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State of the Union

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

European Economic and Social Committee (EESC) Bureau
Meeting on State of the Union

Brussels, 6 December 2011

President,

Honourable Members,

During the past few weeks the economic and financial crisis has again shown how much is at stake for the European Union today. We must react quickly and decisively to events that affect every citizen and every household in Europe.

The basis for a successful response to the crisis is to have a clear consensus about where Europe is heading. We need a European Union that is stable and strong. That is open and united. Therefore we need a strong commitment from all the stakeholders and in particular from your Committee as you make the link with Business, Labour and civil society.

The Commission Work Programme is a key building block to achieving this vision. And noteworthy, that the State of the Union was at the core of the preparation of the CWP. It set the tone. We expect the main messages to be taken on board by the next European Council (economic governance within the euro area, fiscal discipline and deepening economic union).

We know well our common priorities. We must achieve sustainable and job-creating growth. We must bring public finances back on track. We must restore confidence in the European Union's ability to get out of the economic crisis.

We are at a key moment in the history of our Union. To secure the reforms that Europe needs to transform itself, we have to win the confidence of our citizens and the markets. We need a European renewal.

Since the financial crisis first struck, the Commission has delivered a lot: enabling state aid for the banks, recovery programme in record time, a strong contribution to the G20, a number of important proposals on financial regulation and economic governance.

The President has reshaped the College and appointed a Vice-President for Economic and Monetary Affairs. On 23 November, a new comprehensive package was adopted, including the Annual Growth Survey 2012 and other proposals on further deepening European Union and Euro area economic governance to provide further stability, discipline and convergence, and to complement the reforms agreed through the so-called 'six-pack'.

These initiatives are based on Article 136 of the current Treaty and address the need to increase surveillance, especially for Member States that put at risks the financial stability for all. In addition, on 23 November, the Commission has presented a Green Paper on stability bonds.

A Communication on the external representation of the Euro area will follow by the end of the year. It will make proposals towards a more consolidated European voice and representation in international forums and institutions such as the G20 or the IMF.

We need to focus first and foremost on the implementation of the already agreed measures and do everything that is in our power to alleviate the difficulties facing specific countries in the euro area and the lack of confidence in the euro area as a whole.

In the future, we may need to go even further on strengthening integration. And this may require Treaty changes. The ambition is to reinforce the European Union, the Community method, the European institutions and the sense of the common purpose.

Treaty change takes time and should not be seen as the immediate solution for the current crisis. Let us discuss it seriously, with due reflection, with due involvement of relevant institutions and stakeholders.

But let me be clear: discussing economic governance, including Treaty change, must not be an excuse not to take action now because action is needed now. Having a stronger economic governance is vital for the survival and the reinforcement of our common currency. Reforms at national level must be implemented without delay.

By the end of 2012, we should see the ambitious measures we are putting forward today being passed into national law; we should see implementation starting to bite and have a real impact; and we will have further measures proposed by the Commission.

The Commission really appreciates the European commitment of your Committee as illustrated by the draft resolution on crisis exit put on the agenda of your assembly tomorrow.

The Commission is particularly pleased to see that you reiterate your confidence in the euro as a political venture; give a full support to an enhanced European Financial Stabilization Mechanism, and to restoring own resources for the European budget. The Commission is also convinced that the EESC members, together with social, economic and civil society stakeholders must join forces to play a pro-active role in this new drive to get Europe moving again.

EU 2020/ European semester

The Commission work programme 2012 is not only focussed on reinforcing stability and responsibility, it also aims at stimulating growth.

With the Europe 2020 strategy we have the blueprint for achieving sustainable and job-creating growth. We now have to adopt changes that bring real benefit. Europe 2020 can be the spark to a virtuous circle of growth.

The Commission appreciates the work done by your Steering committee on EU 2020 in particular on networking with the national Economic and social Committees as at the recent meeting of 24 November. We also welcome the opinion on the closing of the first European Semester that you are adopting today. We will make good use of the contribution of national ESCs when assessing progress and preparing the next round of country specific recommendations. Your input on the AGS will be taken on board in the discussions preparing the Spring European Council.

The European semester will be critical over the next year, to drill down action into Member States and ensure that all parts of Europe help each other to recover.

In seeking more budgetary discipline we should not forget to improve revenues. We need to keep up the pressure on the Financial Transaction Tax, and look at new measures to tackle tax havens and counter VAT fraud. We will also make a focused proposal on protecting the financial interests of the EU, including by criminal law.

We also press on with financial sector reform: on bank resolution, new proposals on credit rating agencies, measures on investor protection, critical to deepening confidence in the sector; institutions for occupational retirement.

The Single Market is crucial for growth. It has made us what we are today, the world's largest economy. We need to further develop it and bring it into the 21st century so that it can continue to generate growth.

This is why we have proposed to fast-track the 12 priority proposals set out in the Single Market Act. On this issue also your committee has accomplished a very fruitful work in assessing the priority level of the proposals. The Commission has also accelerated its work on these proposals; and is asking the legislators to work to see these in law by the end of next year 2012.

There is a wide range of proposals on the table. If we want to have a real impact on growth, and quickly, we need to adopt them, and see them implemented. The European patent, roaming charges, the energy savings directive – these are all examples where early adoption would also show an EU determined to do everything possible to boost growth and create jobs.

To make sure that the Single Market can function properly, we need to make sure that it has the necessary *infrastructures*. The Commission will propose a comprehensive rail package next year, modernising European rail transport through increased competition and improved rail safety, as well as offering more innovative and customer-oriented services.

The modern European economy also rests heavily on the *digital Single Market*. We will address the risks of electronic services being hampered by incompatible national copyright regimes, with a proposal on rules for the cross-border licensing of on-line music. This will give a boost to artists, start-ups and SMEs in this fast-growing area. A pan-European framework for electronic identification and signatures will give the confidence needed to boost electronic transactions across the EU. We would like to develop further a pilot project for eProcurement across Europe (PEPPOL – Pan-European Public Procurement On-line) which can bring significant savings.

Finally growth is generated by consumers. Their confidence is crucial to boosting demand. A comprehensive *Consumer Agenda* will provide a secure foundation for consumer transactions in the Single Market, while revised rules on General Product Safety will offer a clear framework both for consumers and manufacturers.

The growth we need to achieve in the European Union has to go hand in hand with the creation of sustainable jobs. We need to give a new momentum to flexicurity to drive a jobs-rich recovery, closely involving the social partners. It is important, in particular, to mobilise employment for growth: revising wage-setting mechanisms, adapt unemployment benefits, combined with effective activation and training. We will help young people to move around Europe with a Youth on the Move card. We also want to look again at the handling of supplementary pension rights of people who change jobs: this must not be allowed to stay an obstacle.

The Commission is also determined not to lose sight of our longer-term need to build an economic recovery that is sustainable. Next year will be a key moment of transition to the revised Emissions Trading System. The Rio+20 summit will remind us of our global obligations for sustainability, looking in particular at a new water strategy. The Commission is particularly pleased that President Staffan Nilsson announced that the Committee, as a representative of European organised civil society, was ready to take on this challenge. It is important that the EESC continues intense and wide-ranging dialogue with civil society in the EU and throughout the world concerning the expectations for the conference.

New proposals on emissions for passenger cars and vans will spur innovation and give manufacturers the necessary regulatory certainty. Following the Fukushima accident, we will also draw the conclusions of the stress tests for legislation.

Providing security and justice in a borderless Europe continues to be a big challenge. For an open Europe to work, we need to make sure that its border regime is up-to-date. After full consultation, we will look to turn the ideas on smart borders into concrete measures. Modernisation and the use of new technology will ensure that the system encourages cross-border activity while providing the necessary safeguards.

Global thinking is essential for the recovery. We will be taking forward a wide range of bilateral trade negotiations, as well as continuing to make the case for a European approach in fora such the WTO, the G20 and the G8. At the same time,

we must continue to respond to the dramatic changes in the Southern Mediterranean. We have a responsibility to do everything we can to help the post-transition societies there to develop successfully, and I am determined to support that process.

A strong and united Europe needs stable and adequate financial resources.

The Commission welcomes the engagement of the Committee in the discussion on the next financial framework which took place during the conference of 21 and 22 October organised by the Polish presidency with the European and national parliaments, giving the possibility for the full range of opinion from civil society to be voiced.

The decisions that will be taken in the coming months about the size of the budget and the way it is allocated will shape our Union for many years to come. The importance of this package is evident to all of us – the final shape of the financial framework and the specific programmes and instruments that depend on it will determine the ability of the EU to meet its objectives over the next decade.

The Commission works hand in hand with the EESC in the main policy areas where its proposals accompanying the MFF communication have already been tabled: such as cohesion, CAP, Connecting Europe Facility and Common fisheries policy.

Before concluding, let me have a look on the agenda of the forthcoming European Council. Apart from the economic policy, an important energy chapter will be on the table as other items in particularly the enlargement.

In the area of energy, the European Council will track progress on the implementation of the guidelines set in February 2011, in particular as regards energy efficiency, internal market in energy, development of energy infrastructure and EU's external energy policy. It will also assess the initial findings of the nuclear stress test on the basis of an interim report from the Commission to be adopted on 23 November.

The European Council should take the necessary decisions on next steps in the area of enlargement on the basis of the Commission's autumn package concerning the progress towards EU accession in the Western Balkans, Turkey and Iceland.

I know that we already have a wide agenda on the table. The measures on economic governance, on the single market, on financial services, not to mention on the MFF – these will make huge demands on us all over the coming year.

But I firmly believe that confidence comes through showing that the EU has the dynamism and the determination to act. I count on your support to join us in delivering concrete, and ambitious action.

Thank you.