

Bruce Stokes: ... what was interesting that on economic issues, people in this group who are Europeans basically were slightly less likely to say that relations between the US and Europe had gotten worse on economic issues. Bear in mind that we were asking you all this question, and we shut off the survey right before the tariffs hit the front pages.

Speaker 2: It's still there too.

Bruce Stokes: Exactly.

Speaker 2: Let's go over to this one here, the biggest challenges for the transatlantic relationship.

Bruce Stokes: We asked people ... This was an open-ended question, in other words, people could write in anything they wanted to. Let me tell you, coding it can be difficult. Basically, Europeans thought that the economy and trade was likely to be the biggest challenge going forward for the next 12 months ... they may have been thinking about steel tariffs. Americans were much more likely to say it's actually Trump or the current US administration which is the biggest problem going forward.

Speaker 2: We have one last slide. I'm not sure if it's up.

Bruce Stokes: Over here, yes.

Speaker 2: There it is.

Bruce Stokes: It's what is the biggest opportunity, because we wanted to say to people, well, it's not just all negative, maybe there's some opportunities here. I'm not quite sure what all of you were meaning when you said the greatest opportunity is trade. Maybe this is before you thought about the trade tariffs, I'm not sure, or maybe we can fix this problem, and that will actually improve the relationship.

Bruce Stokes: Security seemed to be played strongly in all of our minds, whether it was security around terrorism, security around other issues. But it's clear that people were ... especially Americans ... worried about security, and also about Russia actually even more than Europeans.

Speaker 2: Great. Thank you.

Bruce Stokes: Thank you.

Speaker 2: Bruce Stokes with some intellectual capital to chew on over the next day or so, and we'll move on to the next part of our program.

Karen Donfried: Thanks so much to both of you. It is now my pleasure as president of the German Marshall Fund to welcome to the Brussels Forum stage the prime

minister of Poland. Prime Minister Morawiecki, we are so happy that you have taken the time to be with us. If you're not familiar with the Prime Minister's biography, it really is a remarkable path that he has traveled. He was active in anti-communist opposition in his youth, and most of his career has been spent in the private sector. I think this background gives him a unique perspective on the challenges that are facing Europe and the transatlantic relationship today. We are delighted that he will be joined in conversation by Katya Adler, who is the Europe editor at the BBC. With that, I would like to welcome the Prime Minister and Katya Adler to the stage, please.

Katya Adler: Good afternoon, ladies and gentlemen. Thank you so much, Prime Minister for speaking to us today.

Prime Minister: Thanks for having me here.

Katya Adler: I'm going to introduce you ... obviously you've just been introduced to myself and the prime minister, and I'm now going to introduce you to my daughter's alarm clock. I apologize for that, but obviously time is of the essence for all of us here, for the prime minister, so this is in order for me to keep a good idea on time.

Katya Adler: Now, Prime Minister, you know we're going to be discussing the future of Europe together for the next 45 minutes. There's no Q&A at the end of this session so, if you forgive me, I'm just going to ask the opinion of our audience right now before we start. If we could bring up now on our screens a question for all of you ... if you could get your apps ready. That's right. If you could answer already before we start speaking what your prediction is for the future of the European Union, will it become more integrated, will it dissolve a little bit to become a looser union of nation states, or do you think it's destined to fall apart altogether. If you could vote now, that would be great for us. Then we will compare your answers and opinions at the end of our discussion.

Katya Adler: While you do that, Prime Minister, if I could ask you do you think that within and amongst the European member states there exists a common vision for the EU's future?

Prime Minister: First, thank you very much for having me here at this great conference. If I could answer this question in a slightly different way, the other title of this vision for Europe, the future of Europe could be insecurity, inequality and injustice, and how to address those fears which are there in Europe. Looking at this from that angle, I think we have to focus on those three elements, and then we can have more integrated Europe, or at least not less integrated Europe into the future.

Katya Adler: I've been involved now in sort of observing European politics for about 20 years, and in all of that time I've heard leaders of EU institutions always talking about bringing Europe closer to the people. If we have a look at elections across Europe, we don't necessarily get the idea that they've been that successful.

Everybody wants to make Europe a better place. Do you think there are competing visions though as to how achieve that, for example, perhaps sort of the Macron formula of more integration, and perhaps Poland along with the Visegrád countries of central Europe ... perhaps more concentrating on power for the nation state. Is that fair to say?

Prime Minister: I wouldn't describe it like this. I think that we all have to find a way how to cooperate better, how to harmonize what used to be harmonized, but not to centralize too much. I can give you an example. In the new era of rapidly changing technology and industry and all the IoT and so on around us, our regulator response in Europe has to be quicker than it is today, because the world is changing too quickly for all the countries to immerse in a very long, lengthy, cumbersome harmonization procedure, so more deregulation rather than regulation from this point of view.

Prime Minister: Like Jean Monnet said once, Europe is a combination of solutions to different crises which are around us, and this is still valid because we live in a post-Lehman era, even if some elites think we still live in a pre-Lehman era, pre-Arab Spring era, pre-iPod era. Everything changed, and the inequality factor, which I was mentioning at the beginning, is more and more important too.

Katya Adler: When it comes to crises, EU countries don't seem to always share the same vision of how to go forward. Let's look at the migration crisis, for example. There's a lot of closing down of borders inside the European Union. On the back of the migration crisis, an argument that still bubbles today about whether there should be so-called shared responsibility among nation states, something that Poland feels very strongly about. It does not want migration quotas that could lift the burden, for example, off Germany and Italy. Is that solidarity? Is that European Union?

Prime Minister: Solidarity is very important and solidarity has to be made applicable in many areas. In that very area, migration, refugees and so on, we believe that we play our part quite strongly because we have 30,000, 40,000 Chechens after the two wars between Russia ... or invasion of Russia into Chechnya. We have one and half million Ukrainian population, some of them from Donbass area, from [inaudible 00:08:15], which are areas of war, and some of them are homeless people, people who really would be named as refugees. This is one point about migration and refugees.

Prime Minister: Another one is that we believe that the most effective and most efficient way of helping people is to do this in situ, and we do this together with Italy. We do this in Libya, we do this in Lebanon. In the second half of 2017, there was a drop of refugees coming from North Africa to Italy of 70%, 7-0, comparing to the first half of 2017.

Prime Minister: Clearly, different types of responses have to be found. In Africa, there is 1.1 billion people, so what's our reply to this? How many people can we

accommodate in Europe, 2 million, 12 million, 22 million? Where is the break? A different approach has to be adopted here.

Katya Adler: Different approach, but also whatever approach has to be agreed on amongst the 27 member states, and that appears to be very difficult, for example, in the migrant crisis. Could you explain for us, Prime Minister, when we look at groupings within the European Union, something about the Visegrád group of countries?

Prime Minister: In Europe, there are different dimensions, the north and the south, the Eurozone crisis, UK leaving now the European Union, and there is the west and the east. Many differences of opinion come back to this very division, which happened in the post-second world war arena, where some countries were left on the wrong side of the Iron Curtain, and the Visegrád countries were very unhappy to be in this group.

Prime Minister: Our situation is completely different than Western Europe. [inaudible 00:10:40] formed quite a new typology of economy in our situation. They call our economy dependent market economy. It's not a coordinated economy of France, Korea or Germany, not the Anglo-Saxon liberal model. It's a completely different model. Our response for the challenges of now, these challenges around us, has to be sometimes different than our more mature neighbors.

Katya Adler: Does it, because surely in a European Union there needs to be at least what the European Commission calls a common value set, for example? Would you say ... You mentioned the second world war there. Would you say there's a difference in attitude between the countries in western Europe, the original member states of the European Union that maybe feel this need for a political union, a geographical union, as well as an economic union, and the countries of central and eastern Europe that have more of a transactional relationship with the EU. Is that a fair portrayal?

Prime Minister: I wouldn't call it like this, transactional, because we all look for a new vision for Europe. I think that people scream for the new deal like the pre-second world war and post-second world war. The social contract was, more or less, like you will have a job, sometimes job for life, but pretty much secure job, don't go on strikes too much, pretty decent life, and there will be peace around us in Europe, which didn't happen so often in the past centuries. People bought into this, and people liked this, and this was a very valid vision for 40, 50 years.

Prime Minister: Then with the completely new era, post-Washington consensus era, globalization, new challenges appeared on the horizon, and these challenges are not appropriately addressed. These challenges are, in particular, inequalities within societies even more than between different member states, if we talk about the European Union. These still remain to be addressed.

Katya Adler: Do you think there are big differences in how countries are treated within the EU? Is it sort of Orwellian, all member states are equal, but some are more equal than others?

Prime Minister: You want a very honest opinion?

Katya Adler: I'd love an honest opinion.

Prime Minister: Of course, this is the case. Some countries are more equal than the others. The stronger countries ... The central and eastern Europe ... I wouldn't use this word myself, but this was used by [inaudible 00:13:35] from Bloomberg and by the famous economist Thomas Piketty ... central and eastern Europe was colonized by western Europe, colonized in terms of how western capital colonized eastern Europe. This was the title of the article I think a couple of months ago. This is quite a different situation to colonize or to be colonized. Our imagination about the future, our sense of dignity, our sense of being treated equally is probably different than some of our partners from western Europe.

Prime Minister: But we don't complain, we try to find a common language with our western European partners, because I truly believe in Europe. I believe that there is a great future in front of us, but we have to find in some areas like the difficult, controversial area of migration the common denominator or the lowest common denominator. In some other areas where there is no denominator at all, we have to be quite visionary about that insecurity and inequality, as I said.

Katya Adler: I'm sorry to kind of go back to the inequalities within the member states, but that's what journalists do, we poke at the sensitive spots. Isn't that why the Visegrád countries got together in the first place? I mean the Hungarian foreign minister said to me it's to make their voices, your voices heard louder when Germany and France tend to speak loudest at meetings, at summits and decision making.

Prime Minister: Yes and no. Visegrád countries were ... there were three countries of Visegrád at the beginning, because there was Czechoslovakia pre-1993, Hungary and Poland. It was long time that ... we have kind of formed an alliance long time before entering the European Union in 2004. Even today, we are quite united on some aspects like the migration, like the refugee problem, and quite different on others. There's a combination of different countries talking to each other. This is what the European Union is about. It's a combination of different countries trying to find a way how to harmonize some stuff and deregulate others, and do it in the interest of a particular country, member state, but at the same time in the interest of the whole European Union.

Katya Adler: One of the European Union's co vice presidents, Federica Mogherini, who we were just speaking to earlier today once described to me differences in opinion between EU member states is a bit like a family. You're always going to have arguments, but you remain a family. If this is a family situation, at the moment

Poland and Hungary have been told to stand in the corner for being naughty, and there are fingers being pointed at those countries on a number of issues. Poland is in an uncomfortable situation for being castigated in a way that has never been done before with so-called Article 7 in EU speak, taking disciplinary measures in order to safeguard the independence of Poland's judiciary. You're not happy about that, are you?

Prime Minister: I'm very happy that we try to have more efficient, more effective, more objective and more independent judiciary system. I'm not happy that this is so difficult to explain to our friends in Brussels the idiosyncratic situation of the countries in central Europe. In the German Democratic Republic in 1990 prior to reunification, there was vetting, verification process of all the judges and prosecutors done, and only 30% of those from the whole DDR stayed in adjudicating. In the Czech Republic, there was a similar process, but in Germany the process was very clear. In our case, there was no such a process. In the 80s, where I was a freedom fighter in the context of solidarity movement, democratic movement ....

Speaker 1: ... movement, Democratic movement. The judiciary system was completely dependent on communists, and many judges have actually made many criminal sentences and lots of nasty things, to say the least. Then, when the solidarity movement prevailed and the new free era of Poland started in the beginning of the 90s, I saw the same people who were sentencing, who were giving wrong decisions on my brothers-in-arms during the 80s, and even today, 25, 30, years later, we still see in the supreme court 11 or 12 judges who were active during the martial law in a very dark age of Poland, and we see those judges at the top of the pyramid.

Speaker 1: So for me, and I was quite active at that time, it was something that was quite unacceptable. So I was quite happy to immerse in that reform, and actually I hope after today's meeting with Mr. [Yunker 00:19:27] and Mr. Timmermans that we ...

Katya: You handed them a white paper today?

Speaker 1: Yeah, I had this meeting this morning, I have presented them a white paper, which is a full explanation of how we view our judiciary reform, and why I fully believe that the judiciary system is going to be much better and much more independent than it was before, and I hope that slowly but surely we will be able to convince the European commission that this is the case, and we have started also to communicate with the capital cities of the member states of the EU.

Katya: Why do you think it's been so misunderstood so far? The European commission is known as the guardian of EU rules and regulations, and they feel Mr. Timmermans is responsible particularly for this portfolio, feels very much that Poland is breaching the EU value system. Why is he so convinced?

Speaker 1: Well some of this is because of our completely different situation in the post world war two situation, because people who have not lived through the communists cannot really understand how bad the system was, and this is one part of the explanation. The other part is maybe about the communication process. The communication process on both sides could have been better, and two monologues does not equal one dialogue. We were probably too much talking to our internal audiences, because by the way there is 75 to 80 percent popular support for deep judiciary reform in Poland, which is indicating something, I believe. So we started this process a couple of months ago to explain it better, we could have been doing a bit better at this front as well, and we'll see. I think the conversation this morning was quite promising, and I think we'll be able to find a way out of this trap.

Katya: Do you agree in general that the EU should have disciplinary measures up it's sleeve when it comes to the actions of member states, because for many years the accusation by critics of the EU has been that when countries want to join the EU, the EU can be very tough about independence, the judiciary independence of the press, but once a country is a member state on the inside it's actually very difficult to take any concrete actions. What do you think?

Speaker 1: I think that this is a very important topic to discuss, and we should take it one by one, because I absolutely believe in values, but even in the context of what I've heard from the European commission ... one of the values of the European Union is to get rid of the legacy of the totalitarian regimes, like the Nazis or communists. They were totalitarian regimes, millions of people were killed in central Europe by communists, so given this past we have to purge the rottenness out of some parts of the system, and this is what we are doing. How people who dominate in Brussels can really understand it without really immersing in this topic? So we try to bring them, through our white paper, through many different areas and topics of that kind, and one very important of the element of the hall, and very precisely of what you've mentioned Katya, and a very concrete one, is the level of corruption for instance.

Speaker 1: In Poland there is one of the lowest levels of corruption in the world, much better than Italy or Spain or Portugal or Greece, slightly worse than France, so the socio-political system has to serve appropriate values, and the corruption is anti-value, so the system which we have created through anti-corruption offices and making our judiciary system address the corruption around us more is going to be better and more democratic and more just for everybody.

Katya: Do you feel that the way that Poland and Hungary have been labeled a bit as sort of the "bad boys" of the EU of late is, again another illustration of inequality in the EU? I can quote the UK's famous Nigel Farage recently, or [inaudible 00:24:53], who pointed particularly to this aspect of the rule of law and the independence of the judiciary in Poland, and the way the commission is dealing with that, and they say "Well what about what happened in Catalonia at the time of the illegal referendum and the police action then, how Spain was,

quote-unquote in their opinion let to get away with it?" Is this how you see the situation?

Speaker 1: You've answered your question to some extent already.

Katya: Well because the commission disagrees. The European commission says that that's absolutely not the case, that you cannot compare the two situations, and that Spain was acting in its national interest.

Speaker 1: It's about understanding national interests of course, but it's about understanding each individual situation of the member states, and there are 28 member states, so it's not so easy. So sometimes we should think about blocks, and there is a post-communist group of countries which have our own problems, both on the economy side as I said about quoting the words of Thomas Pickett about colonization, but also on the side of some other economic sociopolitical system, and judiciary is one of them. But I don't have any reservations towards anybody in Brussels, this was their prerogative to scrutinize and look into the details of the reform. Over the next couple of months we will see if we will be in a position to get our positions closer to each other or not. I hope we will be closer to each other.

Katya: Of course the commission also said that Spain was trying to protect the rule of law and that it was an illegal referendum, but in the white paper that you've handed today to the commission to defend what Poland is doing with the judiciary, you had a warning in there, and that was if the commission that the Polish people deem to be unfair, you wave that flag of Euro-skepticism and said this could lead to Euro-skepticism amongst the Poles if they feel that they're being treated unfairly. Of course Poland is pretty much the most EU enthusiastic country according to public opinion polls in the European Union, but do you notice mutterings of discontent on article seven, or Hungary would say about how the finger's been pointed at Victor Orban.

Speaker 1: Well there is some discontent, but this question provoked me to a slightly different reply. In Europe we have to stop complaining about populist movements, because they are, alternatively for Deutschland the five star movement or Marie La Penn they are symptomatic of some broader phenomena around us, and we should not complain, we should address them. By neglecting an important voice of a significant part of a population of a country, we do not bring more democracy and more listening of people to Europe, and when we think about the future of Europe we have to somehow reconnect the dots on this picture. People have to think that those Brussels elites, and other elites in Paris, Warsaw, Berlin, and in other places, they are not detached from the rest of society, and I have a feeling, and some outcomes of the recent elections indicate that this is not the case, that societies in different countries think the opposite, that maybe we are not listened to enough about our problems.



Speaker 1: If we could spend 60 seconds more on this, there is this famous problem of tax [inaudible 00:29:18] for instance. Why not to make out of tax [inaudible 00:29:23] one of our topics to deal with in the context of the vision for Europe? The European commission calculates the loss collectively for all the countries of the European Union in the range between 150 to 200 billion Euro, so a bigger number than the annual budget of the EU, due to the tax [inaudible 00:29:52]. So people don't like tax [inaudible 00:29:55], 99 percent of the population don't like tax [inaudible 00:29:58], so I'm very much in favor of addressing this issue very strongly. This would bring more money to Europe, this would bring people closer to the political class of each particular country, this new money could be used for some infrastructure development projects, for completing the single European market, like the freedom to provide services and some other elements of the single European market which are not completed. So this is a new area to be addressed, a new idea for the European Union, which could be like shooting a couple of birds with one stone: society closer to political elite, more money for infrastructure, and people don't like bad guys who don't pay taxes, so they would get punished to some extent.

Speaker 1: So in other words I'm very much in line with what President Macron said about the digital tax for instance, because digital tax is also some form taxing income which is not taxed in Europe by very big multinationals, and I think we need ideas like those for the future of Europe.

Katya: Do you think the European Union is capable of fundamental change? Britain wanted you to change, decided it wasn't going to happen, and decided to leave. You mentioned the elections in Italy just now, two parties with a strong Euro-skeptic line, and I say Euro-skeptic in the European context, which means not leaving the EU but wanting to change the EU, your party wants change, Victor Orban wants change, in France even though President Macron won Marine LaPenn did extremely well, the freedom party did extremely well in Austria, these are all parties that say, as you picked up, "You're not listening to us," either to the traditional parties or what you described as the Brussels elite. Can Brussels change?

Speaker 1: I think idealistically about all this, and I believe that Brussels can change, and that the member states have to change.

Katya: Excuse me, but which member states are going to make it change if it needs to change? Like I said, these are very ... you very skillfully moved away from my first question, but you have very different idea of how to solve problems between the Franco-German motor, which is more Europe, more centralization ...

Speaker 1: But is it so?

Katya: And you, who very early on criticized this over-centralization.

Speaker 1: This is a buzzword, "more Europe." This is popular to say in some circles, but I heard that some eight countries of Northern Europe yesterday, they have actually, and these were not countries of the [inaudible 00:33:18] countries, they were the Baltic countries, Denmark, the Netherlands, and so on, they were opposing to too much domination of this Franco-German dimension. I think that there are different groups of countries, different dimensions, and the Weimar triangle, so France, Germany, and Poland, and others, they don't have to be in contradiction with each other, they can compliment each other, and I believe this is possible but we have to present the new Bretton-Woods system. The new [inaudible 00:33:56], like for instance eliminating tax [inaudible 00:34:02], or decisively fight with the VAT mafias. This is another 160 billion Euro according to the calculations of the European Union, so this is the elephant in the room. Why don't we talk about the elephants in the room? There are many elephants in the room.

Katya: So why aren't we talking about elephants? With all due respect, isn't migration also an elephant?

Speaker 1: Migration is an elephant, absolutely. Migration is another elephant. But losing 155 billion Euro every year through VAT mafia, these are even worse guys than the tax [inaudible 00:34:46] guys. These are simply mafias. We have been very successful in Poland in fighting VAT [inaudible 00:34:53] France, missing trader links. What's behind this little economy miracle in Poland today is this: that we, within a period of 8 months, were able to get 20 percent more of VAT fighting decisively with VAT mafias. Across Europe we, the Europeans, are losing lots of money because we cannot think about those elephants here in Brussels properly, so through the [inaudible 00:35:29] and other councils, we should do our best to find appropriate legislation, regulation, to eliminate those type of frauds.

Katya: Can I ask you a brief question because there's so much I still want to cover: do you think that following the German elections, where [inaudible 00:35:49] party did not perform well, there's been huge difficulty forming the next German government, will that mean less power for Germany now that Angela Merkel has been weakened within the European Union power balance do you think?

Speaker 1: ... the European Union power balance, do you think?

M Morawiecki: Maybe to some extent, this is correct, but also it may be not correct because the power of Germany stems from the power of its economy. The economy in Germany, all other things being equal, is doing very, very well. They have enough weak Euro currency for their exports to flourish, to bloom around ... They export to all the countries around the world. They have great trade surplus and current account surplus. The trade surplus is 240 billion Euro and current account surplus is 286 billion Euro. So one of the highest percentage-wise in the world.

M Morawiecki: I believe that because they have excellent currency relationships, or terms of trade, they have great Mittelstand with which we cooperate closer and closer. I mean, our Mittelstand, small and midsize businesses in Poland. I think that Germany, over the next couple of years, will still be very important, the most important power in the European Union.

Speaker 1: One measure that Poland has taken recently, and you are very aware of this, of course, Prime Minister, that shocked its allies in the EU and the United States as well. This is a very hot issues with the US at the moment, and that's the passing of the so-called Holocaust Law where it's now become a criminal offense to associate the Polish nation with Nazi atrocities. I mean, you have the chief of staff of the Polish president just today in Washington trying to smooth this over. This has upset many. Also Israel, of course. Nobody understands Poland's defense of this law as yet.

M Morawiecki: Which is a pity because we should've been much better in explaining all this. It is about Polish death camps, Polish concentration camps, Polish gas chambers, Polish SS, Polish Gestapo. There was no Polish Gestapo. There was no Polish SS. There was no Polish gas chambers.

M Morawiecki: It was Poland who fell victim as the first country on the 1st of September, 1939, to the invasion from the west, first from Germany, and then 17 days later from the east, from the Soviet Union. In the last statistical counting of people before the war, there were 35.5 million people. The first stats post-war was 24 million people. So six million people lost their life during the second world war, the citizens of Poland, and six thousand million were kind of expelled, were moved to other places or stayed in the West in post-war era because they didn't want to go to jail in the communist Poland.

M Morawiecki: This is one very broad panorama of facts and what was Poland during the second world war. In 18 countries today, in the world, there's a very similar law which is predominantly around Holocaust denial. This is one part of the answer. The other part is that there's still this very law under scrutiny by the constitutional court, constitutional tribunal, and only after this constitutional tribunal will express their opinion about the clarity or otherwise. We will know more precisely what's the final shape of this law.

Speaker 1: The US also objects to it from a freedom of speech perspective, but I do need for us to move on. Poland is a country that, as a, you know, being deeply seated in the European Union, has always looked across the Atlantic. Has that changed now with the advent of President Trump?

M Morawiecki: Well, not so much. I think that if we really think objectively about the situation around us, we, the Europeans, will live under the American security umbrella. This is why I said at the beginning also about insecurity both on the economic side of life of a human being, but also on the more defense side. Most of the European countries and NATO members do not spent two percentage points of

our GDP or more on the defense expenditures. Most of them who don't do this are free-riders kind of states, NATO members. Poland is not, by the way.

Speaker 1: I think a lot of those members would disagree, having spoken to them, that their free-riders.

M Morawiecki: Why could they disagree? If they, to some extent, are under the security umbrella of the United States and they do not contribute appropriately to the rules, then-

Speaker 1: Do you believe that the US will stay there? Do you believe in President Trump's commitment to NATO?

M Morawiecki: I hope so.

Speaker 1: There has been mixed messages from Washington. It's something that Europe does worry about.

M Morawiecki: I hope so, but I'd wish that we were powerful enough in Europe that we could live and we could deliver the security around us under the Pax Europaea, but we do not have sufficient power to defend ourselves against some terrorism, rogue states, or Russia.

M Morawiecki: By the way, I recently read some article that there is more trust in Russia in Germany than it is in the United States, which is quite much telling, and quite strange to me, but so it is. This is probably because of some disagreements between the EU and the US today, but it does not change the fact that those transatlantic relationships brought about unprecedented period of peace.

M Morawiecki: Going forward and looking forward into the new era the next couple of decades, I would wish that Europe and the United States are still forming a very strong alliance, defending each other, but also creating a secure type environment around us.

Speaker 1: You bemoaned the fact the EU's not fully capable of looking after and defending itself. Poland has decided to join PESCO.

M Morawiecki: Yes.

Speaker 1: It's a new voluntary organization of EU member states who want to cooperate more militarily. Washington has an eye of suspicion on PESCO. What would you say to those in Washington who doubt about it and worry it will try to compete with NATO?

M Morawiecki: We don't want to compete with NATO. It's a very good initiative. We supported this initiative as one of the first countries because we are seriously supporting the creation of the European army, in the future, in the more distant future

probably. But the longest journey, as they say, has to start with the first step, and I think PESCO is the first step in the right direction.

M Morawiecki: We have too many different kinds of arms in our member states: air force and tanks and others. We have to find new synergies across the European countries, so we definitely support the European defense fund, the PESCO, Permanent Structured Cooperation initiative, and I'm quite happy that in the context of the new budgetary perspective of the European Union, we talk more and more about spending collectively more on defense.

Speaker 1: Poland is very concerned about Russia. This was something that the UK was always very close to on Poland, which was keeping up the pressure on Russian sanctions. There are differences of opinion within the EU. The UK's on its way out. How much do you think the EU views Russia as a threat, or potential threat, and how allied is the rest of the EU with Poland on this issue, would you say?

M Morawiecki: Those countries which are closest to Russia, like Finland or the Estonia, Latvia, Lithuania, Poland, and those countries which have no so good experience with Russia, like Poland over the last 200 years, they probably ring an alarm for the rest of Europe. But I have to tell you that there was, talking about sanctions on the last European council, there was quite a unanimous and united view that, given that Russian aggression in Ukraine is not over, the sanctions should be extended. We've even discussed if they should be extended for one year or six months. I didn't see too much of discrepancy of opinions on sanctions even the countries which do not feel the hot breath of the Russian bear.

Speaker 1: Final question because we're running out of time, and of course as a Brit, I have to ask you, will there be a Brexit deal, and how important is it to the EU to have that? How much of a hole does Brexit push into the European Union?

M Morawiecki: It is a huge hole because the United Kingdom was this very critically important member state which was usually in favor of less regulation, less red tape, more freedom to provide services, and freedom to provide services is extremely important factor to complete the single European market and to enhance the competitiveness of the whole European Union. Losing the United Kingdom from this picture is a loss. I still have my personal little hopes that there might be whatever other solutions, the other referendum or otherwise different solutions and the United Kingdom stay, but I absolutely respect the decision of the United Kingdom's population, society. So most, most probably they are going to leave.

M Morawiecki: In those circumstances, the UK leaving, I believe that the UK should stay as a bridge between the United States and Europe. We should use more the political dimension of a NATO alliance instead of political dimension of the EU, because the UK will no longer be in the EU. I believe that the strategic considerations and our common interests in the future, in the longer term future of Europe, tell me that we shouldn't have a very bad and unpleasant divorce. We should have Brexit, which is allowing the UK, and of course the EU, saving face, but also put pressure on those aspects of the Brexit which are critically important.

M Morawiecki: For instance, I believe that there should be some contribution of the UK to the EU budget, whatever shape and form, because Switzerland and Norway, which both take advantage of being pretty much part of the single European market, they do make some contributions, so the UK should not have eat the cake and have the cake at the same time. But I'm kind of optimistic about that, that Michel Barnier and the team can work out this endeavor.

Speaker 1: Of course, those details, what's a whole other conversation. The UK leaving, of course, opens up more potential for disunity amongst existing member states over the budget that you mentioned between the net payers like Germany and France, net recipients such as Poland or Hungary, and about what to do about the hole in the budget. But I thank you very much-

M Morawiecki: Well, thank you.

Speaker 1: ... Prime Minister Mateusz Morawiecki, for joining us today.

Speaker 1: I want to ask, just everybody here, if you could just press your buttons now since we've talked about the future of Europe, having now chatted, do you think that the European Union in future will be more integrated, or will become a looser union of more independent nation states? So less Brussels, less Europe. Or will it fall apart all together? Could you let us know what you think, and we can just have a look.

Speaker 1: More integrate ... Wow. Interesting, interesting. [Visegráds 00:51:19] would be quite pleased today that that looks like your interpretation. So no to the Franco-German motor of more integration, yes to less centralization.

M Morawiecki: Yes.

Speaker 1: Prime Minister Morawiecki, thank you very much indeed.

M Morawiecki: Thank you.

Speaker 1: Thank you for doing this.

M Morawiecki: Thank you.

Speaker 1: Thank you very much.