Declaration on the European and Foreign Policy of the Grand Duchy of Luxembourg
14 November 2012

Mr President,
Honourable Members of Parliament,
Ladies and gentlemen,

1. You will not have failed to notice that, in recent years, whenever the Declaration on European and Foreign Policy has drawn to a close, I have always made a point of stating that our candidature for a non-permanent seat on the United Nations Security Council was part of a foreign policy that is founded on the defence of both our values and our interests.

2. You will thus not begrudge me if today I allow myself to start with what is after all an historic undertaking. While we must avoid excessive self-satisfaction, of course, we can be satisfied that, in the second round of voting, more than two thirds of the UN's member states gave us their votes. Never before in our history have we, as a country, been the recipients of such an expression of confidence and esteem from such a large proportion of the international community.

3. We would therefore like to extend our thanks to all those who, here and throughout the world, have contributed to this success, all the more because the human and financial resources we committed to this campaign were incommensurate compared with the vast means of our competitors.

4. The campaign is now over and the time has come to launch intensive preparations, a subject I have already had the opportunity to raise before your

Foreign Affairs and Defence Committee. We are fully aware of the scale of the challenge facing us.

UN Security Council

5. Granted: at this stage, we cannot foresee exactly down to the last detail what awaits us. In contrast to holding the presidency of the EU, the agenda of the Security Council is dictated by international events, particularly by threats to international peace and security.

6. That said, we can already highlight some of the core principles which will guide us over the course of the two years that we have been called upon to serve on the Council. As a first point, I would like to cite the integrated approach of the three Ds: diplomacy, development, defence. We have known for a long time that any crisis is multidimensional. It does not only have a security or military dimension, but is also rooted in economic and socio-cultural origins. Consequently, any sustainable and fair solution requires an involvement from the international community that takes all these considerations into account.

7. On the one hand, therefore, international security, the maintenance of which is the primary responsibility of the Council, must be seen in connection with economic development. In return, both security and economic development must be based on the respect for human rights and the rule of law.

8. In this context, we can draw on our experience gained during our recent presidency of the UN Economic and Social Council (ECOSOC) and our involvement with the Peacebuilding Commission.

9. This integrated approach of peace and security will inevitably require us to develop an interest in new threats, affecting the security and stability of many of the world's regions. This involves in particular organised transnational crime, with its corollaries of human, drug and arms trafficking, as well as piracy. And we must not forget the "threat multiplier" that is climate change. The potential impact that climate change has on the resources and living conditions of the world's population – and therefore on peace and security – cannot be stressed enough.

10. This in no way of course should prevent us from making every possible effort press ahead with resolving the conflicts that have for a long time occupied the Security Council's agenda – an example being the conflict of the Middle East, which I will touch upon a little later.

11. Another core principle is that we must place particular emphasis on the weakest victims, those least able to defend themselves. We will continue with the work that we have already focused on in the past, such as sexual violence committed against women or children in armed conflicts. Here solidarity must prevail, the same solidarity that I have always defended as a core value of our involvement, on both the international and European levels.

12. Here also, it will be useful to build upon the work we have already carried out in this area, as well as on the cooperation we have developed with various UN bodies, in areas such as conflict prevention, the protection of civilians, the rule of law or the reform of the security forces.

13. Finally, we will also endeavour to be good, open and accessible listeners. This applies to everything that is said within the Council, obviously. But it is also our duty to heed the voices of those standing outside the Council's door. It

is without irony that that I say that we are well placed to understand the need for transparency for all those who follow the Council's work from the outside. After all, there are more than 70 countries that have never served on the Security Council.

14. As you can see, there is nothing fundamentally new with regard to the conceptions and approaches that have traditionally guided our policy. Quite the contrary: on both an intellectual and a psychological level, we can build on what we know. The experience we have gained over the years will serve us well in this context.

15. Granted, the global context has changed. We need to prove that we deserve sitting on the supreme body of global governance. Nevertheless, I have no doubt that, by drawing on these familiar principles and our relentless commitment, we will live up to the confidence that has been placed in us. This mandate is the most tangible expression of our commitment of responsibility and solidarity that constitutes the root of our foreign and European policy.

16. This commitment and the values that underpin it are today more necessary than ever.

17. The temptation is always great to let others deal with the challenges facing the world and to take a backseat, by hiding behind objective realities, such as our modest size and resources. It is not difficult to find reasons to leave the responsibilities to others. But our country cannot and does not want to shy away from its responsibilities and duties in such a way.

Globalisation

18. A country such as ours has always been at the mercy of external events that are out of its control. In today's globalised world, this is truer than ever. For us, the challenges, but also – and I insist on this – the opportunities can most often be traced back to beyond our borders, sometimes to the other side of the world even.

19. One can hardly imagine an economic or political crisis arising somewhere in the world and it not affecting us. At the same time, the prosperity and freedom of our country is unimaginable without the economic, cultural and human enrichment that stems from our intense relations with the rest of the world.

20. Relations with other countries, be it our immediate neighbours or more distant players, are of huge importance to our country. This demands a committed foreign policy. The international community expects us to assume our responsibilities, in order to help bring about solutions to the problems facing humanity, in a humble but committed manner. The challenges are unprecedented on a political, economic, social and ecological level.

21. Our contribution can take on various forms, be it our involvement within the Security Council, our development aid or our participation in various international peacekeeping missions.

22. This policy of commitment is therefore not a luxury. It is an investment benefiting not only the international community but also the independence and prosperity of our own country. We must not let current difficulties distract us from this.

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23. Our new responsibility within the Security Council does not mean we will lose sight of our immediate neighbourhood.

24. I am delighted of the excellent relations we enjoy with our three neighbours, with whom we will maintain and further deepen our cooperation, which is important for the day-to-day life in our country.

25. I do, however, need to mention one specific issue at this point, namely the nuclear power station of Cattenom, which remains a major concern for our government, Parliament and the ad-hoc platform. Recent “stress test” results have done nothing to reassure us.

26. For this reason, as stipulated by Parliament, we are in close contact with the French authorities and will be sending a delegation that includes representatives from the government, from Parliament as well as platform officials to Paris. My French counterpart Laurent Fabius has opened this door for us. We are currently doing our homework, so to speak, and will, in the near future, be paying a visit to Mrs Delphine Batho, Minister of Ecology, Sustainable Development and Energy.

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Benelux

27. The new Benelux Treaty, in effect since the beginning of the year, brings a fresh dynamic to our relations. The role of precursor that Benelux has played and continues to play within the EU is maintained, even reinforced. The same applies to the role of Benelux as a coordination tool between the three countries

in matters of European and international policy. Please allow me, in this context, to inform you that the two Benelux government bills, one concerning the implementation of a new budget distribution key and the other the amendment of the Treaty on the Benelux Court of Justice, will be submitted by the government to Parliament in the near future.

28. Benelux cooperation represents much more to us than the implementation of a treaty. It is a state of mind, a way of taking action with two other partners, which form an integral part of our day-to-day responsibilities.

29. The new Treaty also foresees that the presidencies of the Committee of Ministers of Benelux henceforth extend over the course of an entire year. In 2013, the honour of assuming the presidency falls to our country. We are currently adding the final touches to our presidency programme. We will endeavour to step up the cooperation between our three states while putting a Luxembourg stamp on it. As luck would have it, the Luxembourg presidency of the Committee of Ministers of Benelux will coincide with the Luxembourg presidency of the Benelux Parliament, at least for the upcoming year. Parliament presidencies always span two years. I hereby pledge before you a comprehensive cooperation with the Luxembourg members of the Benelux Parliament, whose regular and pertinent recommendations I welcome.

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Europe and debt crisis

30. Our commitment to European integration obviously remains the focus of our foreign policy. Please allow me to highlight some of the key issues.

31. For the last 12 months, efforts to counter the debt crisis have once again dominated the activity of the European Union and its institutions. This debt crisis has in the meantime evolved into an economic crisis and, in some EU countries, into a serious social crisis.

32. Despite the difficulty and the complexity involved in finding a sustainable solution, three years after the crisis first hit, the EU has roused itself and sprung into action.

33. Over the course of the last 12 months, the euro zone has taken and set in motion a number of decisions, which aim to provide it with a solid base and a range of instruments allowing it to adequately respond to situations of crisis. These include the European Stability Mechanism (ESM), the new (intergovernmental) Treaty on Stability, better known as the Fiscal Compact, and the measures taken by the ECB on the financial markets. The mere announcement of these measures demonstrated the determination of those in charge of the euro zone to ensure its sustained stability.

34. The Fiscal Compact was signed at the beginning of the year by 25 of the 27 Member states. As you know, they did not include the United Kingdom and the Czech Republic. This will result in budgetary deficits being fixed at 0.5% in the future and in enshrining the so-called “golden rule”. The government bill on the Fiscal Compact has also been submitted to Parliament and we are anticipating intense debates regarding its adoption in the near future. In the meantime, a sufficient number of euro zone countries (more than 12) have ratified the pact, so that it will enter into force on 1 January next year.

35. The ratification of the Fiscal Compact is one of the conditions enabling the intervention of the ESM in the event that a country needs it. The positive

decision of the German Federal Court means that the ESM, which has its headquarters in Luxembourg, was able to enter into force this October. The ESM, with a capital of 80 billion euro and a lending capacity of 500 billion, is now operational. Luxembourg's contribution to the ESM in paid-up capital is 200 million and its contribution payable to the callable capital is 1,55 billion, amounting to a total commitment of 1,75 billion euro. These figures show that we are the country that guarantees the most money per capita of all the member countries of the euro zone. With this rescue package, the euro zone has created a permanent instrument allowing it to lend a helping hand to a Member state in times of crisis. That at least is what we are hoping.

In addition, the European Central Bank has decided to intervene in the financial market by acquiring public loans in order to guarantee the necessary liquid assets in monetary transactions. This takes place solely in the context of the mandate of the ECB.

36. Despite these decisions and instruments contributing to a partial easing of the situation, they are nevertheless not necessarily sufficient in the long term for placing the euro zone onto a sustainable and solid basis once and for all. To achieve this, a strengthening of the Economic and Monetary Union is required and to this effect the European Council has instructed its president H. Van Rompuy and the presidents of the ECB, the Commission and the Eurogroup to accordingly submit recommendations before the end of the year.

37. In addition and in the short term, however, budgetary deficits must be kept within bounds in the individual countries and it must be ensured that growth is endorsed just as much as budgetary discipline.

38. Greece, as we all know, is currently the most pressing problem. Greece undeniably has to restructure itself, which would also be the case without the euro crisis. This need for structural reform demands a lot of commitment, energy, and, to a certain extent suffering for too many people. Greece must put itself in a position where it can change its line of thinking, open up its economy and make it transparent and efficient.

39. At the same time, the country carries the burden of having to reduce its debt. It cannot do so alone. Or on its own initiative. Greece needs the euro zone countries and the EU mechanisms that have been created to help those countries that can no longer borrow money on the free market. In doing so, neither the people nor the country must be suffocated or wrung dry. The Greek economy must also not be stifled. We must avoid tying a social noose around a country's neck – thereby playing into the hands of extremists and jeopardising democracy.

Greece needs to understand that it has to accept help as well as undergo a change in mentality. In this respect, the votes in the Greek Parliament witnessed this and the last week represent important steps, which will allow Greece to continue to count on the solidarity of its partners. Before the payment of the next aid instalment can go ahead, a few points still require clarifying. This is what Monday's Eurogroup decided. The country is to be helped on the path of its financial recovery. As a result, Greece is going to be given two additional years to reach its goal. All the options for covering the new resultant financial requirements are to be examined. The country is looking at a sixth recession year and this of course also inhibits the recovery of public revenue. I would like to remind you once again that a Greek exit would be catastrophic, not only for the Greeks but also for the rest of the euro zone. The risk of the markets losing faith in other euro zone countries would be huge. The stability of the euro zone in itself would be called into question.

Growth and austerity

40. The Greek example shows how difficult, but also how important, it is to pull out of the austerity-recession spiral. Other than Greece, the greatest challenge at present is to intelligently combine measures that tend to lead to budgetary balance with measures that are designed to stimulate growth. This is necessary to emerge from the debt crisis. In this, budgetary consolidation must take place at an appropriate pace for each country. Significant progress has already been witnessed over the last three years: budgetary deficits in the euro zone have decreased on average from over 6% in 2010 to a little over 3% this year.

41. One way of achieving more growth is to make the national economy more competitive. This requires every country to implement the necessary structural reforms to allow its exports to rise and to attract foreign investment. Countries such as Ireland and Portugal, as well as Spain and Italy, have already shown great progress in this regard. Countries that exhibit a current account surplus, such as Germany in particular, must take measures to stimulate their consumption and thereby increase their imports from the so-called deficit countries. This, of course, should be done without ending up in a spiral of debt themselves. This requires improved coordination at EU level, which is happening in the context of the so-called surveillance of the macro-economic imbalances in the framework of the European Semester.

42. In addition, national efforts must be reinforced by accompanying measures from the EU: in particular the still untapped potential of the single market must be fully realised. In this context, the Commission has presented the "Single Market Act 2", which foresees a range of measures for consolidating the single market. But it is in particular the Compact for Growth and Jobs, adopted by the European Council in June, which should lead to increased growth. Its adoption proves – and I am glad this conviction has in the end won acceptance with all the heads of state and government – that we cannot overcome this crisis without sustainable growth.

43. The Growth and Employment Pact thus foresees, through the strengthening of the resources of the EIB, investment in greater infrastructure projects. The total volume amounts to 120 billion euro. With the help of private sector investment also, via so-called project bonds, the pact should contribute to financing projects, which would otherwise not have been realised because the risk was estimated to be too high.

44. These are the short-term challenges that have over the last 12 months been facing and continue to face the euro zone, and the answers and decisions that have been taken to stabilise it. Even though much remains to be done, confidence has to a large extent returned and those who thought they could profit from speculating on the collapse of the euro were taught a lesson.

Economic and Monetary Union

45. The President of the European Council is to present a roadmap in December to put the economic union on equal footing with the monetary union. An intermediate report was presented at the October European Council, foreseeing a further development of the euro zone on four levels: a banking

union, a budgetary union, an economic union and intensified democratic legitimacy.

46. Of those four areas, the Banking Union is where work has progressed the most. This is due to the Member states having made the creation of this single supervisory mechanism a prerequisite for any direct recapitalisation of banks by the ESM, thereby allowing the vicious circle of bank debt – state debt to be broken.

47. The Banking Union is one of the key elements for deeper economic integration. A simple coordination of national banking supervision systems is no longer sufficient to avoid yet more bank collapses and liquidations having to be borne by the tax payer. This type of situation is no longer sustainable.

48. To this effect, on 12 September, the Commission proposed a single European banking supervisory mechanism, which marks an important step towards a Banking Union. The Council is to come to an agreement by the end of the year, which will allow the new system to become operational.

49. This new system will see the ECB play a key role but the national supervisory agencies will also be involved. It is virtually impossible to place 6000 European banks under the direct supervision of a central European authority. In a first step, the supervision of the banking sector by the ECB would– from a European point of view – need to be restricted to systemically relevant banks. It would then fall to the ECB to define the general principles of banking supervision that would need to be applied across the board.

50. However, supervision on the ground will always be in the hands of the national banking supervision bodies, which will also be in charge of the

authorisation procedures during the creation of new banks. Nevertheless, the authority of European banking supervision should include a right of intervention in the event of default by one or the other national authority.

51. In addition to the banking supervision, the Banking Union is also based on three other components of an integrated banking union: a single regulation, in the form of capital requirements, the harmonisation of deposit insurance systems, and a single European framework for bank recovery and resolution.

52. Luxembourg feels that all four subjects must be decided upon together for progress to occur in a coherent manner within a clearly defined framework. This file, which is so important to us because of the scale of our financial centre and economy, will contribute to its strengthening, even if the players have to adapt to new circumstances.

53. As far as the ideas for the budgetary union and the economic union are concerned, these will be specified further in Mr Van Rompuy's report in December. The aim is to build upon the existing framework (six-pack, two-pack), in a bid to achieve more discipline and an increased supervision of the Member states.

54. In my opinion, a budgetary union entails that we cannot in the long run avoid one or the other form of communitarisation of public debt. Be this through the creation of "Eurobonds", "Eurobills" or a "redemption fund". I am convinced we must not discard these instruments yet; they still have some use.

55. At the end of the year, the European Council will determine the benchmarks for a renewal of the Economic and Monetary Union, with a more integrated banking, budgetary and economic dimension, and greater democratic legitimacy. The new Economic and Monetary Union will inevitably be very different from the one launched in 1999.

2014-2020 financial framework

Mr President, ladies and gentlemen,

56. Under the eyes of the world, Europe is in the process of demonstrating its willingness and capacity to overcome the crisis and to build the Economic and Monetary Union on solid foundations. But the EU will also need to demonstrate this ability when tackling its other big portfolio, which is of major importance for the implementation of the Union's policies: the 2014-2020 financial framework of the European Union.

57. The extraordinary European Council of next week must decide unanimously on the funding envelope for the 2014-2020 period. This will subsequently require the approval of the European Parliament, in accordance with the Lisbon Treaty. At present, this file is anything but obvious.

The proposal of the Commission for the 2014-2020 period amounts to 1,033 billion euro, i.e. 1.08% of the EU's GNI. This figure may appear huge, but let us remember that the budget of the Union represents merely approximately 2% of total public expenditure within the Union.

58. During difficult negotiations, two groups have emerged among the Member states: on the one hand, so-called net contributors, who are demanding that the Commission reduce its proposal by at least 100 billion and, on the other hand, the defenders of the cohesion policy uniting 14 net recipient countries that consider the Commission proposal to be a minimum.

59. Despite Luxembourg being a net contributor at approximately 150 euro per inhabitant per year, we have always refused to be drawn into the anti-

Community logic of “fair return” and, consequently, we did not join either of these camps. Why? This would mean looking at the Union and in particular its budget from a purely profit and loss perspective. For us, however, the “community budget” remains an expression of solidarity among Member states, the indispensable instrument for financing common policies and realising the Union’s ambitions.

60. Parallel to the national budgetary consolidation measures, the multi-annual financial framework must play a role of investment budget in favour of growth at European level. It must complement the efforts of the Member states, by concentrating on the priority areas defined in the Europe 2020 growth strategy.

61. In order to achieve this, the EU must provide itself with the necessary means. We must remember that the budget of the Union as an investment budget has a strong leveraging effect, given that 94% of its funds are dedicated to stimulating economic growth and employment and to strengthening the role of the Union as a global player.

62. For us, the level of expenditure of the financial framework proposed by the Commission is thus realistic to allow the European budget to do justice to its role of crucial instrument for kick-starting the European economy.

63. Let us also remember that expenditure and revenue must not be separated and that there will be no final agreement without these two components having both been approved.

64. The current system of own resources has over time become abstruse, complex and unfair. It is in need of reform.

65. By proposing two new own Union resources and the replacement of all the current correction mechanisms with a transparent and time-limited flat-rate budgetary corrections system, the Commission is offering the prospect of a reform.

66. The financial framework is an instrument of growth for Europe, in particular during these times of crisis. Hence the importance of reaching an agreement next week. I rather regret that the Cypriot presidency in its last compromise proposal suggested reducing the total volume by 50 billion euro. This is not the right way to support the European economy or to re-strengthen the Union. Luxembourg and the majority of the Member states are of the opinion that the Commission proposal is realistic. The presidency proposal has meant that those who feel that the total budget needs to be further reduced have had their opinion validated. We can already see that the United Kingdom as well as others are feeling validated in blithely demanding further reductions. I worry that this kind of attitude will not render an agreement at the EU summit next week any easier. This all the more because the European Parliament also needs to voice its agreement and does not want to accept any reductions in relation to the Commission's proposal. To be continued…

Nobel Prize

67. The European Union has allowed 500 million people to take leave of their painful past and to live in peaceful prosperity together, in a space governed by democracy and the rule of law, the respect for human rights and the principle of a social market economy.

68. The Nobel Prize, awarded to the European Union this last 12 October, was well-timed to remind us of the successes that we possibly may no longer be

fully aware of. The single market, the freedom to travel, study and work, the free movement of people within the Schengen area, the single currency… these cornerstones have become the norm.

69. At the same time, this prize calls on us to remain mindful. As certain developments within the EU in recent years have shown, these successes are possibly not quite as irreversible as they may appear.

70. The decision of the Nobel Prize committee is based on historic reasons, but it also comes with a message for the future. The laurels of the past will not necessarily suffice to incite long-term enthusiasm for Europe among young people. These young people do not remember the violence and war in Europe, and yet every so often they become privy to old resentments and prejudices arising.

71. Undoubtedly, one of the reasons for the lack of interest in Europe could be the fact that peace and prosperity, freedom of movement and respect for the rule of law have become so normal for the younger generations that they do not necessarily make the link between these everyday benefits and European integration.

72. Precisely this Nobel Prize should encourage us to pursue our European commitment on a day-to-day basis. It is very important that we do not limit ourselves to the economy when doing so. The euro crisis must not make us forget that the European Union is much more than a common economic space. It represents the rule of law, social justice, democracy and the respect for human rights. I would like to take this opportunity to point out that it is vital that we closely follow developments and that we react, in particular if EU Member states themselves are to violate these principles.

73. Hungary has a long history of freedom and commitment to democracy, much like Romania. We must not allow a tumour to grow in these as well as other countries. This would be undeserving of their history.

Reflection group on the future of Europe

74. As you may be aware, I am part of a group of Ministers of Foreign Affairs known as the “Reflection group on the future of Europe”. This group was brought into being by the German Minister of Foreign Affairs. Our objective was to reflect, in an informal environment, on concrete options for advancing the debate on the strengthening of European integration, in particular regarding foreign policy. The group met five times this year between March and September in various European capitals and in September submitted a final report. This report was incidentally presented to all our colleagues and to the High Representative for Foreign Affairs and Security Policy here in Luxembourg on 15 October.

75. Throughout this entire project, we looked at different avenues to reinforce the position of the European Union on the world stage. Europe has no choice but to increase its involvement if it wants to continue to be an active key international player. We must intensify our ties with our strategic partners, in particular through developing the European diplomatic network. We must above all endeavour to speak with one voice, again and again, despite our differences.

76. It is particularly with regard to the common foreign and security policy that we need to progress, all the more that we have spelled out that, with the entry into force of the Lisbon Treaty, our foreign policy is to be not only more coherent but also more efficient. The European External Action Service may

still be in its infancy, but it is already present in 140 countries, which makes it the seventh largest diplomatic network in the world. We should display the necessary patience to allow this service to become the indispensable tool that it aims to be. The review foreseen in 2013 will also be an occasion to take stock of its weaknesses and strengths and to tackle the next stages.

Community method and single institutional framework

77. The problem-resolving method within the EU must continue to be founded on the Community method and not on intergovernmental principles. The European Union was built on the basis of the Community method. This is what distinguishes the EU from various other regional structures in Asia, Latin America, Africa. What does it mean? The Community method involves the Commission, which as the driving force of the Union has the right of legislative initiative and defends common interests. It also involves the European Parliament and the Council, both of which have the right of decision. And it involves the Court of Justice in Luxembourg, which is responsible for interpreting European law. This is why the Commission must not be seen as the secretariat of the European Council.

78. I would like at this point to draw particular attention to the German-French partnership. It is not for nothing that it is often invoked and it is true that much depends on it. Sometimes it is described as “unavoidable”. It is without a doubt a key element of the EU processes. This – and let us not make a secret out of it – despite the fact there have been and still are significant differences between France and Germany. Or maybe it is precisely because of this fact.

79. The differences are twofold: political-historical and economic. And on top of that, there is the collision of two mentality concepts, something that we as

Luxembourgers are only too aware of. The eras of Adenauer and De Gaulle, Schmidt and Giscard, Kohl and Mitterrand, Schroeder and Chirac were always characterised by complicated German-French relations. And yet they have always been founded on the clear insight that the search for compromise was a constant priority.

80. In the more recent past, performances by the German and French heads of government in front of the cameras have suggested a complete absence of all differences. This feigned superficiality was known to reach theatrical proportions at times. Now, with the election of a new French president, more honesty has come into play in the search for a German-French “unity of views”.

81. It is precisely this open debate, this dialectic regarding fundamental issues, that forms the substance required by the consensus engine of the EU, which all EU countries must apply themselves to. The EU cannot be ruled by a diktat of superficiality. A public debate based on arguments and interests is more productive in finding the right path.

82. In my humble opinion, the search for the right path should not include the mistake of once again bringing up fundamental treaty amendments as a means of making progress, three years after the entry into force of the Lisbon Treaty.

83. On one hand, we must not assume that institutional reforms allow us to score substantial points.

84. The citizen demands of the EU that problems be tackled in a tangible manner, in areas such as employment, environmental protection, energy, consumer protection, etc. The Lisbon Treaty has been created especially for this.

85. On the other hand, everyone knows that transfers of competences to Brussels are not in demand. In particular not in the founding countries of the EU.

86. And this is precisely where we need to be vigilant. We must not nibble at the essence of the democratic rule of law. To issue commissioners with competences capable of overturning national parliamentary budgets is an unrealistic idea and concept, which also radically contradicts the highest court of the EU's largest country. The Federal Court of Karlsruhe has done nothing for the last years but defend authority competences of the German Bundestag. Not without reason, I think.

87. We should thus not necessarily make life in the EU more complicated than it already is and thereby create more unrest and uncertainty on the markets.

88. The idea of once and for all newly legitimising the EU via referendum is another double-edged sword. Representative parliamentary democracy, with all its cogs and wheels, is not a faulty design after all and not incapable of legitimising the future of the EU.

89. With a YES or a NO we can clearly decide whether we want one's country to be a member of the EU, but I have my doubts as to whether a YES or NO can provide a response regarding the quality of the attitude towards the EU. To think that after 10 years of hard graft we can once again wow citizens with a new treaty is highly doubtful.

90. The Lisbon Treaty allows for many initiatives, so let us exploit these and set them to music. We could also aggravate the EU and thus considerably weaken it. Let us not fall for this.

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Luxembourg – City of Europe

91. Several European institutions call Luxembourg home. It is therefore a matter of course that Luxembourg does everything it can to guarantee optimal working conditions and a good quality of life for its European civil servants.

92. One major building project was able to be completed this year. The reopening of the Kirchberg Conference Centre in April 2012 means that it now plays host to the April, June and October sessions of the EU Council of Ministers.

93. When it comes to the new constructions, which must now and in future guarantee normal working conditions for European civil servants posted to Luxembourg, I would like to mention the two major building projects of the coming years: the new building for the European Parliament, the Konrad Adenauer II, and the new administrative complex for the European Commission, the Jean Monnet II, work on which is scheduled to start in early 2013 following a rather long and complex planning period. Once completed, these buildings will visibly consolidate Luxembourg's vocation as a key site for the EU institutions.

94. Work on the new European School in Bertrange/Mamer (EE2) has been completed, in time for the school to open its doors in September this year for the start of the academic year.

95. A framework agreement with the Court of Justice of the European Union for a fifth extension of the court is due to be signed soon, yet further proof of the dynamics characterising the scale of our capital's vocation as the headquarters

of the European judiciary, which every day ensures that the rights that citizens draw from the European construction are respected.

96. I also recently signed the Headquarters Agreement on 8 October between Luxembourg and the European Stability Mechanism, which will be based in Luxembourg.

97. It is the responsibility of the host state to promote an attractive headquarters policy by ensuring optimal living conditions for European civil servants posted to Luxembourg.

98. The Ministry of Foreign Affairs also maintains regular contact with the European institutions and staff representatives in order to ensure the attractiveness of the site and to consolidate the presence of European institutions in Luxembourg.

99. Now allow me to mention the key points of our commitment beyond EU borders.

Enlargement policy

100. Besides Croatia, which is due to join the European Union in July 2013, there are currently five candidate countries for accession: Turkey, Iceland, Macedonia, Montenegro and, since March 2012, Serbia.

101. Luxembourg has always advocated the enlargement of the European Union. It is our duty to include other countries in our common peace project. This is also in our own interest: I need hardly remind you of the repercussions that the war in the Balkans had on the rest of the European continent. The

Balkan countries that have been granted the status of accession candidate count on this prospect of peace and prosperity, of democracy and the rule of law. Luxembourg is convinced that they should not be disappointed. Provided they meet the necessary requirements of course.

102. Last month, on 9 October 2012, we had the opportunity to discuss in detail the accession of Croatia to the European Union, and you unanimously declared yourselves in favour of this accession. This without making the point that Croatia must continue to intensively work in terms of the rule of law.

103. Similarly, the appointment of Luxembourg ambassadors to a few of the Balkan countries, with residence in Luxembourg, has increased the visibility of the Grand Duchy in these countries, by clearly signalling our interest in and commitment to the Balkan region.

104. During the accession debate surrounding Croatia, we also discussed the other Balkan countries, so that today I will address just Serbia, Kosovo, Turkey and Iceland.

105. Without wanting to forget the problem of visa liberalisation of the Balkans. Visa liberalisation aims to encourage direct contact between the citizens of the EU and the Balkan countries. It also imposes obligations on those who take advantage of it. Luxembourg, together with other Member states, is concerned at how this policy is sometimes abused in its objective. The issue has been raised with the countries concerned and, if applicable, a safeguard clause for the relevant regulations may be introduced, which could be activated in case of need.

106. The accession negotiations with Turkey ground to a complete halt during the Cypriot EU presidency. This is due to the unresolved Cyprus issue. I regret this and am confident that the Irish presidency during the first semester of 2013 will allow us to reopen one or the other chapter to give a fresh impetus to negotiations. But this requires efforts to be made on both fronts. For Turkey, this means in particular the implementation of the Ankara Protocol and the continuation of the reform process as outlined by the Commission in its enlargement package in October.

107. To inject new dynamism into the relationship between the EU and Turkey, the so-called positive agenda was introduced. This foresees a wide-ranging dialogue on subjects that are important for both sides. These subjects involve energy supply, immigration and border protection with regard to third countries. This last point also implies a dialogue on long-term visa liberalisation, which nevertheless can be realised only under certain conditions. These include the signing and implementation of readmission agreements.

108. We cannot afford for a country such as Turkey, with its dynamic economy, its strategic position and its crucial regional role, to turn its back on the EU.

109. Accession negotiations with Iceland, which was granted the status of accession candidate in June 2010, are moving along swiftly. This country has already absorbed a large part of the *acquis communautaire* due to its participation in the European Economic Area for almost 20 years. A few unresolved questions still remain, such as the fisheries issue, where negotiations have not really started yet. Here, Luxembourg will campaign for a balanced solution, so that once the negotiations are completed, the Icelandic people can give their consent. This act will then be the Icelandic people’s decision.

110. Finally, let us touch upon Serbia, which has had a new president in Tomislav Nikolic since May, and a new government since the summer. The question could have been asked how Serbia was placed with regard to the enlargement process after these elections. The new government is continuing to campaign for European integration and is making efforts to commence with accession negotiations after having been granted the status of accession candidate by the European Council in March 2012. But at the same time, Serbia continues, like before, to refuse to recognise Kosovo as an independent country. We, as the EU, must show Serbia through our continued commitment that their future lies in Europe and should not depend on the fate of a historical territory. The European Union will therefore remain fully committed to this process, together with all the other important players, as demonstrated by the visit of Catherine Ashton together with Hillary Clinton in both Belgrade and Pristina a few days ago.

111. This 7 November saw the second round of talks between the PM of Serbia and the PM of Kosovo taking place in Brussels. It is good that talks are taking place, albeit without a roadmap to date.

112. On Monday, at the Council of Foreign Ministers, we will be mapping out conclusions that oblige both sides to engage more in the interests of both the Serbian and the Kosovar populations.

113. The both complex and dynamic character of the Balkans is perfectly illustrated in the case of Kosovo.

114. Following four and a half years of “supervised independence”, the country has been given the blessing of the International Steering Group (ISG) and was

allowed to become fully independent. As a member of the ISG, Luxembourg for its part has also accompanied Kosovo over these four and a half years. The construction of this young state still resembles a building site. But despite the situation remaining precarious, progress is being made. For instance, despite the global economic crisis, Kosovo witnessed an economic growth of more than 4% and its institutions are in the process of noticeably growing stronger.

115. Luxembourg is not restricting itself to just diplomatic support in Kosovo. Luxembourg is also in fact one of the biggest aid donors to this country, in particular in the health sector where our country is the largest sponsor in absolute terms.

116. We are also committed to the security aspect of the international community's involvement. The summer 2011 crisis is there to remind us that this is one aspect of the reality we cannot allow ourselves to neglect.

117. I would also like to underline that the Luxembourg contingent, despite its modest size, plays an important role within NATO's KFOR mission. Our country also supports the European Union's EULEX mission, which aims to help set up police, judicial and customs institutions in Kosovo.

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118. Beyond the countries affected by the European perspective, the Union also maintains strong ties with neighbouring countries via its European Neighbourhood Policy. This involves, on the one hand, Euro-Mediterranean cooperation and, on the other hand, the "Eastern Partnership" component. The latter concerns Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

The Eastern Partnership aims to bring the countries in question closer to the *acquis communautaire*. By promoting the adoption of “European standards”, it aims to foster democracy, prosperity and therefore security and stability across the continent, which is also to our advantage in the long term. It is a matter of fighting the emergence in our immediate neighbourhood of situations that give rise to political and social tensions, of fighting illegal trafficking in all its guises, including that of human beings, phenomena that directly affect the entire European Union. An efficient collaboration has been initialised with the countries concerned, with which the Union exchanges experiences and good practices in several areas.

119. Luxembourg attaches great importance to this initiative. We are of the opinion that its vast potential is of real added value for the continent. We will continue to contribute to the realisation of its objectives, drawn up when it was launched in 2009. This is not, however, a carte blanche for these countries for a rapprochement with the Union without consideration. Our eastern neighbours must also fulfil their part of the deal. They must demonstrate their openness to the values that underpin the European construction and reform their societies in key areas such as democracy, the rule of law and good governance, before being eligible for increased material aid or an opening on the European market.

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120. I would like to take the opportunity to give a few concrete examples of the involvement of our country in support of neighbouring countries, whether or not they are accession candidates.

121. Besides the training that we offer in the sectors of finance, civil aviation, European law and public administration, we have successfully identified several promising cooperation opportunities in recent years. These projects, which are

always based on a recognised economic or administrative need in the recipient country, involve those sectors in which Luxembourg has specific know-how and expertise and in which our national players not only exhibit true added value but also have an opportunity to demonstrate their skills and forge interesting contacts.

122. This is the case for the partnership that we have developed with the private university of Universiapolis in Agadir, Morocco, in collaboration with our Centre de Recherche Public Henri Tudor. We have helped this university set up its research centre, based on the Henri Tudor model, i.e. applied research. The objective of this cooperation is not only to forge lasting ties in terms of education and research but also – by bringing the scientific and industrial communities closer together – to promote the cooperation between the Moroccan and Luxembourgish economic players.

123. A similar example involves the cooperation between the Luxembourg Stock Exchange and the stock exchanges of Montenegro and Serbia. The objective here was to adapt the stock exchanges of these two countries to the requirements of the market, as well as to strengthen the ties between the economic players of all three countries. The objective of the cooperation with the Montenegro Statistical Office was to help it integrate the *acquis communautaire* into its work.

124. These projects are not only an excellent tool for strengthening the economic and friendly ties between Luxembourg and the recipient countries. They also show that strategic and lasting cooperation initiatives can be set up with limited funds. The same applies to the funding of grants for students.

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Trade policy

125. Russia's accession to the World Trade Organisation is an example of why Luxembourg has always been committed to a multilateral trading system. Indeed, under the agreement on its accession, Russia agreed to a series of commitments to further open up its trade regime and to speed up its integration into the world economy. The agreement provides a transparent and predictable framework for trade and foreign investment and paves the way for the settlement of disputes in Geneva, allowing trade disputes to be depoliticised in future. And so, an important partner of Luxembourg now finds itself tied to multilateral standards.

126. Following the recent deadlock, the European Union has continued over the course of the last year to negotiate and conclude further bilateral trade agreements. Based on the model of the free-trade agreement with South Korea, which this Parliament will be debating tomorrow, a further free-trade agreement has recently also been concluded with Colombia and Peru as well as with Central America. These agreements no longer include only trade issues, but also attempt to take advantage of the economic weight of the EU in order to defend the rights of workers and sustainable development. Similar agreements are being negotiated with Canada, India, Singapore and Malaysia. The European Commission has also entered into negotiations with countries in our neighbourhood, in particular in the east (Moldova, Georgia, Armenia) and in due course will do so in the south (Morocco, Tunisia, Jordan). The Union is also in negotiations for asymmetrical economic partnership agreements with regional groupings in Africa. This will allow the states concerned to keep their preferential access to our markets, while also promoting solidarity, which the EU has a duty to show, given the historical role it has played in these regions.

127. Free-trade negotiations regarding a free trade area are in future also conceivable with Japan and the United States of America. Free-trade agreements with these two key partners would fundamentally change the face of international trade, giving our businesses, already very competitive within the EU, access to lucrative third-country markets. An ambitious trade programme could in the medium term translate to a global increase of 2% in terms of growth and the creation of more than two million jobs. Our economy too relies, more than ever, on exports and the strengthening of its trade ties with third parties outside the EU. But the entire weight of the EU is required to convince third partners to conclude such agreements, which must be mutually beneficial and reciprocal.

128. We are also pursuing this economic diplomacy on a bilateral level, through our network of embassies. In response to the renewed surge of protectionism throughout the world, political support for our businesses is certainly judicious. The opening of new embassies, in Abu Dhabi and Ankara, illustrates the extent to which our presence on the ground can support the growth of our operators abroad.

129. Turkey: a dynamic and growing economy, member of the G20 and accession candidate to the European Union. Despite its proximity to the EU borders, Turkey has for a long time been neglected by Luxembourg businesses in favour of more far-off lands. Within Turkey, Luxembourg is nevertheless known in certain circles as an international financial centre. While the organisation of periodic trade missions may be useful to raise awareness for Luxembourg, it does not necessarily allow for an effective on-the-spot follow-up.

130. On-site representation enables in-depth promotion to be carried out through regular contact with political authorities as well as economic players, while also enabling visits to local businesses and the organisation of seminars in various cities, relationships with the economic press and the sending of newsletters. Through an increased exchange of information, the objective is to raise awareness for the often overlooked assets of our country, to create relationship networks and thus to enable the development of new economic and trade contacts. This is of course a long-term undertaking that will not bear fruit immediately.

131. And yet, only a year after I inaugurated the embassy in Ankara, the first tangible results can be seen, in particular in the area of transport and logistics. Negotiations between the civil aviation authorities have led to the signing of a memorandum, which has consolidated the aviation relations between the two countries. Furthermore, contacts with Turkish Airlines have led to the announcement of a direct flight between Istanbul and Luxembourg, which will be launched next year. Also, the establishment of a railway link between Bettembourg and Trieste by CFL Cargo and CFL Multimodal, in partnership with a major Turkish logistics company, makes way for the transport of goods between Turkey and Luxembourg. Turkey, which exports a significant portion of its products to the European Union, offers interesting prospects in the field of logistics, in particular for rail and air transport. It is encouraging to see that more and more Turkish companies are turning to the embassy to obtain information on settlement permits in Luxembourg.

132. The visa requirement for all Turkish citizens is considered by business people to be a constraint and a hindrance to trade. In this respect, the consular services provided by our embassy have a direct and positive impact on economic relations.

133. One year into its opening, the embassy has thus already made its first contribution to the diversification of the Luxembourg economy, thanks to its various activities in the economic arena.

134. Our embassy in Abu Dhabi, which was inaugurated last autumn, has tackled its assignments with similar vigour. In addition to the coordination of the various economic and financial missions in the region, the establishment of permanent contacts with the country's economic players and the promotion of Luxembourg as a gateway to the European markets have led to a strengthening of the ties with this region, so as to better defend the interests of our economy and our political priorities.

135. The first steps aiming to improve the visibility and reputation of Luxembourg as a hub for various products and services were taken back in 2011/2012. These last few years, I have noticed an increased awareness of Luxembourg among local players. The presence of Luxembourg at various events and fairs also plays no small part in the promotion and perception of our country. This will allow us in future to increase our cooperation with the region's countries in economic sectors that are important for Luxembourg, such as finance, telecommunications, energy, research and infrastructure projects, to name but a few.

136. However, our interest in this region is not limited to economic relations. Please allow me to outline a few political considerations in this context.

Arab Spring and the Middle East

137. The outcome of the Arab Spring remains rather mixed after a year and a half. The aspirations of the Arab peoples to dignity and political inclusion have led to major changes. We have supported and continue to support these aspirations, in line with our international commitment to the rule of law, democratic values and social justice.

138. I have had the honour this year of travelling to Tunisia, Morocco, Saudi Arabia and Oman, as well as to the international Organisation of Islamic Cooperation in Jeddah. These visits bear witness to both our commitment as well as the importance that we attach to dialogue with all the players of this region.

139. Both Tunisia and Egypt have seen free elections and the appointment of new governments. We are closely following the drafting process of the Constitution and the debates associated with this. Processes that, as we all know, can take some time.

140. Geographically speaking, we look upon those countries in the south as neighbours. The geographical proximity implies intense exchange on all fronts. We are also, however, becoming aware of an unfortunate increase in suspicion and mutual lack of understanding.

141. This suspicion is leading, more and more often, to provocation and violence. And yet the respect of the Other, his faith and freedom, including the freedom not to believe, is a fundamental element of our exchange, which is likely to multiply in an increasingly interconnected world. I would like to insist in this context that the security of the diplomatic representations is an essential element of international law that must be respected and guaranteed worldwide.

142. The region's countries are in vital need of economic development. The lack of prospects, in particular for young people, threatens the political and social development of these countries.

143. It is nevertheless encouraging to see how, coming from the European Union, a global and coherent policy is starting to take shape, a policy that we hope will successfully overcome these difficulties. A broad range of measures to support the economies of countries in transition has been put in place. They are based on the "more for more" principle, where more reforms and progress means more resources and aid provided by the EU. This new European Neighbourhood Policy is based on the "three Ms": money, markets, mobility.

144. Thus, regarding financial assistance ("money"), the SPRING programme of 350 million euro was adopted in September 2011. These additional funds are to be allocated to the Southern partners. The envelope of the financial instrument for the Southern and Eastern neighbourhoods, the "European Neighbourhood Instrument (ENI)", is to be revised upwards for the 2014-2020 period.

145. But we must also endeavour to achieve a self-sustaining economic development, which no longer relies on external support in the future. Access to the European market ("markets") is consequently one of the main requests from our Southern partners. Negotiations on "deep and comprehensive free-trade agreements" have been launched with Morocco, Tunisia and Jordan. Luxembourg supports these initiatives.

146. Finally, it was decided in June to start discussions on a "mobility partnership" ("mobility") with Morocco, Tunisia and Egypt. These partnerships

are to lead to the conclusion of visa facilitation and readmission agreements, the objective being to find joint solutions to the problems of migration.

Syria

147. We deplore the double veto by Russia and China in the Syrian context at the UNSC. The UNSC must be in a position to fulfil its role of guarantor of peace and security. It is the only instrument available to the international community that has any potential authority here. The joint special Envoy of the Secretary General of the UN Lakhdar Brahimi has our full support, since he is rightly following in the footsteps of Mr Kofi Annan.

148. Together with the “Friends of Syria”, who also play an active part in the process, we have called upon the opposition to unite and build a common platform representing all Syrians. Our first success was achieved on 11 November. Following a conference in Doha a few days ago, the Syrian National Coalition was founded. This is a decisive moment in the creation of an inclusive and representative opposition for the Syrian people. We hope it will prove to be capable of guiding Syria in the direction of a future marked by peace and democracy for all Syrians. Yesterday in Cairo, at the EU-Arab League ministerial meeting, this was the only positive point regarding the subject of Syria.

149. The EU has implemented a range of tight sanctions with regard to Syria. These measures target the Syrian regime and its members, not the people whose suffering we witness on a daily basis. In this context, our humanitarian aid amounts to 1,181 million euro. In addition, Luxembourg has supplied medical equipment, which is being used in the Syrian refugee camps in Jordan.

150. We remain horrified by the events in Syria. At the level of the European Union, and driven in particular by our Benelux partners, we have called for the protection of the medical and humanitarian efforts in Syria, i.e. for the protection of hospitals and medical facilities. Access to medical care must be guaranteed to all Syrians who need it, regardless of their faith or political affiliation.

151. Nobody knows how much longer this terrible ordeal for the Syrian people will continue.

152. Last week, in one single day, 11,000 people fled Syria. Turkey, Jordan as well as Lebanon and Iraq are caring for tens of thousands of refugees. These are mostly women and children. The men are fighting the civil war. The psychological toll is hard to imagine. Hatred and brutality find fertile ground here.

153. Had the sanctions imposed by the EU against Syria been adopted at the UN level, the pressure on the regime would have been very different. Even a general arms embargo on all sides would have been able to prohibit further military activities. This civil war in Syria cannot be stopped by a military intervention. The EU and its Member states are aware of this. The only hope is for the Security Council to launch a new attempt calling for a transition government to be put in place on the basis of the conclusions drawn at the Geneva meeting of 30th June 2012. Special Envoy Lakhdar Brahimi strongly campaigned for this yesterday in Cairo.

Iran

154. The case of Iran continues to worry the international community. The IAEA has clearly stated its concern regarding the “possible military dimensions” of the Iranian nuclear programme. Of course, we resolutely stand alongside our European partners on this issue. We support the double track approach of the E3+3 states. This involves, on the one hand, putting pressure on the regime through sanctions and, on the other hand, offering to negotiate through political and economic relations on the provision that Iran cooperates with the IAEA. The EU has implemented a range of extremely complex and effective sanctions. These sanctions target the regime and its members, placing considerable pressure on the regime. We hope that these sanctions will lead Teheran to change its line of thinking.

155. We will continue to rely on diplomacy. The Iranian nuclear file can be settled only by peaceful, i.e. diplomatic, means. A military intervention, regularly considered by some, would have an immeasurable impact on the entire region.

156. Iran – it must be repeated – has a right like any other country to carry out civil nuclear energy projects. The only condition is that it must cooperate with the IAEA.

157. In principle, we, the EU, should be campaigning even more strongly for a nuclear-free Middle East. In the medium term, this is the only assurance of putting a stop to nuclear armament.

158. Allow me to clearly underline that, as a member of the UN, Iran has a duty to respect all the other member states, including Israel. The periodic presidential vociferous questioning of the Holocaust and Israel’s right to exist must be condemned in strongest terms without exception. This causes

immeasurable damage to peace and stability in the entire region and, consequently, to the Palestinian cause as well.

159. Equally regrettable is the systematic disrespect of human rights shown by the Teheran regime. Iran is a large country with a history that has brought many positive developments to civilisation. We hope it will once again find its path.

Peace process

160. I cannot conclude this subject without referring to the seriousness of the current situation regarding the so-called Middle East peace process.

161. Human values, human rights, dignity are not expressions that are divisible, that are to be applied to some but not to others. As the EU, we demand respect of these values in all talks and debates.

162. One of the greatest keys to world peace lies in resolving the conflict between Israel and Palestine.

163. Based on our European history, we must campaign for the welfare and security of the state of Israel and its people. Based on our European stance on human rights, we must campaign for the welfare and dignity of every people, including the Palestinian people.

164. However, our lessons from history and our stance on human rights cannot contradict one another. This is why we as Europeans should be more consistent in our approach.

165. We cannot simply accept the settlement policy of the current Israeli government. It is provocative. The number of settlers in the West Bank is growing more rapidly than the Palestinian population. The acts of violence perpetrated by the settlers are dramatically increasing, by more than 32% in the last year. The perpetrators are neither prosecuted nor punished. It goes against all international law, as well as against the Oslo Agreements, to occupy land that does not belong to oneself – be it under national or international law.

166. Should this policy continue, a two-state solution is going to be impossible to achieve, from a physical point of view alone. This is and remains the policy of the current Israeli government, nipping any hope of negotiations in the bud.

167. But as long as there is no state with fixed borders, those of 1967, and no free sovereign country for the Palestinian people, Israel will not be able to live in security. A Palestinian state is not a gift for Palestine, it is the cornerstone for peace in the Near East.

168. It is very likely that this month, there will be a vote at the UN General Assembly in New York on a resolution granting Palestine observer status. This will be a crucial moment for the EU. If, once again, a third of EU Member states vote against this upgrade, a third abstains and another third says YES, the EU will be occupying at best a third-division spot on the global stage.

169. I therefore call on all Member states to vote in accordance with our values, i.e. for the right of the Palestinians, in order to, at least symbolically, upgrade their status at the UN. We would only profit from being able to prevent NO votes and limit abstentions. Luxembourg will vote in favour of Palestine to be recognised as an observer state.

170. We will continue to focus on the actual living conditions of the Palestinians on the ground. We condemn the abusive practice of administrative detention and the detention of minors by Israeli law enforcement authorities in the West Bank. The Palestinian economic activities are hindered by the Israeli occupation, in particular in the zones that remain under Israeli civilian and military control. Despite the efforts of a number of donors, Luxembourg included, the financial situation of the Palestinian Authority is precarious. Tax revenue transfers from the Israeli to the Palestinian authorities need to be regularised in accordance with the agreements in force.

171. At the same time, we categorically condemn the rocket attacks from Gaza to Israel and emphasise that peace cannot be achieved with these kinds of acts.

Sub-Saharan Africa

172. The African continent is a continent of the future, rich in potential, in which democracy is gradually growing, even if political instability remains a reality. Despite this, democracy is making headway. It is developing in sub-Saharan Africa, as demonstrated by the changes in government in Senegal and Zambia, as well as by the recent changes of leadership in Malawi, Ghana and Ethiopia. Recent developments in the Horn of Africa, in particular in Somalia and Sudan, are also to be seen in a more positive light and give us reasons to hope for a more serene future. We must of course remain vigilant, and other examples, such as Mali, the Democratic Republic of Congo and Guinea Bissau, serve as examples to remind us that the situation remains fragile and that democracy has not found a strong foothold in these regions yet.

173. We have over the last years continuously strengthened and diversified our traditional relations with this region. Conscious of the fact that the international community cannot remain indifferent to these situations of crisis and fragility, we intend to take advantage of our presence on the UN Security Council – which is often seized by issues affecting the region– to contribute to resolving crises and consolidating peace. Our focus is on the defence of democracy, the rule of law and human rights.

174. As far as the Horn of Africa is concerned, despite having to remain vigilant, we may nevertheless rejoice in the improvement of the situation in Somalia. New state institutions are being established. Somalia recognised and seized the window of opportunity that presented itself. The aid supplied by the international community is central to the stabilisation of Somalia and Luxembourg contributes to this in various ways, on a political level but also on a security and humanitarian level. I myself have taken part in two international conferences dedicated to Somalia, one in London and the other in Istanbul, and we made a contribution amounting to 750,000 euro to the United Nations Fund in support of transitional security institutions. On the security front, Luxembourg has contributed to the training of Somali security forces by taking part in the training mission of the EU (EUTM Somalia). We also make a highly appreciated contribution to the fight against piracy in the Indian Ocean by providing two surveillance aircrafts in the context of the European maritime mission (EU NAVFOR ATALANTA). On the humanitarian front, development cooperation has also made substantial contributions. It is important that we continue our commitment in support of Somalia in order to help it emerge from its crisis.

175. Beyond the positive developments in this region of Africa, we must unfortunately note that worrying events are affecting the Sahel region. The

threats facing the Sahel region are real and manifold. They have grown worse due to the consequences of the Libyan crisis and have materialised with the crisis in Mali following the *coup d'état* of 22 March. We are particularly affected by this crisis. On the one hand, because Mali, one of our cooperation partner countries, is a country held dear by Luxembourg, a country we have enjoyed close ties with for many years. And on the other hand, because the situation in Mali carries with it threats for the entire region of the Sahel, in particular for its neighbouring countries, such as Niger and Burkina Faso, countries we also have special relationships with. Then, there is also the risk that a destabilisation of the Sahel and an increase in power of terrorist groups would pose to international peace and security.

176. The transition process currently underway in Mali must be encouraged. The appointment of a national unity government is an important step in the right direction. The next important step will be that of the adoption of a credible roadmap. It is essential that the region's countries, supported by ECOWAS, the African Union, the United Nations and the Security Council in particular, as well as the European Union, continue their efforts to provide consistent answers. I welcome in this context the adoption of resolution 2071 by the Security Council of the UN, of which we hope that it will mark a significant step forward in resolving the crisis.

177. The EU is prepared to improve the operational efficiency of the armed forces in Mali, with the training of the army as a main objective. Unity in Mali must once again be restored, but crucially, the barbarity that has gained a foothold in the country's north must be stopped.

178. The people that cannot escape the north are subject to constant violence. This cannot continue. Therefore, it is only right that the Security Council has assumed its responsibility in this context.

179. Let me point out here that Luxembourg is a participant in the mission of the European Union that aims to improve the capacity of the Niger security forces (EUCAP SAHEL NIGER). The mission is ready to commence operations with preparatory work nearing completion.

DRC

180. A word on the Democratic Republic of Congo. I recently attended the Summit of the "*Francophonie*" in Kinshasa. The deterioration of the security and humanitarian situation in the East of the DRC was one of the main subjects. The situation is a source of major concern. Only a political solution, based on dialogue between the DRC and Rwanda, can bring about a viable solution in the long term. I am certain that this subject will be one of the key subjects during Luxembourg's term on the Security Council of the United Nations. We will do our very best to contribute to improving the situation. Please allow me to acknowledge the recent appointment of a Luxembourger, Colonel Jean-Louis Nurenberg, as head of the European Union mission to provide advice and assistance for security sector reform (EUSEC DR Congo), a mission that was launched on 8 June 2005 under the Luxembourg presidency of the Council of the EU.

USA

181. Our transatlantic relations form an integral part of our relations with our strategic partners. We share not only very close historical ties with the USA, but

also common values and visions, which we as Europeans must defend alongside the American people, in particular during times like these. In this context, we welcome President Obama's re-election a few days ago and hope to see him enjoy more leeway in his second term of office in certain areas, in particular those regarding the Middle East peace process and the non-proliferation of weapons of mass destruction. Luxembourg will continue its close collaboration with our transatlantic partner and I would like to take this opportunity to extend my thanks to the US Secretary of State, Hillary Clinton, for the good mutual understanding and her positive stance towards the EU.

China

182. Another strategic partner that has become increasingly important in recent years is of course China. We are particularly looking forward to the 40th anniversary on 16th November of our diplomatic relations with this important country. This anniversary illustrates the stability of our relations, but also the strength of the mutual trust that we share with the Chinese people. The economic, political and military significance of this player will continue to require our full attention in years to come and we are committed to further deepening these relations.

Russia

183. A further strategic partner is of course Russia. Our economic relations have seen several important milestones over the last years and are developing positively. We also enjoy very good relations on a political level. We are in regular contact with our Russian partners at the highest level and are in the process of planning a state visit for early 2013.

Afghanistan

184. Following the Bonn Conference and the NATO Summit in Chicago, the international community is now committed to a process that will see the Afghans assume direct and sole responsibility in security matters in 2014.

185. The path will be long and challenging, but the international community is present to accompany the government and the Afghan people towards a better future.

186. Together with the Afghans and the international community, we will continue to work towards establishing and maintaining the stability of the country, with the aim also of establishing a long-term partnership with Afghanistan in all areas.

Myanmar

187. The developments in Myanmar since the November 2010 elections have taken us all by surprise. Right from the start we have, on both a national and a European level, encouraged the country to continue with its reforms and we hope that was has been achieved will not be reversed.

188. In recognition of these significant advances, I went to Myanmar to embark on a new stage in our relations. At the end of July 2012, we formally established diplomatic relations with this country.

189. Today, Myanmar still faces numerous challenges, such as its relations with the ethnic minorities. We are convinced that we need to encourage this country on the new path it is currently treading.

Mr President,

Collective security and disarmament

190. Luxembourg is engaged in several NATO operations and strongly believes that the collective security of the Allies as well as that of the international community must be guaranteed.

191. We continue thus to support initiatives that have disarmament and arms control as their objective. Our dynamic engagement is guided by our aspiration for a more secure world with fewer arms.

192. Luxembourg will not allow itself to be discouraged by stalemates that occur at the Disarmament Conference or the non-ratification of the Comprehensive Nuclear-Test-Ban Treaty (CTBT). We will continue to work towards ensuring that the key elements of the nuclear disarmament and non-proliferation regimes may enter into force.

193. Many reservations will need to be overcome. Nevertheless, Luxembourg, like many others, will not relinquish its ambition of a world without nuclear weapons, an ambition it shares with Parliament and the people of Luxembourg.

194. A resurgence of weapons trafficking to areas of instability must also be avoided at all cost. The fall of Colonel Gaddafi and his regime has seen an uncontrolled flow of arms to the region of the Sahel, resulting in what we have seen in Mali for instance.

195. As you know, from 2 to 27 July 2012, the 193 member countries of the United Nations conducted negotiations in New York on an Arms Trade Treaty (ATT). This would have meant a first-time regulation of the trade in conventional arms. As you know, negotiations broke down.

196. Nevertheless, Luxembourg emphasises the need for a new attempt in 2013 in order to adopt the treaty. We are of the opinion that the establishment of common principles and rules in this area must be seen today as a priority issue in terms of security for all the states and their people. The objective is after all to establish a universal, legally binding instrument, setting out the highest possible common standards in matters of export, import and transfer of conventional weapons.

197. Our commitment against cluster munitions and anti-personnel mines remains unaltered. We have adopted exemplary national legislation in this area and are consistently financing mine clearance projects in the world's most affected regions. Luxembourg also continues its efforts to ensure the completion of the national implementation in national law of the provisions regarding the Convention on the Prohibition of Chemical Weapons, with the aim of bringing Luxembourg into conformity with all the provisions of the convention.

Mr President,

198. As you can see, we are facing a considerable number of challenges, as well as opportunities.

199. Foreign policy and its implementation process is primarily the responsibility of the government. I cannot imagine, however, that a Minister of Foreign Affairs could operate without the support of Parliament. I therefore wish

to extend my thanks to the President of the Foreign Policy Committee, Ben Fayot, and to all of you, for keeping an eye on me – a critical eye obviously, but one that sometimes also appears to express agreement. And let me warn you: it is unlikely that we are going to be bored in the year to come.

Thank you for your attention.