



## EUROPEAN COMMISSION

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Mr Valeriu Ștefan ZGONEA  
President  
Chamber of Deputies  
Palace of the Parliament  
Str. Izvor nr. 2-4, sector 5  
RO – BUCHAREST

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Annual Growth Survey 2012 {COM (2011) 815 final}. It takes careful note of the observations made by the Camera Deputaților, which to a great extent follow up on the issues raised in your previous Opinion on the Commission Communication "A roadmap for stability and growth" {COM(2011) 669 final}. In reply to the various comments made by the Camera Deputaților, the Commission would like to provide the following clarifications.

The Commission is aware of the challenge of combining fiscal consolidation and convergence, stability and growth. In reality, stability and growth are two sides of the same coin. The economic crisis has shown that debt fuelled growth is unsustainable. Sustainable growth is based on sound public finances. We thus need to continue the smart fiscal consolidation within the new European economic governance architecture while combining this with measures to stimulate growth and jobs. In its statement to mark Schuman Day on 9 May<sup>1</sup>, the Commission called on stakeholders to step up efforts for growth and jobs by accelerating the delivery of the Europe 2020 strategy, and highlighted several EU level initiatives with real growth-enhancing potential. Many of these feature in the Compact for Growth and Jobs decided by the Heads of State or Government at the European Council of 28/29 June. The key now is to implement these reforms without delay.

The Commission understands the concerns raised by the Camera Deputaților in relation to the need to improve the design of the Economic and Monetary Union (EMU) and the need to accelerate the fiscal integration of the euro area. In this respect, the report of 26 June by President Van Rompuy prepared in cooperation with President Barroso and the Presidents of the Eurogroup and European Central Bank ('Towards a genuine economic and monetary union') sets out a clear vision for the future of the EMU. In particular the report identifies four essential building blocks on which the EMU should be based: a coherent and complete architecture comprising more integrated frameworks for fiscal policy, economic policy and

<sup>1</sup> Schuman Day on 9 May 2012 "Time to decide: action for growth, action for jobs"

*the financial and banking sector, coupled with strengthened democratic legitimacy and accountability. A report with a specific and time-bound road map for the achievement of these goals will be submitted to the European Council by the end of this year.*

*The Commission takes careful note of the observation of the Camera Deputaților regarding the methods and instruments to fight tax fraud and evasion. The Commission Communication of 27 June 2012 on "concrete ways to reinforce the fight against tax fraud and tax evasion including in relation to third countries" outlines the different levels at which action is needed and gives orientations for further consideration. Before the end of 2012, the Commission intends to come forward with an action plan identifying specific measures together with an initiative on tax havens and aggressive tax planning.*

*The Commission also takes careful note of the concerns raised by the Camera Deputaților as to a possible conflict between increasing the retirement age as well as productivity and the reduction of unemployment, especially of young people. The need to increase the retirement age is linked to the sustainability and adequacy of pension systems, which face the important challenge of demographic ageing. In this respect it is essential that the retirement age is linked to increases in life expectancy. Given the substantial impact of pension expenditure on public finances, this point is fundamental to ensure their overall sustainability. Even during an economic crisis, there need not be a trade-off between the employment of young people and that of older workers, since the skills composition of the two groups tends to be different and they tend to fill vacancies in different sectors. In any case, it is essential to promote productivity increases to make the economy more competitive, grow and ultimately create more jobs for both young and older workers.*

*Finally, in relation to the free movement of workers within the internal market, the Commission has examined in three successive reports (in 2006, 2008 and in 2011) how the transitional arrangements for workers from 8 out of the 10 Member States which joined the EU in 2004, as well as for Bulgarian and Romanian workers, have performed. The Commission found that workers from the new Member States have not disturbed the labour markets of the receiving countries. On the contrary, free movement of workers appears to be beneficial for the receiving countries' economies, contributing to growth and economic performance. The Commission also found that restricting the free movement of workers can be counterproductive, especially in times of crisis, because continued restrictions to labour market access tend to exacerbate undeclared work and bogus self-employment and can reduce the return migration flows.*

*The transitional arrangements are by their very nature a preparatory phase, allowing Member States to prepare gradually for the full application of EU law on free movement of workers. They are not a means for Member States to delay the full application of EU law on free movement of workers until the very end of the transitional period. The Commission has called on the remaining Member States, which still apply these restrictions, to work actively towards the eventual opening of their labour markets to Bulgarian and Romanian workers by the end of 2013. They should in particular reconsider whether it is necessary to maintain restrictions at all, or whether the existing restrictions could not be further eased.*

*The Commission plans to adopt the Annual Growth Survey for 2013 before the end of this year and encourages the Camera Deputaților to express its opinion again.*

*I look forward to continuing the political dialogue with the Camera Deputaților on this very important subject.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*