



EUROPEAN COMMISSION

Brussels, 06/10/2009
C/2009/7562

Dear President,

I wish to thank you for your letter of 7 May 2009 by which you have sent us the Italian Chamber of Deputies' Opinion on the European Commission's 2009 Legislative and Work Programme {COM(2008)712}.

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 I hope you will find this a valuable contribution to your own deliberations.

I look forward to continuing this fruitful exchange of information,

Yours sincerely,

Margot WALLSTRÖM
Vice-President of the European Commission

Mr Gianfranco FINI
President of the Chamber of Deputies
Italy



EUROPEAN COMMISSION

Brussels, September 2009

**COMMENTS OF THE EUROPEAN COMMISSION ON AN OPINION FROM THE ITALIAN
CHAMBER OF DEPUTIES**

European Commission's Legislative and Work Programme- 2009

The European Commission thanks the Italian Chamber of Deputies for having examined the European Commission's Legislative and Work Programme 2009 and the 18-month programme of the Council of the European Union presented by the French, Czech and Swedish presidencies and for having provided an opinion on the policy priorities to be taken forward.

Comments on specific points raised by the Italian Chamber of Deputies are presented below.

Lisbon Treaty

The Commission welcomes the comments of the Italian Chamber of Deputies on the strengthening of a direct political dialogue between National Parliaments and the European Commission.

The Commission will continue working in partnership with the other key players who, in their respective roles, contribute to shape and develop EU policies: the European Parliament, the Council, the National Parliaments, the Member States and their respective local and regional authorities, civil society and citizens at all levels.

The Commission has a variety of roles in the European system: giving policy direction and ensuring coherence, initiating proposals for EU law, managing key policies and programmes, acting as the guarantor of EU law and of a level playing field in Europe.

The dialogue with the European Parliament and the Council on the Annual Policy Strategy – which has informed and enriched the preparations for the Commission's Work Programme alongside contributions from the National Parliaments – is an important example of this. The contribution of the National Parliaments at an early phase of the strategic planning process, well ahead of the Commission Work Programme, can help build a real consensus on where the EU should focus its policy next year.

Over recent years, the Commission has also been working to develop a deeper policy dialogue with National Parliaments and this process will be further developed in the future.

Once the Treaty of Lisbon is ratified, the National Parliaments will be encouraged to a greater involvement in the activities of the European Union, enhancing their ability to give a reasoned opinion on whether a draft legislative act complies with the principle of subsidiarity as well as on other matters which may be of particular interest to them. The Commission may then review or re-examine its proposal in light of the concerns expressed by the National Parliaments.

Economic and financial crisis

The Commission notes the comments from the Italian Chamber of Deputies on the European Economic Recovery Plan, which was endorsed by the European Council in December 2008. One of the Commission's main ongoing priorities is to ensure effective follow-up of the Plan and to monitor its impact at both Member States and Community level.

The Commission has made a preliminary assessment of progress with the national and community dimensions of the European Economic Recovery Plan, and the first findings are that money is beginning to get through to the real economy and produce a real impact. The significant measures taken by governments and central banks are contributing to limiting the negative effects of the downturn and helping to safeguard jobs. They also pave the way towards a sustainable economic recovery. The overall support of government finances to the EU economy amounts to around 5% of GDP in 2009/2010 which represents more than €600 billion.

The fundamental principle of the European Economic Recovery Plan is solidarity and social justice. The European Globalisation Adjustment Fund and an accelerated European Social Fund immediately address the long-term job prospects of those losing their jobs. The Commission will play its part by accelerating and simplifying deployment of European Social Fund resources, making €19 billion available for operations in 2009-2010 alone, and by assisting Member States to put in place rapid reaction packages, together with social partners.

The Commission is also working on job creation through entrepreneurship. A new EU microfinance facility, established with the European Investment Bank, would provide approximately €500 million in loans to promote small business creation.

Economic governance and the Lisbon Strategy

The Commission welcomes the comments from the Italian Chamber of Deputies on how to reinforce the Lisbon Strategy for Growth and Jobs (Lisbon Strategy)¹ beyond 2010. The European Economic Recovery Plan is part of the Lisbon Strategy for Growth and Jobs in the

¹ Doc. 7880/1/2009 REV 1; COM (2005) 24 "Working together for Growth and Jobs. A new start for the Lisbon Strategy"; Lisbon European Council conclusions, 23-24 March 2000; http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/00100-r1.en0.htm

current crisis. It provides the right balance to combine an immediate stimulus with the long-term perspective needed. It requires a major mobilisation of efforts to accelerate implementation of structural reforms grounded in the Lisbon Strategy, to stimulate the economy whilst boosting the Union's long-term growth potential, notably by promoting the transition towards a low-carbon, knowledge-intensive economy. Targeted action is also needed to keep people in employment through the downturn and to use creative solutions to developing highly-skilled workforce.

Drawing on the lessons of recent experience, the Commission intends to launch a debate on the Integrated Guidelines for Growth and Jobs under the Lisbon Strategy, which guide the Member States and the Community in the preparation of their respective programmes for structural reform. The Commission will work closely with Member States and other Lisbon strategy stakeholders to take account of the outcome of this debate in the design of the post-2010 Lisbon Strategy.

This process will start with a general review of the revised Lisbon Strategy under the Swedish Presidency in preparation of decisions to be taken in the spring of 2010 under the Spanish Presidency.

Employment policy

The Commission strongly welcomes the comments from the Italian Chamber of Deputies with regard to employment policy in accordance with the aims of the Lisbon Strategy. While continuing to focus on competitive, low-carbon, resources-efficient, sustainable economy, greater emphasis must be put on social cohesion and closing the gap between different social groups. This will have to reflect on the interdependence between economic, employment, social and environmental policies.

Financial markets

The Commission welcomes the support of the Italian Chamber of Deputies for the ongoing reform of how European financial services markets are regulated and supervised. Good progress is being made in the implementation of the reform programme set out in the Communication adopted in March 2009 "Driving European Recovery"².

² COM (2009) 114 final 4.3.2009; Communication for the spring European Council: Driving European Recovery

In the regulatory area, the Commission has already presented proposals to put in place a regulatory framework for hedge funds, private equity and other alternative investment fund managers; to improve investor protection as concerns packaged retail investment products; to increase transparency and reduce risk in the credit derivatives market; and to rebuild the link between pay and sustainable long-term performance in financial services companies remuneration in the financial services sector. Further proposals to strengthen capital requirements for banks to address resecuritisation and liquidity risk and limit pro-cyclicality are in the pipeline. The Commission hopes that these proposals can be the subject of timely agreement in the Council and European Parliament. In parallel, the Commission will continue to closely monitor the work of the International Accounting Standards Board in particular as concerns its commitment to revise the accounting standards on valuation of impaired assets by the end of 2009.

On the supervisory side, drawing on the recommendations of the High Level Group chaired by Mr de Larosière, on 27 May the Commission presented a Communication outlining a vision for a new European financial supervision architecture comprising a European Systemic Risk Board to oversee the stability of the overall financial system and a European System of Supervisors bringing together national supervisors and three new European Supervisory Authorities to oversee individual companies. The Commission was pleased that the June European Council conclusions endorsed this overall architecture. The necessary legislative proposals will be brought forward in September 2009 and the aim is that the new arrangements can be operational in the course of 2010.

Fiscal policy

The Commission takes note of the interest of the Italian Chamber of Deputies with regard to fiscal policy. The Commission is actively pursuing a policy of coordination as outlined in the framework Communication of December 2006 and the more specific Communications issued in 2006 and 2007 covering the treatment of losses³, exit taxation⁴ and anti abuse measures⁵. To date

³ COM (2006) 823 final: *Co-ordinating Member States' direct tax systems in the Internal market*; 2. COM(2006) 824 final : Tax Treatment of Losses in Cross-Border Situations

⁴ COM(2006) 825 final: Exit taxation and the need for co-ordination of Member States' tax policies

results have been achieved as regards the Member States' acceptance of the general policy and more specifically as regards exit taxes. Further Communications on other specific policy areas such as inheritance taxes are currently being prepared. In summary, the Commission continues to promote this constructive approach and to assist the Member States in developing coordinated solutions for improved interaction of non-harmonised national tax systems.

The Commission continues to examine the possibilities of proposing a Common Consolidated Corporate Tax Base (CCCTB) and welcomes the support of the Italian Deputies.

The Commission will continue to aim at rationalisation in the field of reduced VAT rates *inter alia* by proposing to abolish -to the extent possible- derogations from the general Community framework granted to individual Member States. This can be done either by extending the derogation to all Member States by means of an inclusion in the general list of goods and services eligible for reduced rates, or by simply abolishing the derogation. In this respect, Council Directive 2009/47/CE of 5 May 2009 extended the above mentioned general list with restaurant and catering services.

European budget review

The Commission welcomes the constructive engagement of the Chamber of Deputies in the debate about the future of EU finances. It agrees with the Chamber of Deputies that it is the political priorities that should drive EU expenditure policy and considers most of the areas mentioned in its Resolutions very relevant in that context.

The Commission agrees that the budget review will also be an opportunity to discuss the broad strategic direction of major spending policies like cohesion policy and the common agricultural policy and would expect the positions expressed in that respect in the Chamber of Deputies' Resolution N° 6-00017 to be part of that discussion.

Area of freedom, security and justice

The Commission thanks the Italian Chamber of Deputies for its opinion regarding the area of freedom, security and justice. The Commission adopted on the 10 June 2009 its contribution to

⁵ COM(2007) 785 final: The application of anti-abuse measures in the area of direct taxation - within the EU and in relation to third countries"

the Stockholm Programme⁶ to be debated by the European Parliament and adopted by the European Council before the end of the year. The future Stockholm Programme will provide a framework for EU action on the questions of citizenship, justice, security, asylum and immigration for the next five years.

The Commission's contribution is currently being discussed in the Council and the European Parliament which will be closely involved (namely through a hearing in November). A contribution by the Italian Chamber of Deputies is naturally welcome.

The Commission welcomes the Italian Chamber of Deputies support to the Commission's proposals in the area of border management, including a new Schengen evaluation system, and the availability to contribute to the rapid adoption of the organised crime package and that of a future Commission proposal dealing with jurisdiction, recognition and enforcement of judgements in civil, commercial matters.

In its contribution to the Stockholm programme, the Commission put forth proposals to increase cooperation between those engaged in border control, police and judicial cooperation. The Commission shares the Italian Chamber of Deputies view that it is important to increase opportunities for such cooperation.

External relations and trade policy

The Commission welcomes the comments from the Italian Chamber of Deputies on the external relations and trade policy. The importance attached by the Italian Chamber of Deputies to the Eastern Partnership and to the Union for the Mediterranean coincides with the strategic priority which both initiatives represent for the Commission, in the framework of the European Neighbourhood Policy.

In the shape of the Union for the Mediterranean and the Eastern Partnership, the EU now has two dedicated political processes to draw the political and economic threads together, and provide strategic direction. The result is that the EU now enjoys a platform to tackle issues like economic

⁶ COM (2009) 262 final

development, migration and democratisation which will determine the future of the European continent for decades to come.

Recent events have proven how relevant the Eastern Partnership is. The political unrest in more than one of our partner countries underlines once again the need to deepen our engagement with our Eastern neighbourhood and prevent new sources of instability developing.

Building on the success of the first Eastern Partnership Summit in Prague, last May, the Commission is now getting down to business with the launch of the four new multilateral platforms. The Commission is also working hard to prepare the Comprehensive Institution Building programmes and the Civil Society Forum.

Activities to set up the institutional framework and develop the projects agreed at the Paris Summit of the Union for the Mediterranean have resumed since the end of the military conflict in Gaza. The Commission works hard to achieve the ambitious objectives set by our Member States and by their Mediterranean partners.

As far as financial resources mobilized for the Eastern Partnership and for the Union for the Mediterranean are concerned, intense discussions took place between the Commission, the European Parliament and the Council. The outcome of these discussions reflects all parties' best effort to strike the right balance between ambition and realism.

In 2010, the Commission is likely to be actively engaged in the conclusion and/or practical implementation of the Doha Development Round and in ongoing bilateral trade negotiations. Regulatory dialogue will continue with our main economic partners in an effort to increase access to third-country markets for European industry.

Infrastructure and trans-European networks

The Commission welcomes the comments from the Italian Chamber of Deputies with regard to infrastructure and trans-European networks. The implementation of the TEN-T programme requires substantial support from the Community budget to individual projects. The investment needs of the TEN-T network only for the period 2007-2013 is estimated at 390 billion EUR. The Community will substantially support this investment effort - 8 billion EUR will come from the TEN -T budget, 44 billion EUR through the cohesion and structural funds and the EIB intends to lend 53 billion EUR.

In particular the EIB loan financing to the TEN-T projects is continuously increasing. The EIB's loans signed in 2008 for TEN-T projects amounted to 10.56bn EUR which is a 30% increase when compared with the previous year (8.1bn EUR). The EIB is also considering introducing guarantee schemes for the TEN-T projects, especially to increase their attractiveness for private financing and facilitate direct access to the financial markets. The positive track record of the Loan Guarantee Instrument for TEN-T projects, which is run jointly by the Commission and the EIB since 2008, encourages further guarantee instruments.

Even though the overall Community support to the investment needs of TEN-T amounts already to roughly 27% of the overall investment needs, important European projects are mounting delays due to funding shortcomings. Consequently, in the framework of the current TEN-T policy revision, a serious debate on making more funds available under the TEN-T budget will be unavoidable.

The Commission welcomes the comments of the Italian Chamber of Deputies to encourage the development and installation of broadband networks. Europe has to make smart investments that prepare for future growth and this is exactly what can be done by investing in broadband.

High speed fibre networks are the new generation of broadband infrastructures in Europe. In order to give citizens and businesses across Europe access to fast broadband Internet, important private and public investments will need to be made in the coming years. That is why following the call by the European Council in March 2009 the Commission is working on a unifying broadband strategy to extract at European level the synergies from national strategies and to involve regional and local authorities in the deployment of new infrastructure. In this context, the Commission is preparing Guidelines for State aid in the field of broadband, and in June it issued a second draft Recommendation on regulated access to Next Generation Access networks for public consultation⁷. Up to 1 billion €uro from the undisbursed EU funds for economic recovery will be used on broadband and innovative rural development projects.

⁷ On 12 June 2009, the European Commission launched a public consultation on the revised draft recommendation on regulated access to Next Generation Access networks (NGN). This measure, which was preceded by the consultation launched in 2008 with the aim of developing a harmonised regulatory framework for NGN, forms part of the European broadband strategy to be presented by the Commission before the end of the year.

Contributions to the present consultation, which closes on 24 July, should be sent by email to info-B1ext@ec.europa.eu

Business policy and administrative burden

The Commission notes with satisfaction the support expressed by the Italian Chamber of Deputies to reduce the administrative burden.

The Commission wishes to underline that in the revised 2009 Impact Assessment Guidelines⁸ the Commission has improved its guidance for estimating administrative burdens. The Guidelines now require that for all policy options the Impact Assessment should provide details of the information obligations for businesses, for citizens and national, regional and local administrations that are likely to be added or eliminated if the option were implemented. They have also reinforced the integrated approach to benefits and costs and provide additional guidance on specific aspects of impacts, such as on small and medium-sized enterprises (SME's). Impacts on SME's should be assessed in line with the Small Business Act through the so-called 'SME test'.

The Commission is committed to continue making every effort to present, before the end of this Commission mandate, proposals stemming from the Action Programme for Reducing Administrative Burdens⁹. The High Level Group of Independent Stakeholders on Administrative Burdens makes an important contribution to this.

Energy policy

The Commission welcomes the comments of the Italian Chamber of Deputies on the European energy policy. The best guarantee of security of energy supply in Europe is a well-functioning internal energy market with sufficient infrastructure and clear provisions for preventing and dealing with crises. Following up on the 3rd internal energy market package and considering today's supply and transit risks, the Commission has proposed on 16 July 2009 the revision of the

⁸ SEC (2009) 92); http://ec.europa.eu/governance/impact/commission_Guidelines/docs/iag_2009_en.pdf

⁹ COM(2007)23

gas security of supply directive 2004/67/EC¹⁰. The security of gas supply responsibilities of Member States and market players will be clearly stated.

The Commission looks forward to a full and effective implementation of the EU climate and energy package, and agrees that effective implementation coupled with sound investment in renewable energy, as well as in further research by adopting concrete measures to promote innovative technologies, will lead to achievement of the agreed objectives. In 2010 and beyond, there will clearly be a need to promote EU expertise in the 'green' sector and for aligning the need for a better future environment with the requirement for more jobs.

The relevance of energy efficiency to all goals of EU energy policy is broadly recognised. A new Energy Efficiency Action Plan is under preparation.

Common agricultural policy

The Commission welcomes the comments from the Italian Chamber of Deputies with regard to the Common Agricultural Policy (CAP). The Commission regularly monitors and analyses the impact of the evolution of demographic trends and the consequences of the economic crisis on the agricultural markets and the rural sector through the provision and publication of market outlook reports and prospective study (e.g. Scenar 2020).

Since its foundation, the CAP has evolved to respond to society's demands for a sustainable agricultural sector in Europe by enhancing the competitiveness of the agricultural sector, ensuring sufficient and secure food supply, preserving the environment and the countryside while providing for a fair standard of living for the agricultural community. The CAP should continue to fulfil these objectives in the context both of the reform of the EU budget and of the CAP as from 2013.

The Commission is fully aware of the importance of synergy between Community policies and their financial instruments and sees the system in place for 2007-2013 as an improvement on previous structures. In its strategic guidelines and regulations¹¹, the Commission has provided a

¹⁰ COM(2009) 363 final ; 16.7.2009 concerning measures to safeguard security of gas supply and repealing Directive 2004/67/EC

¹¹ (2006/702/EC) COUNCIL DECISION of 6 October 2006 on Community strategic guidelines on cohesion

sound basis for coherence and coordination of rural development policy and cohesion policy. The principles of such a co-ordination are described in the strategic and operational programming documents drawn up by each Member State and approved by the Commission. However, Member States are responsible for the implementation of these principles in practice, in accordance with the specific characteristics and administrative structures of their territory.

The EU is firmly committed to the promotion of open and fair trade with all its trading partners. The external dimension also plays an increasingly important role in agricultural policy, with a view to ensuring that a more competitive European agriculture as a result of domestic reforms can reap the benefits of world trade. To this end, and in addition to the Doha Development Agenda, the EU is engaged in an increasing number of bilateral trade negotiations, and in particular working towards the conclusion of a number of Free Trade Areas with key partners such as India, Korea, Central America, Andean Countries, the Mercosur, Ukraine as well as a reinforced relationship with Russia under a new EU-Russia partnership and cooperation agreement. The prompt conclusion and implementation of these agreements is a priority as well as further negotiations for agreements on geographical indications to take place in 2010.

Education and vocational training

The Commission is seeking to support the cooperation between higher education institutions and the business world both by setting up forums for direct interaction as well as through financial support to concrete measures. Where possible this includes also the Mediterranean area. The contribution of the education and training sector to growth and jobs is reinforced on one hand by the implementation of the cultural agenda that seeks to support and strengthen the European cultural sector as part of the wider set of economic activities and on the other through various measures including the European Year for Innovation and Creativity 2009 aiming to raise the innovativeness in Europe with a view to improving innovation and competitiveness on a larger scale.

The Commission continues to support measures in favour of multilingualism. A network of agencies and contact points actively contribute to the Europe-wide distribution of information at

the local, regional, and national level about measures in education and training, culture and multilingualism.

Sport

In line with the White Paper on Sport¹², the Commission continues to implement the relevant measures identified in the accompanying Action plan "Pierre de Coubertin".

¹² COM(2007) 391 final - 11.7.2007: SEC(2007) 932, SEC(2007) 934, SEC(2007) 935, SEC(2007) 936