

**Speech by Maroš Šefčovič, Vice-President of the European Commission,
responsible for inter-institutional relations and administration, at the L COSAC Meeting
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Ladies and Gentlemen, Honourable Members

It's a pleasure to be with you once again for this COSAC meeting. During my time as the Commissioner responsible for relations with the national parliaments, I've come to appreciate these twice-yearly get-togethers. They offer us the opportunity to talk about key European issues from the national perspective, and are an effective way of bridging the perceived gap between Brussels and the Member States.

As President Barroso said in his video presentation, that was one of the main reasons behind the creation of COSAC back in 1989. It's hard to believe that we are already celebrating the 50th plenary meeting – which I hope we can all agree is undoubtedly a significant achievement in inter-parliamentary cooperation.

In the 25 years since the first COSAC meeting, the EU has seen many changes, not least in the number of Member States and also therefore in the number of national parliaments represented in your meetings. But it has also, sadly, seen a steady decline in trust and understanding, a widening of that gap between what is agreed in Brussels and what matters back at home.

COSAC has played its part in helping to reduce that gap – which was of course one of the prime motivations for the "founding father" of COSAC, Laurent Fabius, who has so kindly been with us here today to see how his vision of a permanent framework and forum for cooperation between national Parliaments within the EU has so successfully increased parliamentary control of EU affairs.

It's that word 'permanent' that is so important: both the Treaties of Amsterdam and Lisbon have helped to weave COSAC and its work into the very fabric of the EU and highlight the continued importance of the work that you do.

The simple fact remains that the EU would simply not function effectively without the work national parliaments do – from holding your national governments to account over EU promises to adopting implementing measures for EU directives, from checking proposals in relation to subsidiarity to commenting on them under the political dialogue. And of course the European Parliament plays its unique role as both co-legislator and scrutiniser of legislation at the EU level, a core element of the EU decision-making process.

The privileged contact between national and European parliaments that COSAC provides gives further strength to the weave.

In short, the role of national Parliaments in the European project is hugely important, and it has become even more so in the context of the deepened Economic and Monetary Union. This is a subject we have discussed many times before, notably at the Chairpersons' meetings in Dublin and Vilnius, but the discussion is of course far from over.

As you know, the Commission warmly welcomes the strong commitment of national Parliaments and the European Parliament to ensure democratic legitimacy and accountability by engaging in EU matters. I have read with great interest the interesting comments made by your chambers on democratic legitimacy in the 20th bi-annual COSAC report, and I am happy that you will continue

the discussion on this essential subject tomorrow. I will certainly be looking forward to seeing the conclusions of your debate.

Europe 2020

But let me now turn to today's topic for discussion, and of course another area where the role of both national parliaments and the European Parliament is extremely important: the **implementation of the Europe 2020 strategy**.

Over the last few years of crisis, the question has often been asked: what can the EU do to get us back on track, to get us out of this mess. Europe 2020 is the answer.

As you know, this strategy was launched by the Commission in 2010 as the EU's integrated strategy to deliver smart, sustainable and inclusive growth for Europe.

The economic crisis has shown us how interdependent the European economies are, in particular in the Euro area. It's clear that the impact of economic policies does not stop at national borders. If we want to stop spill-over effects from bad decision-making in one country, we obviously have to coordinate more effectively that decision-making process.

That's what the **European Semester** is there for, to detect inconsistencies and emerging imbalances and to support the implementation of the Europe 2020 Strategy.

I won't go into details here about how the European Semester works, not least because you have had the chance to discuss this issue in some detail with my colleague Olli Rehn just two weeks ago here in Vilnius during the first inter-parliamentary conference under Article 13 of the Fiscal Treaty.

But what I will say is that there are of course plenty of opportunities within the European Semester process for discussions with national parliaments and the European Parliament, and that these discussions provide an opportunity for you to feed in your views and ensure that national reforms carried out under Europe 2020 are most effective.

We are now three years into the European Semester cycle, and we've seen some clear trends emerging in that time.

In fact there are five areas that have become a reform priority across the EU:

- differentiated growth-friendly fiscal consolidation;
- restoring lending to the real economy;
- promoting growth and competitiveness for today and tomorrow;
- tackling unemployment and reform labour markets;
- modernising public administrations.

These reform priorities are important for laying down the macroeconomic and structural foundations for Europe's improved competitiveness.

The last three years have also of course seen the launch of ambitious reform programmes in several Member States, and these are now **starting to bring positive results**.

There are signs that the worst of the crisis is behind us, that we are en route for a modest recovery, driven by the gradual rebound of domestic demand and a positive export growth. GDP growth in the second quarter of 2013 was a modest but welcome 0.3% and we expect to see a similar

improvement when the third quarter figures are released next month. And we hope that this recovery will continue to gather pace throughout 2014.

But we are by no means out of the woods altogether, and that's why we have to continue to focus on our reform priorities in the years to come, to build on what we have already achieved, as well as rapidly implementing the decisions we've already agreed to boost employment and to get people working.

Tackling this issue in particular has become the most urgent priority. **Unemployment was 11% across the EU in July 2013, while youth unemployment was an unacceptable 23%.** While reforms have been carried out that should improve the resilience and flexibility of the labour market in several parts of Europe, they will take time to deliver results. That's why there will also be additional funding from the next seven-year EU budget, the MFF, to help the most affected Member States deal with youth unemployment.

High unemployment levels also underline the significant **social cost** of the crisis, and the subsequent need for clear and effective action to rectify the situation.

In its Communication on Strengthening of the Social Dimension of the Economic and Monetary Union, approved earlier this month, the Commission stressed the importance of making sure that the new rules we have put in place to deepen coordination and cooperation on economic governance also take into account the social impact.

This is not, in fact, a new issue but one that has been at the heart of the Europe 2020 strategy since its inception. Indeed, it has clearly stated headline targets and policy actions, for example reducing early school leaving to less than 10% of 18-24-year-olds (currently at 12.8%), or increasing tertiary education levels to at least 40% of 30-34-year-olds (currently at 35.8%).

Among the most recent initiatives that the Commission has presented to support national reform efforts are the Employment Package, which sets out the way forward for a job-rich recovery, the White Paper on Pensions, presenting a strategy for adequate, sustainable and safe pensions and the Youth Employment Package.

Of course, creating jobs counts for little if there is no corresponding work force to fill them which is why **education** also figures very prominently in the European Semester.

As I mentioned before, we are not that far from reaching the education targets set out in the Europe 2020 strategy. But we have little room for complacency. One key issue that still needs to be addressed is the performance of the education and training systems and their labour market relevance in many Member States. That's why there has been a clear focus on reforming vocational education and training in many countries, to make them more job-focused and relevant.

It is estimated that there could be as many as 700,000 unfilled posts in ICT alone by 2015 because of a lack of necessary skills in the EU [figure presented by IE presidency to EPSCO in Feb]. And this is all the more concerning given the high job creation rates expected in the ICT sector – around 7.6% over the next decade, twice the overall job creation forecast for the EU.

Europe has high hopes from the ICT sector as a means of stimulating economic growth, as the lengthy discussions at last week's European Council on the development of a digital single market clearly show.

But this must be seen in the wider context of the Europe 2020 focus on **innovation, research and development**.

This is an area where we can and must do better. The goal is for 3% of EU GDP to be invested in R&D by the end of the decade, but current figures put it at around 2%, barely changed since the start of the Europe 2020 strategy. In fact, in 2011, total public R&D investments in the EU decreased for the first time since the beginning of the crisis. Faced with the need to get their finances under control, many Member States took the drastic approach of slashing their R&D budgets.

And yet, as the European Council stated quite clearly last week, investment in innovation fuels productivity and growth. Member States that have continued to invest in research and innovation have fared better in the current crisis than those that have not.

We have made some progress, for example on agreeing measures that should make the business environment in Europe more innovation-friendly such as the unitary patent, or the European passport for venture capital funds. The new European research and innovation programme, Horizon 2020, which starts from 2014, will place greater emphasis on innovation.

The crisis has certainly hampered our efforts to reach other key goals in the Europe 2020 strategy - the so-called 20-20-20 targets. By 2020 Europe has pledged to cut greenhouse gas emissions by 20% compared to 1990, to ensure that 20% of its energy consumption from renewables and to increase energy efficiency by 20%. While we are broadly on track to meet the first two targets across the EU as a whole, there is still some work to be done.

The Commission estimates that implementation of individual energy efficiency measures could lead to 2 million jobs being created or retained by 2020, while the potential from renewable energy sector development is estimated at 3 million jobs by 2020.

But we have to get the balance right. These measures cannot be achieved to the detriment of Europe's overall competitiveness. If we want to reindustrialise Europe, to create new jobs and new sources of economic growth, then competitive energy prices will play an important role. Finding the right way to meet our ambitious targets on cutting emissions without making ourselves uncompetitive compared to the US or China remains a key challenge for us all.

So, we've made slow but steady progress in the first three years of the Europe 2020 programme. But what more do we need to do to make sure that we remain on track to achieve all that we have set out to do?

The unprecedented levels of coordination of budgetary and structural policies under the European Semester should certainly help us in achieving these goals – but we can still do more.

As you know, this autumn marks a major step forward in the process of strengthening fiscal monitoring in the euro area with the entry into force of the so-called two-pack. This will mean much closer budgetary coordination: Member States have already presented their Draft Budgetary plans to the Commission (all of them, and on time, which is no mean achievement). The Commission will in mid-November present its opinions on these draft budgets to national governments and of course to both national and European parliaments as well. On the basis of the individual plans, the Commission will also make an overall assessment of the budgetary situation and prospects in the euro area.

But let me be clear on one thing: this does NOT mean that the Commission will now have the right to set national budgets! Quite the opposite, in fact: national Parliaments retain their full rights in the national budgetary process, and the Commission's role is to assess each budget in the European

context. The Commission does not have a veto. We simply want to bring a more European perspective to the national budget debates – to raise awareness among national politicians that their decisions have consequences beyond their national borders. But ultimately it is national parliaments that will continue to take the final decisions on fiscal policy.

November will also be an important month for the European Semester process as the Commission will present its 2014 Annual Growth Survey. It will set out the broad economic and social priorities for the EU for the year to come and will launch the 2014 European Semester of economic policy coordination.

We expect to see improvements, the results in no small part of the reforms carried out so far under the Europe 2020 strategy, that should allow us to develop more pro-growth policies, rather than focusing primarily on fiscal consolidation.

The AGS will also launch the consultation process with national and European parliamentarians so that the Spring European Council can adopt the right priorities for the EU next March, and continue to build on the good work we have done in the past three years. I know that you are keen to develop a more intensive dialogue with the Commission on the European Semester, and I would like to reiterate our commitment to hold such a dialogue with each National Parliament. All you have to do is ask us to come and talk about the European Semester and we will! I also repeat the excellent suggestion to organise 'Europe Days' within your respective parliaments, to discuss the most pressing EU issues with national parliamentarians and MEPs. Of course we in the Commission would also be happy to provide input for such events.

Ladies and Gentlemen

There is a reason why the Europe 2020 strategy is a 10-year plan for growth: structural reforms take time to take effect. And starting off in the middle of the worst economic crisis the EU has ever known did not help either!

It is difficult sometimes to see the big picture, to see beyond the immediate need for action, or indeed beyond the next election. But the Europe 2020 strategy does just that; it sets the framework for action on a timescale that transcends political short-termism and that commits all 28 Member States to act regardless of who is in power.

That's why the involvement of national parliaments and the European Parliament in this process is so important, as President Barroso underlined in his video message. Parliaments reflect the views of all political parties, they remain even as governments and leaders come and go. And perhaps more importantly, they represent the people of Europe and provide that unique link between policy makers and public. It is parliaments, both national and European, that must ensure that the decisions taken at EU level have a real and positive impact on citizens.

I am sure that you are ready to play your parts – to hold national governments and the Commission to account, to keep us focused on the goal and to make sure that what we do really does have the very best interests of European citizens at heart.

Thank you