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NOTE

from:	General Secretariat of the Council
to:	Delegations
Subject:	European Parliament plenary session in Strasbourg on 22 May 2012 : Council and Commission statements - Preparation of the informal European summit - investment, growth and jobs

Minister Wammen, on behalf of the Council, delivered the speech set out in Annex I.

Commissioner Rehn delivered the speech set out in Annex II.

The following comments were made on behalf of the political groups :

- Ms Wortmann-Kool (EPP) said that the situation in many Member States undertaking major budget consolidation was difficult, and a balance between the social and economic aspects had to be found. Although some measures were unpopular, they would create possibilities for the future. She called for binding targets for tackling youth unemployment, and underlined the need for continuing efforts to tackle the crisis. She also called on the Commission to put forward ambitious proposals to promote growth.

- Mr Swoboda (S&D) said that greater emphasis needed to be put on promoting investment, and called for a range of measures to encourage growth such as increased EIB capital, Project Bonds and better use of structural funds. He did not consider that these measures, possibly including Euro Bonds, would undermine the objective of securing budgetary discipline. Regarding Greece, he said that it was up to Greek people to decide on the future for themselves. He recognised the need to alleviate the difficult social situation.

- Mr Verhofstadt (ALDE) said that the crisis, which in his view was primarily of a political nature, showing the inability of politicians to take the necessary decisions. In his view the following initiatives were vital: the creation of a fiscal and economic union, the establishment of a debt mutualisation fund and the adoption of a growth pact. He called on the Commission to put forward such proposals and insisted that they must be substantial, ambitious, and provide long term sustainable solutions.

- Ms Harms (Greens/EFA) stressed that it was clear that Greece needed more time to rebalance its budget and was convinced that this was ultimately the best solution for the EU. She supported the various measures in the pipeline such as increasing capital for the EIB, and supported the creation of a debt mutualisation fund.

- Mr Callanan (ECR) said the main issue had not been addressed so far, namely the loss of competitiveness of the EU's economies. He was critical of the 'socialist illusion' that this could be solved through higher public spending, and called instead for deregulation in the area of social protection and labour legislation.

- Ms Zimmer (GUE/NGL) stressed the need to combat poverty and invest in the future by promoting sustainable environment, and providing investment in particular in agriculture and transport which would help promote employment.

- Mr Farage (EDF) said that a Greek exit from Euro would be beneficial and could well prove to be an inspiration for other countries in the future. In his view, breaking up the Euro would restore democracy and human dignity.

In the subsequent lengthy debate, the majority of speakers called for growth measures as a complement to fiscal consolidation, albeit with different degrees of emphasis reflecting their political affiliations. Mr Audy (EPP, FR) regretted that Mr Van Rompuy was not present and pointed out that since the appointment of the President of the European Council the EP had lost contact with Heads of States and Governments. Mr Murphy (GUE/NGL, EI) recalled that Irish people would have the chance to vote against austerity measures in a referendum on 31 May.

In their concluding remarks Commissioner Barnier recalled the various Single Market initiatives currently under discussion and called for the support of the EP. Commissioner Andor referred to the Employment Package and in particular the initiatives intended to promote youth employment. Commissioner Rehn concluded that he shared the sense of urgency which had been expressed during the debate and reiterated the Commission's commitment to measures for promoting growth.

Minister Wammen said that it order to resolve the crisis it was necessary to have stability in the economy, promote growth and implement structural reforms. He stressed that investment should not be allowed to create higher deficits. He referred to the trilogue on Project Bonds which had been taking place at the same time as the debate, and welcomed the news that this had resulted in an agreement between the Council and Parliament.

ANNEX I

Statement by Minister Wammen on behalf of the Council, Strasbourg 22 May 2012

Mr President, honourable Members, Commissioners, the meeting of the Heads of State and Government on 23 May is intended to discuss informally a comprehensive set of measures designed to promote growth and jobs in preparation for the June European Council.

There has not been a discussion in the Council of the informal European Council so I will use this opportunity to provide you with the Presidency's expectations. There has been much talk about an austerity strategy versus a growth strategy. I would like to make it very clear that this is a false distinction. What we in the Danish Presidency have been working on throughout our period in office is a dual approach where we pursue fiscal discipline and growth at the same time.

We cannot create growth if we do not have economic stability. Economic growth will contribute to public finances, and structural reforms will contribute both to consolidation efforts and to increasing growth and competitiveness. I believe that there is a wide agreement among Member States on this dual approach.

This informal European Council meeting on 23 May will provide an opportunity to focus on the various measures that form part of the EU's growth agenda. The aim is to inject further momentum into that process. The Danish Presidency warmly welcomes this increased momentum. The meeting will be a stepping stone towards the European Council in June where the Heads of State and Government can be expected to task further work grouped under the following headings:

Firstly, mobilising new policies to fully support growth: the informal meeting will be an opportunity to highlight the rapid progress which needs to be made in the Council and in the European Parliament on a number of proposals which have the potential to boost growth. Obvious examples are the Single Market Act and the patent.

The Danish Presidency has been particularly committed to making progress on these issues. But further efforts are needed, in particular to help boost employment, and particular attention is also needed to tackle youth unemployment. The Presidency therefore warmly welcomes the Commission's employment package.

A further key element to the growth agenda is the external economic policy. Here again the Presidency, together with the Commission, is preparing for a discussion in June on how to make better use of strategic partnerships in support of our trade and economic interests.

Secondly, gearing Member States' policies to growth: it is essential that we continue with the reform agenda, which remains crucial to ensuring job-creating growth. This will be dealt with in more detail in June when we will bring the European Semester to a close and endorse country-specific recommendations to guide Member States in their structural reforms and employment policies.

Finally, on financing the economy, we must continue to pursue an approach based on smart fiscal consolidation. That means reducing debt and deficits, but in a way which allows scope for continuing to invest for the future.

There are a number of specific initiatives which are likely to be raised at this week's meeting and which will certainly need to be developed further.

Firstly, the EIB could be better mobilised to support SMEs and help finance key infrastructure projects. Heads [of State and Government] may be invited to agree to the principle of increasing the banks' capital and of strengthening existing joint instruments. It is also important that agreement be reached on the project bonds pilot phase, which we hope to achieve at our negotiations with Parliament today.

Secondly, the Structural Funds should be better focused on competitiveness and convergence. For the current funds this means reallocation with an emphasis on SMEs, youth training and employment. We shall make sure that the EU's future budget, including cohesion, is targeted to sustain and develop growth and employment.

The meeting tomorrow is informal. There will be no preparatory discussions in the Council and no formal conclusions. The purpose will be to agree on principles and ideas for generating growth in Europe. Let me underline that the Danish Presidency has from the very first day consistently stressed the overriding priority which is attached to putting Europe back on the growth track. It has been the focus of the informal European Council in January, the European Council in March, and now again in May and June. We have been working hard to ensure rapid adaption of relevant legislation. We are grateful that this objective is shared by Parliament and that we have enjoyed constructive cooperation. But now we need to take the next steps, and that is the task ahead for the Council, for this Parliament and for the Commission. We need to work together to secure growth and jobs in Europe.

Statement by Commissioner Rehn, Strasbourg 22 May 2012

Mr President, let me first say on behalf of President Barroso that he very much wanted to be here today to have this debate with you. However, his attendance at the G8 and the NATO meeting in Chicago made it impossible for him to be back from the US in time.

On his behalf and with the team, together with my colleagues Michel Barnier and László Andor, let me outline to you the Commission's action plan for growth and jobs with a view to tomorrow's informal summit.

Once again we find ourselves at a turning point in the debt crisis. At the same time, the European Union is now witnessing a new level of debate about growth and how precisely to achieve growth, which is definitely positive and indeed necessary. From the outset the Commission has insisted on a twin-track policy response that combines both stability and growth. From the outset we have combined concrete proposals for stability with concrete proposals for growth. The Commission is grateful that this House has supported those ideas since very early on. It is very good news that the Member States are now also more willing to take action in this regard.

I see tomorrow's dinner of Heads of State and Government as an opportunity to seize the moment for growth, and as a major stepping stone to the European Council at the end of June 2012. On 30 May, i.e. between the two Councils, the Commission will present its country-specific recommendations, addressing the specific economic challenges facing each and every Member State as well as the Union generally. On 30 May we will also set our line on implementing the Stability and Growth Pact in a growth-friendly and differentiated way, applying its inbuilt scope of judgment, which focuses on the structural sustainability of public finances over the medium term and takes into account the fiscal space and macro-economic conditions of each Member State.

We will use these opportunities in the summits to urge Member States to deliver on the commitments they have made to strengthen stability, implement structural reforms and boost sustainable growth and employment. We will urge Member States to continue to build the bedrock of economic stability. Pursuing sound public finances is really not an option but a necessity.

We can never have sustainable growth as long as we have an unsustainable debt. We are starting to see a rebalancing of our economy. Deficits are falling across Europe. There is simply no other way to build confidence and cut borrowing costs. Every euro spent on servicing debt is a euro less for jobs and investment.

In our Schuman Day statement two weeks ago, the Commission called for accelerated implementation of the Europe 2020 strategy, which has been endorsed by each and every Member State as a means of accelerating action for jobs and growth in the short term. This will be the key message President Barroso will bring to tomorrow's informal European Council. He will urge the Heads of State and Government to back a growth initiative that will serve as a catalyst for faster and more robust economic recovery. The Commission will present this in more detail before the June European Council.

We would also remind you that the Europe 2020 strategy is the agenda for the long-term health and sustainability of our economy. Meeting its climate and energy targets alone could create up to five million new jobs in Europe, putting almost a quarter of our unemployed people into work. But Europe 2020 must be for today as well as for tomorrow. With the right political pressure, we can start to make a difference today.

Let me give you just two very concrete and very topical examples. First, we have asked Member States to give the Commission a mandate to negotiate with third parties on tax evasion and fraud. National treasuries lose revenues through tax evasion, and these are losses they simply cannot afford. Twenty-five Member States want the European Union to move ahead in these negotiations, while two again blocked the measure at the last ECOFIN Council at a cost of potentially tens of billions of euros for European taxpayers.

Another example: we need to step up the pace of trade negotiations with the key global partners. If Europe is to grow, it needs to ride the wave of global growth. Our exports to Korea, for instance, shot up by 20% last year – 2011 – following the entry into force of our free trade agreement. There are many more opportunities out in the world economy and we must do all we can to seize them.

Honourable Members, there are many measures that we can take quickly to strengthen our economies and send a message of confidence. Promoting public and private investment is a cornerstone of our growth initiative. We will first of all propose that Member States commit a further EUR 10 billion to the European Investment Bank. This could unleash many times that amount in new investment. The EIB could expand its lending volume, which is a quick and effective way of channelling badly-needed stimulus to the real economy.

Let me remind you that this is a proposal which President Barroso put before this House on 28 September 2011, in his State of the Union address. Now there is momentum to get it off the ground, with a focus on financing innovative and competitive small and medium-sized enterprises, especially in countries and regions where such financing is most needed.

The EIB and the structural funds can also be used more effectively through limited risk-sharing with private investors. We welcome, too, the excellent progress in the negotiations with Parliament and the Council recently on our project bond proposal, and we look forward to an agreement in the trialogue meeting later today. We estimate that the project bonds could unlock up to EUR 4.6 billion of investment in infrastructure and innovation already in a pilot phase.

We will also urge immediate agreement on our growth-focused budget for next year, 2013, with agreement by the end of the year on the multiannual financial framework (MFF) for 2014 to 2020. This will be an important signal of Europe's readiness to invest in its future: in job-rich green growth and innovation-based reindustrialisation in Europe. And, in truth, the MFF is our Marshal Plan for Europe.

We will look at further optimising the use of the structural funds. We want to invest them better and use the funds as catalysts to boost sectors such as renewable energy sources.

We will also continue to work for a swift adoption of the financial transaction tax proposal which the Commission put forward last September and on which you are voting, I think, tomorrow or the day after. In June, we will bring forward new detailed proposals on how its EUR 57 billion a year of revenue could be used for targeted investment.

On the structural side, there are many things we can do that cost little but can have a major impact on our economy. The single market for goods has opened up vast opportunities for economic dynamism but we must be blunt and honest here: it is incomplete and unbalanced. It does not currently work for services, and that penalises those Member States that most urgently need to catch up. It is also failing to bring out the full potential of the digital economy.

President Barroso will tomorrow urge the Heads of State and Government to implement the Single Market Act quickly, starting with the European Patent, which must be adopted in June. It is high time to clear the way for the bright innovators of today to become Europe's successful entrepreneurs of tomorrow.

Under the leadership of Michel Barnier, and in order to keep up the pressure for implementation, the Commission will present a single market governance scoreboard in June, as well as proposals to get more out of the Services Directive. In addition, whilst pursuing the growth agenda, we must address the social emergency that many Europeans face today with the same determination with which we address the economic challenges.

Commissioner Andor is steering our work in this field, where our focus is on Europe's most immediate social challenges. The most pressing challenge is, of course, unemployment, and especially youth unemployment, which in some countries is at intolerable levels. In January the President announced the creation of action teams to mobilise efforts in the eight Member States with the highest proportion of young people out of work. He will present the results of these efforts tomorrow.

Looking beyond the immediate horizon, I believe that a long-term perspective on the future of economic and monetary union is necessary to keep us all moving in the right direction. Therefore, we need to reflect on what kind of European Union would be required to deepen economic and political integration – for instance, so that joint issuance of debt would make sense for all Member States sharing the single currency.

Last November's Green Paper on stability bonds will be followed up soon, ideally with a medium-term to long-term roadmap that outlines the deeper fiscal and economic integration necessary in order to minimise moral hazard and ensure fiscal sustainability – in other words, the features of an economic and political union required to make mutualisation of debt rational for all.

Allow me to close with a word on Greece. The Commission's message to the Greek people is this: we want Greece to remain part of the European family and of the euro. After living beyond its means for too long, the journey Greece is now undertaking is difficult and demanding, but it is a journey we are taking together in a pact of solidarity.

The euro area has stood by Greece in all of its difficulties and we will continue to do so, not only through the unprecedented levels of financial assistance contained in the two packages and the debt write-down – that together are equal to EUR 33 600 per Greek citizen – but also through the many assistance and support programmes the effective implementation of which depends on the determination of the Greek leaders and people. I am talking here about programmes to get the structural funds working on the ground where they are needed: loans for small and medium-sized enterprises, support for young people without jobs, and technical assistance to reform tax systems to make them efficient and fair, and to eliminate red tape for businesses.

We are ready to stand by Greece on its journey of reform. We want to stand by Greece. Having said that, Greece must remain determined to reform. We are convinced that there is no easier way. We are convinced that the alternative would be far worse. So let me take this opportunity to call on all responsible forces in Greece to use these few precious weeks to get the facts across, so that the Greek people can make a fully informed and responsible choice.

I will conclude. There is no silver bullet for economic growth. If there were, it would have been fired already. The build-up of debts, deficits and imbalances in our economies did not happen overnight. It happened over many years, and the rebalancing we are now going through will not be concluded overnight either. That is why it is so important to stay the course on sustainable and sound public finances. At the same time, the Commission strongly supports the renewed drive for growth that is now sweeping across Europe. We are confident that there is now the political will and determination to move forward, starting with many of the proposals for sustainable growth that the Commission has already put on the table. Now is the moment to go further with our actions for growth and to get them working at the service of Europe's citizens. We count on you here in this House to help make it happen. There is no reason to wait. Indeed there is no time to lose.