why free trade is good for them, and have a notion of who the winners will be. There has been a lack of genuine discussion and involvement of the public in this matter.

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There are many countries in debt but they do not solve the problems which are causing them to lose money. Almost 200bn Euro of value added tax is lost within the EU every year. This is more than the EU budget. Some EU countries are not able to collect more than 25% of their VAT receipts. The majority of VAT fraud could be solved easily by the introduction of a reverse charge on a broad range of commodities.

The EU has been analyzing an obvious issue for years. Together with Austria, we would like to lead the effort to solve this problem quickly and efficiently. So far, we have not been very welcome as some EU technical views simply lack common sense. We hope that this will change. Europe needs more common sense overall, not only regarding taxation.

We consider it urgent to proceed to cooperate in tackling tax fraud. We can no longer overlook the existence of tax havens, such as various island countries belonging to the EU. Not to mention very different ways of taxing subsidiary companies, let the comparison between the Netherlands and the rest of Europe be a good example. We should expand the reverse charge mechanism and not reconcile with the amount of VAT gap.

Finally, let me stress that it is up to us political leaders in Europe to do more than debate, though debate is necessary. To fix broken institutions and not simply define long term European goals and strategies, but take action to implement them. Let us perhaps seek less ambitious goals, ones we are able to fulfil. The history of the EU has taught us a few of these unreal goals – for example the Lisbon strategy with its 40% university graduate ratio in a population per year, which causes a lack of skilled manual workers. Let's build a more solid institutional architecture and convince voters about its usefulness. We are ready to make progress.

We ask for a discussion about real problems regarding the future development of the EU, not on the political level but on the common sense economic policy level. For the time to come, we have to suppress the point of view of those politicians who overlook reality-based everyday economic problems and do not offer solutions to them.

I myself would like to see both my country and Europe freed from our bureaucratic chains. I am often criticized that I want to run the government or ministry like a company, which I found out is truly impossible. But I still insist that certain aspects of it ARE possible. That is, in the case of a majority voting system with a one-party government. Such a government elected in free democratic elections is surely more decisive than a coalition government, and the responsibility for the government's actions are clear, as opposed to a coalition government.

In private companies waste is not tolerated, one has to focus on common sense and problem solving instead of endless political discussions which only serve to procrastinate.

There should be people in politics that have something to offer society with their achievements. People who are able to make contributions and who are so secure in their professional life, that money and property is not an idol for them. The people who enter politics should do so to serve citizens and their country, not themselves.

We would like to have a discussion about real problems of the future development of the EU, not only on political level but also on the level of economic policy with common sense. I wish

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that the politicians from small Member states will also bring some important contribution to the common European future.

Thank you for your attention.