



**EUROPEAN COMMISSION**

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**From words to action: making “More Europe” a reality**

*Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort*

Meeting of COSAC

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Ladies and gentlemen

It is a pleasure to be here today with so many distinguished parliamentarians. As I have said many times before, I am firm believer in the important role that parliaments – both national and European – must play in the future development and integration of Europe. There are many who believe that European democracy is being tested as never before by the current crisis. A 'buy-in' from parliaments gives democratic legitimacy to the policies we make and the important decisions we take.

We need to make 'more Europe' a reality. But let's be clear – 'more Europe' is not a power grab by Brussels or an attack on national sovereignty. In fact, it's entirely the opposite – it's about the 'Europeanisation' of national politics and a more 'joined-up' approach to tackling what are, after all, the same challenges faced by each and every European.

There's a great quote from the British political writer Sir Ernest Benn which I think sums up how modern European politics is often seen. He said: "Politics is the art of looking for trouble, finding it everywhere, diagnosing it wrongly, and applying unsuitable remedies."

I'm not sure I entirely agree with this point of view!

It's certainly true that we are facing our fair share of trouble at the moment – but it is also true to say that it is by no means everywhere. Let's not forget that Europe remains the world's biggest economic power – the latest statistics from Eurostat [from July] show that we have a healthy trade surplus of €3.1bn with the rest of the world, and Europe accounts for 17% of world trade, more than any other country or bloc [USA is 14%, China 12%, for information]. And we continue to do much better than the rising economic powers: EU 27 GDP (12tn euros) is nearly 50% higher than the combined GDP of the BRIC countries (Brazil, Russia, India and China). And the EU remains an extremely attractive place to do business: in 2011, it attracted \$421bn in foreign direct investment, 28% of the world's total world FDI flows.

Nor do I think that we have wrongly diagnosed the source of our current troubles: it is widely accepted that what started as a financial and economic crisis has also become a social and political one. And I certainly cannot agree that the remedies we have applied are wrong: over the last four years, we have taken hard decisions to tackle the crisis and its root causes – the irresponsibility of the financial sector, unsustainable public debts, and weak competitiveness in some Member States.

Yes, there are still major challenges ahead – deeper reforms at the national level, deeper economic and monetary union at the European level – and achieving them will be no small task. The crisis has stretched European unity almost to breaking point at times, and the solidarity on which the EU is built has often been sorely tested.

Indeed, there are many areas where the European Union is appears far from unified, and tackling this must be our top priority. We need to complete economic and monetary union; in parallel, we need to create a banking union and a fiscal union, and we need to put in place the necessary institutional and political mechanisms.

I believe that 'more Europe' is the only approach which will bring the unity we need. Let me give you a few examples of where I think it is most necessary.

I'll start with the issue where there is perhaps right now the least amount of visible unity: the multiannual financial framework (MFF)! The Commission's proposal for the next MFF is targeted to boost growth and jobs across the EU and to give value for money to European citizens, companies and governments. On the need for this, at least, there is perfect unity!

But this is not the case when it comes to agreeing the figures. Many Member States have issues with the budget proposals, given the current climate of austerity and budgetary consolidation many of them are facing. But this is all the more reason to ensure that the EU budget is focused on support for those activities that demonstrate EU added-value and which national budgets cannot or will not support alone.

I think a dose of reality is needed here. The EU budget represents around 1% of GNI and only 2% of Member States' national budgets. Almost every cent of it is invested in the delivery of the EU's policy objectives and the Europe 2020 growth strategy.

The European budget is the instrument for investment in Europe and growth in Europe. Every single Member State has endorsed the Europe 2020 strategy as the best way to achieve these goals; now we must all assume our responsibilities towards the people of Europe and put our money where our mouth is! To paraphrase Alain Lamassoure, chair of the European Parliament's budget committee, the EU budget in 2020 cannot be the same as it was in 1990!

The proposed MFF should in fact cost Member States less, if the Commission's proposed new own resources system (the new VAT system and the financial transaction tax) is accepted. And it will without a doubt give a great boost to Member States' economies, their regions, their researchers, their students, their young people looking for work, or their SMEs.

But more than that, let's not forget that without EU [cohesion] funds, we would be a lot worse off. As President Barroso said at the Friends of Cohesion forum in Slovakia recently, "without support coming from cohesion funds, Slovakia and other countries would not be able to meet the targets of the Stability and Growth Pact, will not be able to give their contribution to stability in the Euro area and in the European Union in general".

It needs to be underlined again and again: the proposed budget is a budget for growth, for economic, social and territorial cohesion between Member States and within Member States. It is NOT a budget for Brussels, to line the pockets of 'Eurocrats'; 94% of the money is reinvested back in the Member States, in the people of Europe.

Europe cannot survive if we give with one hand and take away with the other. It will be interesting to see if those Member States who are most vociferous in calling for investment and growth will also be prepared to give Europe the very means to do it. Member States that complain that the budget is too expensive need to look more closely at the reality: for example, Britain's net contribution to the EU is £8-9 billion a year – less than £15 per citizen and five times less than the cost of paying the interest on the country's debt each year! At the same time, the UK has received €10.6bn back in cohesion funding (over the 2007-13 period) for investment in jobs and growth.

This is why it is vital for national parliaments to be a central part of this debate. Even if national leaders can finally agree on an EU budget that is fit-for-purpose, it will all be in vain if they cannot get the support of their parliaments back home. The Commission welcomes the opportunity to continue our exchange of views on this issue with national parliaments, through COSAC and other fora, and to have your full engagement in this particular debate.

Making sure that Europe has the necessary means to invest in its political priorities is vital, of course. But the crisis has also shown that unless we change the way we do things we will simply be throwing good money after bad. We've already taken decisive action to comprehensively overhaul the economic governance of the EU, to ensure that excessive deficits, imbalances and irresponsible budgetary decisions in one Member State can never again poison all the others. But we still need to go further.

As with the MFF question, we are in fact starting from the point where there is total agreement between the Member States. To quote from the Treaty (Art.121, for those of you who don't know your Treaties off by heart), the Member States agree that "their economic policies [are] a matter of common concern and shall coordinate them..."

There is a clear understanding that the economic wellbeing of the entire EU – not just the euro area – is interconnected, and that is why we need a stronger and more binding economic governance framework for economic and monetary union.

Banking union is one of the key pillars on which we can build deeper EMU, and the Commission on the 12 of September adopted legislative proposal for a single supervisory mechanism (SSM) based on the conferral of specific supervisory tasks to the ECB.

We are convinced that moving supervision of banks to the European level, as well as the envisaged further steps towards establishing a fully-fledged banking union, are indispensable measures to ensure the stability of the integrated European economy, to break the negative feedback loop between governments and banks and to help preserve the internal market.

That's why we believe that while the SSM should apply to all euro-area Member States, for which it is essential, it should also be open to the participation of any other Member States that wish to embark on a path of deeper integration.

Establishing a single supervisory mechanism within the single market is an important first step, but we will also need to progress quickly on the remaining building blocks for a genuine EMU. This will include not only the remaining pillars of the banking union but also a fiscal union, economic union and a strengthened democratic dimension of the EMU. The Commission will set out its views on how to progress later this year.

The second element of a deeper economic union is the move towards a fiscal union. We need a stronger and more binding framework for national decision-making for key economic policies, as the only way to manage interdependence and prevent imbalances.

Let me remind you that these long-term goals are also accompanied by more immediate actions: the Commission has put forward proposals to tackle the outstanding obstacles in the internal market; we have also presented proposals for a modern industrial policy strategy, which will be followed by an Action plan to contribute to a more entrepreneurial Europe; and before the end of the year, we will launch a Youth package that will establish a youth guarantee scheme and equality framework to facilitate vocational training.

We've also been working hard to fully mobilise the EU structural funds and find other ways to keep up growth-enhancing investments in Europe, such as exploring with the European Investment Bank how to better provide finance to SMEs, as well as developing a new European Venture Capital regime.

But banking, fiscal and economic union is again only part of the picture: for Europe to truly emerge stronger than ever from this crisis we must bite the bullet of further institutional and political integration. As President Barroso put it in his State of the Union speech in Strasbourg last month, we need to move towards a federation of nation states.

What exactly does that mean? Well, one definition might, indeed, be 'more Europe' – a deeper integration, cooperation and coordination that recognises and respects the national sovereignties and identities of the Member States.

Of course, this unprecedented level of integration will not happen overnight. Fully-functioning European economic governance will only be possible if there is more democratic accountability and transparency. Only the European Parliament and national parliaments – directly elected by the citizens of Europe – can truly bring this level of democratic oversight, which means their role in economic governance will have to be enhanced.

Let me underline that we do not see any need for new institutions as we move towards deeper integration. Indeed, as with the budget, it's more a question of doing more with what we already have by working more effectively – getting greater democratic value-for-money, if you will. This means extending the community method, improving democratic scrutiny over existing instruments and institutions, and promoting genuine cooperation between the European and national parliaments.

Talk of 'federation' has also raised the spectre of Treaty change – not a pleasant prospect for many people with the protracted negotiations over the Lisbon Treaty still so fresh in the memory. But we can and must make this process more transparent and easy to understand: we need a thorough Europe-wide debate on what is necessary, why and how to achieve it. The European elections in 2014 should provide the ideal occasion for such a debate. My recent proposals to help develop European political parties and foundations, giving them a legal status (and a much louder voice) in every Member State, will surely make this debate far easier than it has been in the past.

But we are convinced that there are things that can be done to make sure that the European elections have a more European focus, and the presentation by European political parties of their candidate for the post of Commission President is clearly one of them. We hope that this will be the case already for the 2014 elections – and it can be done without Treaty change!

These will be challenging times for Europe. Now, more than ever, we need to talk to each other. The Commission is firmly committed to stepping up political dialogue with national parliaments – as mentioned by President Barroso at the last COSAC meeting in Copenhagen.

I have read your 18th biannual report as well as the draft Contribution with great attention. It addresses the right issues. Further improving dialogue can be achieved in many ways. Firstly, I agree that we must reply more speedily to your opinions, and providing, where justified and possible, more substantial replies. We must visit more national parliaments more often. I think significant progress has already been made, but there is always scope to do better.

At the same time, I believe that we can deepen and enhance the quality of our political dialogue only by clearly focusing on some key priority issues. Economic governance is obviously one of these, and I am pleased to say that we have already seen intensified dialogue between Members or senior officials in the Commission and national Parliaments in particular in relation to the Annual Growth Survey and the Country Specific Recommendations.

When talking about the deepening of the political dialogue, I also need to reiterate the importance of the Commission Work Programme for national Parliaments. Next week the Commission will adopt its Work Programme for 2013. I would like to encourage all of you to use it as a strategic programming tool. The CWP gives you an overview of what we are planning in terms of initiatives and legislative proposals during the coming year, the possibility to prioritise to prepare and to exchange views with the Commission as early as possible in the process.

The challenges we face are daunting, and our responses must be equally tough. Reinvigorating the European economy and building a deeper economic and monetary and ultimately political union must be a collective responsibility. It will fundamentally change the way we work in Europe, and impact the lives of all 500m Europeans.

It's clear, then, that we need strong democratic accountability if we are to go down the route towards ever closer union. National parliaments play vital role in bridging the perceived democratic gap between national and European politics. If you, as national parliamentarians, are involved from the earliest stages in the discussions surrounding the European decision-making process, I firmly believe we have a far greater chance of creating the best policies and strategies to bring Europe out of crisis stronger and closer than ever before. I encourage you to take every opportunity to get involved in the debate!

Thank you for your attention