

**Speech of Commission Vice-President M. SEFCOVIC**

Your excellencies, ladies and gentlemen,

Firstly, I would like to congratulate the Belgian Presidency, the Belgian social partners and the European Economic and Social Committee for having taken the excellent initiative of bringing together social partners and other stakeholders today to discuss your involvement in the delivery of the Europe 2020 Strategy.

As I will explain through my presentation your conference is well targeted. It addresses Europe's major challenge ahead for many years to come – namely to restore growth and even more so to make sure this growth translates into more and better jobs. It is also timely – as we must start to tackle this challenge now, without delay, in the weeks and months ahead.

Unless Europe is serious and committed to delivering the reforms that are at the heart of the Europe 2020 Strategy, it faces the prospect of a lost decade of low growth and high unemployment. The impact on communities across the EU, and particularly on the young and more vulnerable groups, will be huge. This is a scenario which the Commission refuses to accept. It has therefore made of the successful delivery of Europe's new growth and jobs strategy its number one priority. And so have Europe's Heads of State and government, as they launched the Europe 2020 Strategy at their June European Council, and

the European Parliament, which has given its full support. It is essential that social partners and other key stakeholders join this consensus and build support behind this socio-economic reform agenda. The Commission considers that your initiative is a milestone in the efforts to build that support.

1. *The current economic outlook and the need to restore growth:*

The crisis of the last two years is undoubtedly the worst Europe has witnessed since World War II. On top of the financial crisis and its spillover into the real economy, with all its social repercussions, we were confronted with the Greek situation and a debt and even monetary crisis.

Whilst we must remain cautious we are confident that today we are starting to emerge from this crisis. Growth is on the up at the moment, but prospects differ still widely across our Member States and unemployment remains at unacceptably high levels.

I believe that we - the European Union – has proved itself equal to the challenge at all stages of this crisis. Europe has shown its capacity to react or rather to act – and to do so jointly. By doing so, Europe has also been able to show the direction for finding solutions to the crisis at a global level, most notably through the G20. I believe that we have withstood the test. We have provided financial assistance to Member States facing exceptional circumstances, we have stabilised the economy, we have regulated financial markets and we have prepared the ground for a building sustainable growth for the future.

So yes, the economic outlook in the European Union today is better than one year ago, the recovery is gathering pace. However, there is no room for complacency, our work is not finished. We cannot simply return to business as usual. The economic and financial crisis has further exposed Europe's structural weaknesses. Our growth potential has been greatly affected. Europe's competitive position has been further eroded.

Let us briefly recall the lesson learnt from the past. The decade of high growth and the massive job creation in the decade before the crisis disguised the need for economic and structural reform and the underlying competitiveness problems. Actions that should have been taken for a long time on these issues did not take place.

Since the Lisbon strategy was renewed in 2005, the EU did build a common analysis and make some important steps – but we must recognise not all Member States implemented the required reforms with the same pace and commitment.

This time round there is no room for patchy implementation.

Europe's challenges are still largely the same as in 2000: an ageing population grows in significance. The need to improve competitiveness remains acute. Tackling climate change and improving energy and resource efficiency have become only more urgent. And a new challenge has emerged: tackling the worst of the financial and economic crisis has come at a cost. As a result Europe will have to face all these

challenges and return to growth against the background of overstretched public finances.

The public finances must be consolidated. Sound public finances are needed to restore confidence but are means to an end: growth for jobs. This must be our overarching priority. This is the core of the Europe 2020 strategy. The strategy contains a holistic vision that will set the ground for our future growth- a new type of growth that will be smart, sustainable and inclusive. Holistic means that we will do fiscal consolidation and structural reform at the same time. Both are essential.

Now is indeed the time to modernise our social market economy so that it can compete globally and ultimately remain sustainable in the long run. Europe 2020 is about making sure Europe has the means to maintain its unique social model. I am sure this is an objective all here will share.

*2. The question then is of course on the how ?*

As I already explained, this time round there can be no room for complacency in delivering the Strategy.

Creating the conditions for a successful delivery has therefore been at the heart of the Commission's proposals for the new strategy – and we are glad to see that in adopting the new Strategy the European Council

has followed our proposals to reinforce the “governance”, the tools for that delivery.

The first key to success is reinforcing the political ownership of the Strategy by putting the European Council in the lead not only for its design but also for its monitoring. The “European semester”, allowing us to take decisions whilst we have the full picture of both fiscal policy and structural reforms, will be key in this respect.

The Europe 2020 strategy is precisely designed to make it easy to monitor at the level of the European Council. The 5 EU level targets (*cf slide 1*), that are currently being translated into national targets will be key indicators of how our Member States’ perform, and also to benchmark ourselves against our main trading partners.

Of course many – if not most – of the reforms fall within the remit of Member States as this is a strategy that covers all the key policy instruments – in the macro- and micro-economic but also in the labour market or even educational sphere. Member States will have to design solid, politically-owned national reform programmes to indicate how they will meet their targets - what precise measures they will take, how they will tackle obstacles to growth. These programmes will have to be presented at the same time as their fiscal programmes, the stability or convergence programmes. And as part of the new “European semester” these will be examined in conjunction, so that recommendations, if needed, can be based on the full picture.

But besides monitoring the delivery of reforms and the conduct of fiscal and economic policy of our Member States, the European level will also make its own direct contribution to growth and jobs. Through the 7 flagship initiatives and the EU's horizontal instruments such as the single market, the budget and its external economic and trade agenda, the EU will tap the sources of our future growth. (cf slide 2)

We are confident that with

(i) this new governance structure in place, (cf. slide 3)

(ii) with the new rules for economic governance that have been developed by the Commission and by the Task force chaired by the President of the European Council,

(iii) and the Commission's commitment to use the new provisions of the Lisbon treaty to issue policy warnings and make recommendations to the full,

we have key instruments in place for a successful delivery of the new Europe 2020 strategy.

But this cannot be the whole story. On the risk of repeating myself, I recall that one of the lessons learnt from the Lisbon strategy was its only partial implementation. Such a strategy must be shared, must be owned by all key players.

### *3. The role of social partners and stakeholders:*

To effectively implement the Europe 2020 strategy, we need everyone on board: Member States, European Institutions and social partners, to

move ahead on our common reform agenda. In explaining the next steps of the Europe 2020 strategy (cf slide 4) and particularly the drafting of the National Reform Programmes, the Commission underlined the importance for Member States to ensure the involvement of regional/local authorities, social partners and other stakeholders throughout the process, to build broad-based support for the implementation of the reform policies.

Member States are currently preparing their draft National Reform Programme, to be submitted to the Commission on 12 November. Final version will be submitted by April 2011. I welcome your active support for national Economic and Social Committees and their equivalents to play an active role in the drafting of these key documents and later on, in the implementation of the reform programmes and the achievement of the national targets. I want to ask you to act as Europe 2020 ambassadors on the ground.

I would like to thank you for the work you have already accomplished under the Lisbon strategy observatory. The EESC and its network in Member States have a key role to play in ensuring the implementation of structural reforms on the ground. I particularly welcome your wish to play a partnership role with the Commission in this context and to integrate the Europe 2020 strategy as a horizontal issue in your work. In this context, I support your intention to maximise the support of the organised civil society to the implementation of the strategy, through the new Europe 2020 steering committee that will be set up by the EESC. The structural reforms that are needed will not always be easy to

implement. We count on a convergence of views and the active support of social partners both at the European and the national level.

To conclude, I would like suggest that this event does not stop here, but that the EESC follows up on this meeting next year. Such a meeting could monitor how the implementation of the strategy is going in the Member States and at the EU level. This could also be a key opportunity for you to monitor and report progress in your countries as well as to exchange, best practices. The Commission stands ready to work with you in this process. *(cf. slide 5)*

I would like to highlight once more that we will only be able to reach our objectives together- if we activate all policy areas and use all available leverage in an integrated way at the EU and national levels. After the successful launch of the Europe 2020 strategy in June, we need to seize the momentum and act now. To realise the strategy and put Europe on the right path for our future growth.