

Brussels, 5/07/2010  
C/2010/4307

Dear President,

Thank you very much for your letter of 16 March 2010 transmitting the Bundesrat's position on the Commission's Communication "Europe 2020" – COM(2010)2020.

In line with the Commission's decision to encourage national Parliaments to react to its proposals to improve the process of policy formulation, we welcome this opportunity to respond to your comments. I enclose the Commission's response and hope you will find this a valuable contribution to your own deliberations.

I look forward to developing our policy dialogue further in the future.

Yours faithfully,

/-/ Maroš Šefčovič

Mr Jens Böhrnsen  
President of the German Bundesrat  
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EUROPEAN COMMISSION

## **COMMENTS OF THE EUROPEAN COMMISSION ON AN OPINION FROM THE GERMAN BUNDES RAT**

### **COM(2010)2020 – COMMUNICATION FROM THE COMMISSION – EUROPE 2020 - A STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH.**

The Commission thanks the German Bundesrat for expressing its opinion on the Commission Communication "Europe 2020", for supporting its priorities and for its positive assessment of a large number of the proposed measures. The Commission considers that the parliaments of the Member States play a particularly important role in shaping the national responses to the "Europe 2020" strategy, fostering implementation and promoting its ownership by all stakeholders. These are key conditions for success.

Concerning the critical views expressed in the resolution, the Commission would like to make the following comments.

As regards the time foreseen between the Commission proposal and the decisions expected from the European Council considering the long-lasting impact of the strategy, the Commission fully agrees that the 'Europe 2020' vision can only be achieved with the active support of all political and civil society stakeholders and that, in particular in countries where sub-national levels enjoy important competencies for the implementation of the strategy, full ownership at regional level is essential. This is why the Commission proposal was preceded by a detailed public consultation (see: [http://ec.europa.eu/eu2020/pdf/overview\\_responses.pdf](http://ec.europa.eu/eu2020/pdf/overview_responses.pdf) for a complete overview of responses received) and why following a general agreement among Heads of State and Government on the general orientations of the strategy at the March European Council, Member States now should have sufficient time for a thorough national debate to define their own level of ambition with respect to the common targets and to discuss political strategies to achieve them. Subsequently, Member States will be encouraged to implement the partnership in close association with national Parliaments, regional and local levels as well as social partners and representatives of civil society.

As regards the foreseen mechanism for setting the national targets, the targets themselves and the ranking of Member States, the Commission would like to reassure the Bundesrat about its commitment to fully respect the division of competences enshrined in the Lisbon Treaty as well as the principle of subsidiarity. The proposed and broadly agreed governance structure for the Europe 2020 strategy strikes a balance between the need to fully respect the division

of competences between the Member States and the Union, while allowing for more effective policy coordination and monitoring of progress.

While national targets will be defined according to countries' own decision-making procedures in a dialogue with the Commission, the Commission will provide support for the monitoring of implementation, in particular through an annual progress report highlighting performance of Member States and pinpointing delays and weak implementation. The Commission agrees that the methodology used for this reporting should allow Member States to assess their situation vis-à-vis the other EU countries and internationally. This will enable the European Council to take corrective action if necessary.

Country-specific recommendations will address issues with significant macroeconomic and public finance implications and warnings will be issued in cases when national policies risk jeopardising the proper functioning of the economic and monetary union. Advice on micro-economic and employment challenges, while also based on the Integrated Guidelines, will be part of a thematic approach aimed at promoting high quality and consistent policies and in a way that respects Member States' exclusive competences.

As regards the proposed indicators and their levels, especially for education, the headline targets proposed by the Commission aim at anchoring the common efforts to reach the three key objectives of the strategy as endorsed by the March European Council. As explained in the Commission Communication on a "Europe 2020" strategy, these targets were chosen because they are representative of the theme of smart, sustainable and inclusive growth and because they are measurable, capable of reflecting the diversity of Member States situations and based on sufficiently reliable data for purposes of comparison. That is also because they are for the most part based on agreed methodologies and, as is the case for example for the education targets, reflect existing benchmarks agreed by the Council. At the same time, the Commission is aware of the special importance that these benchmarks would take as headline targets under "Europe 2020" and is working with the Member States to ensure that the targets properly reflect the diversity of national situations.

As regards the link between the Europe 2020 strategy and the Stability and Growth Pact (SGP), the Commission agrees that compliance with the Stability and Growth Pact rules and spirit is an essential ingredient of a successful exit from the crisis and of a stability-oriented macro-economic policy framework necessary for achieving sustainable growth. It also agrees that to achieve this, the autonomy of the SGP should be fully preserved. However, the effectiveness of the EU surveillance mechanism on fiscal policies and the quality of policy advice will benefit from enhanced consistency between different surveillance mechanisms and greater coherence between fiscal and structural reforms. That is why the Commission has proposed that the timing of the reporting and assessment of the National Reform Programmes and Stability and Convergence Programmes under the Stability and Growth Pact should be better aligned.

As regards the link with Cohesion policy and its key principle for the next financial perspectives, the Commission also agrees that interventions under the cohesion policy must reflect the diversity of regional situations in the EU and respect the fact that regional and local levels often have key competences in the fields related to the implementation of the strategy's objectives such as education, life-long learning, climate change, R&D, transport. At the same time, based on recent experiences, the Commission believes that reflecting the commonly agreed objectives and implementation priorities in the way structural funds are spent in the regions can increase impact, effectiveness and policy consistency.

As regards the focus on quality and efficient implementation of financial means rather than on their quantity, the Commission fully agrees that efficiency of public spending is a key issue not only for the EU but also for national budgets. This is all the more important as in the current circumstances resources are scarce and needs continue to increase. In this situation, Europe must do all it can to leverage its financial means, pursue new avenues in using a combination of private and public finance, and in creating innovative instruments to finance the needed investments. That is why the Commission communication on "Europe 2020" aims at fully exploiting the possibilities to improve the effectiveness and efficiency of the existing EU budget through stronger prioritisation and better alignment of EU expenditure with the goals of 'Europe 2020' in order to address the present fragmentation of EU funding instruments (e.g. R&D and innovation, key infrastructure investments in cross-border energy and transport networks, and low-carbon technology).

Looking into the future, the EU multi-annual financial framework will also need to reflect the long-term growth priorities. The Commission intends to take the priorities, once agreed, up in its proposals for the next multi-annual financial framework, due for next year. The Commission made it clear that the discussion should not only be about levels of funding, but also about how different funding instruments such as structural funds, agricultural and rural development funds, the research framework programme, and the competitiveness and innovation framework programme (CIP) need to be devised to achieve the Europe 2020 goals so as to maximise impact, ensure efficiency and EU value added.

As regards the national and regional research and innovation programmes, the Commission remains fully committed to respect the principles of subsidiarity and proportionality when implementing EU research and innovation policies and will consequently only propose to link national and regional spending and programmes or launch EU programmes in areas where a clear value added of working together can be established. As suggested in the orientations published with regards to the "Innovation Union" flagship initiative, this could for example concern pooling resources and/or expertise to address acute societal challenges.

As regards the new Innovation Plan alongside the implementation of the Research Framework Programme, the Commission fully agrees with the importance of complementing at Community level the research and development efforts deployed by the Member States. The Commission is however of the view that the economic and societal potential of the significant research efforts undertaken at community and national levels is not fully reaped due to dispersed and fragmented research and innovation policies across the EU. Recent efforts to enhance the focus, coherence and ultimately the result of innovation policies in the EU have not led to sufficient results. Consequently, Europe risks losing out in global competition, including when it comes to the essential capacity to develop and use key enabling technologies. That is why the Commission intends to propose a new strategy to promote innovation which will be fully consistent with the Research Framework Programme, but will go beyond research and strive to eliminate bottlenecks along the entire innovation chain and throughout the single market and concentrate efforts on areas where an EU value added can be obtained. The Commission is of the view that such a strategy can only be successful as a joined up effort between EU instruments and policies at Member States' level.

As regards an own flagship initiative for SMEs, the Commission is fully aware of their key role in our economies, particularly in raising our growth potential and creating more jobs. This is why SMEs are mentioned in several of the flagship initiatives of the Commission and particularly in the flagship "a new industrial policy" and are part of the proposal for new Integrated Guidelines, foreseen by the Treaty, which should guide economic and employment policies at national and EU level. Through this initiative, the Commission will work on

improving the business environment in line with the Small Business Act (SBA) principles, including through reducing the transaction costs of doing business in Europe and improving affordable access to finance. The Commission will also review the short term priorities linked to the SBA and may propose new actions if needed.