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NOTE

from :	General Secretariat of the Council
to :	Delegations
Subject :	Summary of the plenary session of the European Parliament, held in Brussels on 5 May 2010 Council and Commission statements - Europe 2020 -new European Strategy for Jobs and Growth

Mr Løpez Garrido, on behalf of the Council, recalled that the EU was slowly emerging from the worst economic crisis since the 1930s, and said that every effort should be made to secure a recovery and to mitigate the social consequences of the crisis. He noted however that these short-term efforts would not be sufficient and that vision and action was needed in the longer term, with the horizon of 2020 and beyond, to ensure the sustainability of the EU social model. He considered that this dual challenge of preventing the emergence of a new potential crisis and of inventing a new sustainable growth model adapted to the requirements of the times was at the heart of the new Strategy.

He referred to the work already achieved at the informal discussions on 11 February at European Council level and to the agreement reached by the Heads of State and Government at the March European Council on the main elements of the Strategy and a roadmap and to the subsequent discussions in several Council formations. He indicated that the June European Council would formally adopt the Strategy at its meeting in June.

He recalled the key areas on which the Strategy would be focusing: knowledge and innovation, sustainable economy, high employment and social inclusion, "as also called for by the Parliament".

He further enumerated the **five headline targets** of the Strategy, based on the preparatory work made by the Commission in its Communication:

- a 75% employment rate for women and men;
- an investment of 3% of GDP in research and development;
- the confirmation of the 20/20/20 goals on climate and energy;
- a reduction of school drop-out rates and an increase in the share of population with tertiary education, and
- promoting social inclusion, in particular reducing poverty, noting that these two latter targets had not been quantified yet.

He then referred to the five main strands :

- the **integrated guidelines**, including the employment guidelines and the broad economic policy guidelines, as an essential tool to implement the new strategy. He recalled that the Commission had just presented its proposal on the guidelines and underlined the Spanish Presidency's commitment to work within the Council, in all relevant policy areas, in order for the June Council meetings - ECOFIN and EPSCO - to report to the June European Council. On the employment guidelines, he noted that the opinion of the Parliament was required.
- the **headline targets**,
- the **national targets**, noting that this element was a novelty vis-à-vis the Lisbon strategy,
- the **bottlenecks**, which constrain growth at national and EU level, noting that these also constitute a novelty. He stated that the Spanish Presidency would concentrate on those affecting the Internal Market.
- the **flagship initiatives** that will implement the strategy at EU level. He indicated that the Spanish Presidency would focus on the Digital Agenda at the May Telecom Council.

He finally mentioned the specific debates on the Strategy to take place in certain Council formations over the coming weeks, possibly in the form of public debates. He highlighted the key role to be played by the European Council, notably to provide the main orientations in June, and by the Commission to monitor the implementation of the Strategy beyond that date.

Mr Barroso, on behalf of the Commission considered that the package for "smart and sustainable growth" should not be seen as separate from the need to regulate financial markets and to restore macro-economic stability, or from the EU-2020 strategy. He therefore strongly advocated a holistic approach to solve the issues with which the EU is confronted, using all available levers. He stressed the instrumental role the G20 could play to improve global economic governance and the need for the EU to give it impetus and to provide relevant input. He highlighted the contribution by the Commission to support EU leadership. He estimated that some issues needed to be addressed at global level and that the EU should keep up its pressure on its international partners towards creating an economic level playing field. He referred in particular to the resistance by some countries to provide for a global tax on financial profits and the need for the EU to speak with one voice in order to bring forward this objective. He stated that one of the main lessons to be learnt from the economic crisis the EU was going through was the importance of economic coordination within the Eurozone and more generally within the EU if the EU were to protect itself against possible subsequent economic crises. He referred to the EU 2020 strategy as part of the holistic approach which was needed. He stated that what was now required was to give flesh to this strategy, the main principles of which were adopted by the March European Council. He set out the five targets and numerical rates proposed on employment, R&D, and climate change to be adopted at the June European Council. He referred to the millions of people at risk of poverty and social exclusion in Europe and to the need to agree on numerical targets in this area also at the June European Council. He referred to the Commission proposal for integrated employment guidelines, the principle of which should be adopted at the June European Council, once the EP has agreed on them. He suggested that reforms were needed in each of the 27 Member States, in full respect of the subsidiarity principle. He concluded by referring to the growing awareness of the need for more EU common governance, and called on the EP in its role as a co-legislator to mobilize citizens and national Parliaments, as part of the holistic approach to which he had referred, in convincing public opinion on the need for reform. This had to be shared by all governments, as well as by economic partners and civil society.

The main messages delivered by political group leaders were as follows:

Mrs. Worthmann-Kool (EPP, NL) made a linkage between the debate on the EU 2020 strategy and the previous debate on the Eurozone to stress the need for reinforced economic coordination and noted that the current turmoil demonstrated the need for better governance of public finances, reform of which would be key for the success of the 2020 strategy. She called on Commissioner Rehn to put forward proposals aimed at reinforcing the EU economic coordination, and on all the Commissioners to shoulder their responsibilities, with the support of the EP. She welcomed the creation of a Task force by the Council and invited all stakeholders to use all the possibilities offered by the new Treaty to reinforce economic governance and the Stability Pact.

Mrs. Beres (S&D, FR) also saw a coherent link between the two issues for debate while regretting the lack of coherence by Member States on these two questions. She stated that the importance of the EP giving its opinion on the guidelines was part of this overall coherence. She called for compliance with the Stability pact and the financial perspectives, and for Member States to take measures to stop being at the mercy of market speculators and to regulate financial markets . She made a strong case for safeguarding the European social model as the best way of offering social protection and stated that the objective of restoring public finances should not be achieved at the expense of the EU's social values, as this would leave Europe disarmed and vulnerable in the face of global competition.

Mrs. EK (ALDE, SV) stated that more decisive EU action, binding targets and respect for the stability Pact was needed. She considered that allocations from structural funds should be made conditional on the delivery of reliable economic data by the beneficiaries. She estimated that energy efficiency and innovation should be a priority for the EU.

Mrs. Harms (Greens/EFA, DE) stated that presenting the EU 2020 strategy as the panacea to solve the current EU difficulties was a way of hiding the lack of decisive action on the real issues, such as addressing the financial markets. She stated that the Greek case reflected the disappointing lack of real commitment to take action and regretted that workers and employees were the ones experiencing hard times and footing the bill. She advocated a system of levies on transactions to fight against speculators who profit from the crisis, and regretted a lack of longer-term vision. She considered that the time had come to turn from words to deeds on global regulation and advocated promoting a greener and more sustainable economy as a means to exit from the crisis more quickly.

Mr. Kaminski (ECR, PL) stated that more regulation was not the solution, could be detrimental to the EU competitiveness and could result in further delocalisations.

Mrs. Zimmer (GUE/NGL, DE) referred to the previous debate on the Eurozone crisis, stated that defining new objectives for growth and jobs did not provide the answer for the urgent issues which needed to be solved now, and to which no credible response has yet been given. She advocated more and better economic governance, the creation of a European Monetary Fund (EMF) and suggested suspending the procedure for adoption of the strategy until the real issues were dealt with.

Mr. Bloom (EFD, UK) spoke of the impending economic disaster facing Europe.

Mr Obermayr (NI, AT) considered the strategy and the discussion on EU's governance to be platitudes. He advocated a strong involvement of local and regional governance and warned against a centralized EU government.

In their individual interventions, MEPs largely echoed the statements on behalf of political groups and stressed in particular the need for

- better financial surveillance (Schmidt, ALDE, SV), for regulating financial markets (Seeber, EPP, DE), which could not be seen as a separate entity from the real economy if the EU was serious about solving the current problems (Hökmark, EPP, SV) and to take action and find solutions so that States are no longer dependent on private banks for their public finances (KLINZ, ALDE, DE), more EU coordination of public budget expenditures (Hubner, EPP, PL)
- agreeing on binding objectives, notably on energy efficiency (Leinen, S&D, DE, Piotrowski, ECR, PL)
- reducing disparities between individual Member States (Manescu, ALDE, RO, Gyôri, EPP, HU), improving social cohesion (Gyôri, EPP, HU, Cofferati, S&D, IT, Luhan, EPP, RO), providing support for the unemployed (Ticau, S&D, RO)
- investing in a climate-friendly, green economy (Turunen, Greens, DK), green jobs (Morkunaite, EPP, LV), in transports (smart transports, transports' security measures, transports infrastructures, highways, intermodality, Single European Sky) (Marinescu, EPP, RO, Vlasak, ECR, CZ), R&D, energy (Ticau, S&D, RO, Hubner, EPP, PL)

- preserving the European social model (Arif, S&D, FR), keeping the objective of poverty reduction (De Jong, GUE, NL) and of better education in the strategy (Cercas, S&D, ES),
- involving social partners (Borghesio, EFD, IT), citizens (Cercas, S&D, ES) and local governments and regions to the Strategy (Szegedi, NI, HU)

MEPs criticized

- the lack of prior analysis on what had failed in the previous Lisbon Strategy (Bokros, ECR, HU)
- the lack of ambition of the Council (Arif, S&D, FR), of the Strategy (Harbour, ECR, UK),
- the inappropriateness of the Strategy to provide solutions to the current "economic and social disaster" (Figueiredo, GUE, PT) and of holding a debate at a moment when Greece was burning (Borghesio, EFD, IT).

Mr López Garrido on behalf of the Council considered, in reply to the question by MEPs as to why the Lisbon Strategy had failed, that the main reason had been the failure to bring forward an economic union at the same pace as the development of a financial Union. He therefore considered that the EU 2020 strategy should mark the transition towards a new phase, with the establishment of an economic union based on economic and social EU governance, and a strategy of growth and of creation of qualitative and lasting jobs. He referred to the provisions of the new Treaty which establish an obligation to coordinate economic policies.

He agreed on the need for financial supervision and noted that the Council package on financial supervision was a response to that requirement. He agreed with the President of the Commission on the need to reinforce the external dimension of that supervision, and to defend a common EU position at G20 meetings, and on the need to have appropriate institutions for economic governance.

With regard to the EU 2020 strategy, he stressed the importance of providing for economic incentives via the European Funds to stimulate the growth.

He concluded that all these elements leading to an economic union were on track, and should be pursued in a rapid and coherent way and in a spirit of open dialogue. In this way the EU was responding to a clear call for action by its citizens.

Mr Rehn, on behalf of the Commission, referred to the decision taken in support of Greece, and expressed reassurance with regard to possible spill-over effects. He agreed that the financial markets remained volatile and announced that the Commission would submit proposals for increased economic coordination in the coming days. He stated that in the context of the Economic and Monetary Union (EMU), the Monetary Union had been more developed than the economic part, which now needed to be reinforced. He noted that this was in line with the ideas of the EU's founding fathers and highlighted the need for developing preventive budgetary surveillance, so that the crisis experienced by Greece would never be repeated, as well as for reinforcing EU's export competitiveness and domestic demand.

He stated that a permanent crisis resolution mechanism coupled with mandatory requirements was needed. He asked for the support of the EP in these urgent efforts reinforce economic governance. He called for the swift adoption of the EU 2020 strategy.

The Chair indicated that the vote would take place at the next EP plenary session in May 2010.
