

Check upon delivery

Annual Reception, London

Monday, 1 February 2016

Dr Peter Ammon

German Ambassador to the Court of St. James's.

Mr Kengeter, Ladies and Gentlemen

What an honour it is to be invited to speak to you on the occasion of Deutsche Börse's Annual Reception at Merchant Taylors' Hall.

The Worshipful Company of Merchant Taylors is one of the Twelve Great Livery Companies of the City of London which has had its seat here since medieval times.

Compared to that, Deutsche Börse's presence in London has been relatively short – but after almost two decades in London, Deutsche Börse's London office has become a firm landmark in the City.

Last not least; the importance of the London office to Deutsche Börse Group is reflected in tonight's distinguished audience.

I assume I was not invited to discuss any detailed financial market issues tonight.

As German Ambassador my main role here today is to wish you a happy New Year 2016.

It may be a little bit late in the year already for such a wish, but the world around us looks so challenging right now that we cannot have enough of good wishes and finger crossing.

So what lies ahead of us in the coming year?

Most importantly I should mention that France will be hosting the Euro 2016 football tournament, in which the German team and three British teams will participate. I should not forget to mention the Olympic Games in Rio de Janeiro.

But turning to the political arena – I think you would all agree that already 2015 was a very turbulent year.

I can't remember having witnessed as many crises as now in my career: civil wars in Syria, Yemen and Libya, Ukraine, flight and displacement, Terror in Paris – to mention only a few.

And I am afraid the coming year will see no let up. On the contrary, the new year has begun as the old one ended, with unrest around the world.

So, what are the Mega trends that may shape 2016?

First the decade-old commodity super-cycle is coming to an end.

Obviously, this will have a considerable impact on the direction of flow of capital and on the inner workings of critical countries like Russia, the Gulf States, Nigeria and others.

Emerging markets will no longer serve as much as engines of global economic growth as we once hoped.

This may change the equations of international politics as well, but it is too early to see the full implications.

Another agenda-setting trend of our time seems to be the globalization of terrorism.

The war on terror reminds me of the old Greek saga of the Hydra:

Once one of her evil heads was cut off, take Al-Queda for ex., another would reappear.

Daesh is militarily and politically on the retreat now, but the underlying challenges may last for a generation.

Connected to this is the globalization of migration.

The UN estimates that 60 Mio. people are already on the move today.

Again, the social, political and economic consequences are not fully visible yet.

A global trend towards political populism and national selfishness is noticeable everywhere.

In France, Marine Le Pen has gained a third of the votes recently, and in Eastern Europe the trend towards nationalism is frighteningly strong.

In consequence, there are strong centrifugal forces visible in Europe now, with the British debate about Brexit, or the drive for Scottish or Catalan independence, being just a few of many. So the year 2016 will see us working on several different fronts simultaneously.

First of all, keeping up our efforts to combat the causes behind the flows of refugees.

This means continued efforts to solve the numerous conflicts in the Near and Middle East and Northern Africa.

The conflict in Syria has a distinct role in this context.

I am happy that Germany and the UK are contributing actively in particular by hosting an international conference of 35 heads of state and government this Thursday here in London which aims to alleviate especially the plight of Syrians who found refuge in the region and inside the country.

Secondly, it is clear that we need to reduce the numbers of migrants.

A country like Germany can cope with a million in a year – Germany took in 1.1 million last year - but it can't keep doing it every year.

We need to protect Europe's external borders more effectively.

Thirdly, we need European answers to these challenges. Dodging European solidarity and hoping for national solutions will not solve the problem.

The core of our dilemma today seems to be that most risks we are facing are international in nature, but the politics that steer our strategies are domestic.

National solutions make the false promise that there will always be someone else to carry the burden.

I am convinced that, in a moment of crisis, we need more Europe, not less.

A British exit from the EU – which is not impossible I'm afraid – would be damaging to all of us in the short – and in the long term.

Not only would it hurt our economies, which depend on passporting for banks, smooth cross-border transactions and compatible and mutually recognized technical standards, it would also drastically reduce our political weight in a new global arena.

An implosion of Europe would create a power vacuum on our continent at a time when political orders are rapidly failing all around us, where the alternatives in many other parts of the world quite often seem to be only between dictatorship and chaos.

Only a united Europe can muster the critical mass necessary to address these issues.

Unfortunately this dimension is completely missing in the British

debate about Europe.

The EU is more than an economic project that justifies itself by a cost-benefit analysis alone.

Let me add here that in the public debate in the UK the perceived costs are often blown wide out of proportion.

Now of course I don't want to dodge the question of reform.

To a certain degree Germany shares many of the British demands.

We want to make Europe more competitive, more dynamic, and we want to improve its functioning. Germany is seeking less red tape, more trade deals, a strong focus on jobs, competitiveness and growth and we are against benefit tourism.

We have been working on this agenda with good success, be it on the EU budget or the campaign against red tape and for better regulation.

Today, we note a clear change of course in the new European Commission.

The Commission is now driving a different agenda than previously.

It is pushing for important trade deals with the US and Japan.

It is working towards completing the Single Market for capital –

through Capital Market Union under the stewardship of Commissioner Lord Hill, a project of huge opportunity for the City of London.

It is laying the ground for a Single Market for digital goods and services.

It is putting together a Single Market for energy that will increase competition and improve our energy security, and most recently, it has put forward proposals to address the unfinished business of completing the Single Market for services.

In all these areas, the UK is winning the debate in Brussels, but hardly anybody seems to take any notice here.

The EU of today has been shaped by countless British initiatives:

EU enlargement, the Single Market, Free Trade Initiatives – all carry the stamp “Invented in the UK”.

The upcoming referendum will shape the UK’s future as well as the continent’s for decades to come.

I remain firmly convinced that an EU without the UK would not be a better union.

We need your pragmatism, your openness to the world, your intellectual brilliance. Europe today, with its 70 years of peace

and individual freedoms, is something that has been taken for granted for generations.

To make people see that Europe is not a threat but an asset might be quite a challenge in particular here in the UK.

But as I said, Europe is not just about pocketbook issues, jobs, growth and living standards.

It is an essential pillar of peace and security in a more and more dangerous world.

Those wanting to keep Britain in will have to win not only the heads, but also the hearts.

The politicians will play their role in the upcoming debate, and so will the media.

But ultimately, it will be the debates at the grass-root level, discussions amongst friends and neighbours that will move the undecided.

I count on you here.

Let us work together for a better future. United, not divided.

By so doing, we can contribute to mastering one of the major challenges of this New Year 2016.