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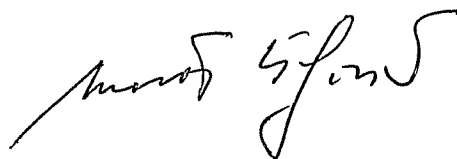
Dear President,

I would like to thank the Chamber of Deputies of the Italian Parliament for sending its comments regarding the Commission working document "Consultation on the Future EU 2020 Strategy {COM (2009)647}.

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 continuing this fruitful exchange of information,

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mario Monti". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mr Gianfranco FINI  
President of the Chamber of Deputies  
Italy



EUROPEAN COMMISSION

**COMMENTS OF THE EUROPEAN COMMISSION TO AN OPINION OF THE ITALIAN CHAMBER OF DEPUTIES.**

**COM(2009)647 – COMMISSION WORKING DOCUMENT – CONSULTATION ON THE FUTURE EU 2020 STRATEGY**

As regards the Chamber's remarks related to the involvement of national Parliaments, Europe 2020 is in fact an excellent example where an EU policy can only be effectively implemented with the help of national Parliaments. Europe 2020 is not just a vision, it is also a reform programme, where everybody involved must do much better than under the Lisbon strategy in making sure that we deliver on that programme, and this will hardly be possible without national Parliaments' support.

After the June European Council, all 27 Member States will have to draw up their National Reform Programmes. This will spark a process of monitoring and reflection, including assessing how the EU is progressing towards its 5 headline targets. Strong delivery of this reform agenda calls for strong ownership by all stakeholders – and in the first instance of course national Parliaments, but also social partners, regions and civic society. The Commission is confident that they will play an active role, not only in the next weeks and months as Member States finalise their national targets and their Europe 2020 reform programmes, but also afterwards, in monitoring closely progress towards meeting those targets and implementing the underpinning reform measures.

As regards the coherence between the Strategy for Growth and Employment, the Strategy for Sustainable Development and the Stability and Growth Pact, 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 in order to enhance the overall consistency of policy advice to Member States, whilst keeping the two instruments clearly distinct and preserving the integrity of the Pact. The Europe 2020 strategy fully integrates sustainability as part as its headline objectives and is thus consistent with the objectives of the Sustainable Development Strategy.

As regards the governance structure and mechanisms, the Commission believes that Member States should implement reforms not because of the threat of remedial measures or because they would expect financial rewards from the EU budget, but because it is in their own interest – as well as in the interest of the Union - to create sustainable growth and jobs and enhance standards of living.

The Commission will of course use its prerogatives under the Treaty to propose country-specific recommendations, and will consider issuing policy warnings (new Article 121(4)) in case such recommendations are not implemented adequately and/or timely. In addition, the Strategy will make full use of benchmarking, including with third countries, and closely

monitor progress and report any delays to the European Council so that remedial action can be taken. The Commission believes that this mix of legal instruments and benchmarking will provide additional incentives to implement reforms.

The Commission also agrees that it is essential for the success of the strategy that it tackles the main bottlenecks that obstruct the achievement of its objectives. That is why, in their National Reform Programmes to be submitted to the European Commission by December, Member States will be invited to include an identification of bottlenecks on which they intend to focus, accompanied by clear measures to remove them as well as time-tables, and budgetary impacts, the implementation of which the Commission will carefully monitor.

As regards the role of the Eurogroup, the economic and financial crisis has shown that our economies are closely inter-linked and that we achieve our objectives only by stronger economic policy coordination, in particular for the Euro area countries.

The Heads of States discussed the establishment of a coordination mechanism to support Euro area members in need. The Commission will present specific proposals on making full use of the opportunities of the Lisbon Treaty in addressing the challenges the Euro area is facing. A task force will also be set up by M Van Rompuy, in cooperation with the Commission, with representatives of the Member States, the rotating presidency and the ECB, to present to the Council, before the end of this year, the measures needed to reach the objective of an improved crisis resolution framework and better budgetary discipline, exploring all options to reinforce the legal framework.

As regards the cohesion policy part in the Europe 2020 strategy, it is crucial. Cohesion policy and its structural funds, while important in their own right, are key delivery mechanisms to achieve the priorities of smart, sustainable and inclusive growth in Member States and regions. Indeed the 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.

As regards the compliance with the Stability and Growth Pact, the creation of a European Monetary Fund, Eurobonds and resources for European projects' funding, 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. In this context, the Commission intends to shortly make proposals on reinforcing EU economic governance, including a reinforcement of the application of the Stability and Growth Pact.

The financial crisis has had a major impact on the capacity of European businesses and governments to finance investment and innovation projects. To accomplish its objectives for Europe 2020, the Commission will propose action to develop innovative financing solutions by, for example, fully exploiting possibilities to improve the effectiveness and efficiency of the existing EU budget and better alignment with the goals of Europe 2020 to address the present fragmentation of EU funding. Making an efficient European venture capital market a reality is another objective.

The proposals which have been made on the establishment of a European Monetary Fund are a valuable contribution to the recent debate on the fiscal policy framework in the euro area. However, apart from the important and difficult political and legal obstacles that would have to be overcome, the Commission is of the view that at this stage the EU does not need new

institutions. It intends to make proposals for an effective crisis resolution mechanism within the framework of the Treaty, however going beyond the provision of financial assistance.

As regards the central importance of SMEs, the Commission is fully aware of the key role of SMEs 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". 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, the promotion of clusters 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.

As regards the instruments for the economic restructuring of industrial areas hardest hit by the crisis, the Commission acknowledges that industry and especially SMEs have been hit hard and all sectors are facing the challenges of globalisation and adjusting their production processes and products to a low-carbon economy. The impact of these challenges will differ from sector to sector, some sectors might have to "reinvent" themselves but for others these challenges will present new business opportunities.

Through the flagship initiative "An industrial policy for the globalisation era" proposed by the Commission, the EU and the Member States will work to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally.

As regards advances towards the harmonisation of tax regulations, the Commission agrees that further progress can be made in the area of taxation, e.g. to promote the effective functioning of the single market. That is why it announced in its 2010 Work Programme initiatives to make tax rules simpler, reduce compliance costs and remove tax obstacles which companies currently suffer when they operate cross-border.

As regards targets referring to lifelong learning, two headline targets (level of tertiary education and reducing early school leavers) have been adopted by the Education Council in May 2009 as Reference Levels of European Average Performance. The Commission understands the concerns expressed by some Member States that have a strong vocational training system on the rates of the tertiary education targets. This is why the Commission suggests that when defining their respective national targets, Member States should take into account their vocational education and (life-long) training tradition. The Commission also recognises the crucial relevance of life-long learning and intends to give a strong impetus to the implementation of life-long learning principles in the framework of the flagship initiative "an agenda for new skills and jobs".

As regards the development of an indicator on absolute poverty, the headline indicator on poverty proposed by the Commission was endorsed by the European Council to measure poverty and social exclusion at EU level. The Commission is of the opinion that the target it has proposed is both feasible and desirable. Indeed, it corresponds to the reduction pace set by the 8 Member States that have managed to reduce poverty in recent years. Moreover two thirds of MS have already set national poverty targets according to the proposed method which allows to also better capture the degree of social exclusion in society.

As regards Europe's objectives for research and innovation, the Commission fully agrees with the Chamber of Deputies. The announced proposal for a new EU Innovation and Research Plan (Innovation Union) will take into account the various facets of innovation present in the

EU. As announced this also includes the development of an indicator capturing innovation intensity.

As regards the link of the strategy with the EU budget and the long-term financial framework, the Commission takes the view that to be successful, the EU and Member States need to mobilise their resources in support of the Europe 2020 objectives. Its priorities should therefore also be reflected in the future financial perspectives for the EU on which the Commission intends to make proposals in the course of next year. The discussion should however 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 need to be devised to achieve the Europe 2020 goals so as to maximise impact, ensure efficiency and EU value added. It will be important to find ways of increasing the impact of the EU budget – while small, it can have an important catalytic effect when carefully targeted.