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BREV

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Til underretning for Folketingets Europaudvalg vedlægges brev fra
Kommissionsformanden forud for mødet i Det Europæiske Råd den 1-
2. marts 2012.

Nicolai Wammen

José Manuel Barroso
President of the European Commission

Brussels, 27 February 2012

Dear Colleagues,

Thank you for your letter addressed to President Van Rompuy and me in preparation for the Spring European Council on 1-2 March. It is a very timely contribution to the debate on how we can get Europe growing and creating jobs. As you know, throughout the crisis, the European Commission has been working side by side with Member States in the European Council, the Council and individually, as well as with the European Parliament, to do everything possible to ensure that the EU emerges stronger than ever from our current difficulties. From the European Economic Recovery Programme to the Europe 2020 strategy, the deepening of our system of economic governance, the overhaul of our financial regulatory system and adapting our Structural Funds to increase co-financing levels and introduce crisis response measures such as support for working capital, we have spared no effort to ensure that the EU and national levels work in harmony to deliver a bigger and better response than any single Member State can do alone. The effort that has been mobilised by all of us is a very real expression of EU solidarity and I thank you for your continuing support. Now it's time to be concrete. Now it's time to decide on the concrete proposals the Commission has put on the table.

Together, we are acting decisively to restore stability, strengthen public finances and to show solidarity with those Member States that are currently facing serious difficulty. This is absolutely essential – but it is not enough. We need to do more to create the conditions for our longer term prosperity, to trigger a virtuous circle of reform, stability and sustainable growth. We all agree on the importance of taking the right decisions for our future growth and competitiveness. The true test we now face is whether we can translate these good intentions into results on the ground.

We have agreed on an ambitious and comprehensive growth and jobs strategy: **Europe 2020**. Our common ownership of it needs to be more visible to our citizens. They need to know that the EU has a clear strategy for building a better future and that all Member States are working in the same direction. There should be no artificial separation between EU and national growth policies, they reinforce each other. The crisis is having a severe social impact in some Member States and is causing anxiety right across the EU. As well as taking active measures to boost employment and to help the most vulnerable, we need to provide a sense of direction and hope. Otherwise we will not be able to count on the social acceptability of the important measures that need to be taken.

Europe 2020 is a crucial strategy that needs to be implemented now so that we achieve our common goals by 2020. One way to implement Europe 2020 is through the work we do together in the European Semester. This means we need to carry out ambitious structural

reform at national level in line with the priorities the Commission has set out in our 2012 Annual Growth Survey. I look forward to discussing them with you in the European Council later this week and to our collective endorsement of these key priorities for action. On that basis the Commission will be ready to make very clear, country specific recommendations where we think that more must be done.

I am encouraged that your letter reaffirms many of the priorities we agreed in our Europe 2020 strategy. In all of these areas, the Commission has already set out a clear vision and has made concrete proposals, some of which are yet to be adopted by the co-legislators. We will continue to give priority to the measures that we think have the greatest potential to drive growth and job creation. I have asked the Council and European Parliament to fast-track these and I am delighted that the European Council has endorsed this approach. I count on your full support in bringing the negotiations on these proposals to a swift conclusion, including in areas where you may need to adjust your national positions to enable us collectively to reap the growth dividend.

Your letter takes up eight clear priorities to strengthen growth. In the attached annex I set out more detailed comments on each of these eight areas as a contribution to focusing our debate in the European Council. More generally I would make the following comments.

We all know that the **Single Market** is a huge source of growth and jobs for Europe and that we have not yet tapped its full potential. Just implementing fully what we have already decided would bring new opportunities for businesses, both big and small. That is why the Commission will be reporting on the quality of implementation of the Services Directive, on sectoral performance checks and will soon make recommendations on implementation and enforcement. Almost all of the Single Market Act proposals are now on the table of the Council and Parliament and you have supported our wish to get them agreed by the end of this year. In the second half of this year the Commission will propose a new round of measures designed to open up new growth areas of our Single Market.

Similarly, we must step up our efforts to continue to complete our **digital single market by 2015**, including through swift agreement on our proposals on dispute resolution and rapid consideration of our forthcoming proposals on copyright. The stakes are very high: we have just published a study showing that a truly digital single market could boost EU GDP by as much as €110 billion a year.

I agree that we must deliver on our commitment to establish a genuine **internal market in energy** by 2014. All Member States need to implement the third energy package as we have agreed. A good signal to markets would be for all Member States to transpose and implement our legislation rapidly – the Commission is still obliged to take infringement proceedings because of Member States' failure to comply with agreed legislation in this important area. In particular, the adoption of the Commission's proposal for an Energy Efficiency Directive should be given priority in view of its growth enhancing potential as well as its energy and climate benefits.

Research and innovation hold the key to Europe's future competitiveness. This is another area where acting now will pay rich dividends in the future. We have tabled important proposals to help SMEs to access finance and to support innovative companies, for example through a European venture capital regime. And I need not repeat how important a swift agreement on a European patent is - after a thirty year wait, it is time to deliver.

*It is clear that we will not fulfil our potential if we only look inwards. President Van Rompuy and I were recently in India and China where we discussed the huge benefits to growth and jobs of open markets and **international trade**. We are investing heavily in our negotiations with India, Canada and Singapore to name but a few and talks on how to deepen our economic relations are under way with many other countries and regions, including the US. We know that some of our partners still have to overcome internal obstacles before we can conclude but there are domestic political issues to be tackled on our side too if we want to seize the growth opportunities offered through new trade agreements. We need to discuss them openly and to find a consensus between all Member States. I have already suggested to President Van Rompuy that we devote a future working session of the European Council to these issues.*

*I welcome your support for the work the Commission is doing to get the regulatory environment right – nobody wants to see the innovative potential of small businesses being smothered by red tape. This is why the principles of smart regulation are at the heart of everything we do. We will only include micro-enterprises within the scope of our proposals if there is a compelling case for doing so. We have already tabled measures that would reduce **administrative burden** by up to €40 billion. They have not all been adopted to date.*

*We need a stable and secure financial system but more than that, we need a financial system that performs its basic function: support for the real economy. The comprehensive overhaul of **financial regulation and supervision** that we have undertaken is designed to deliver on all of these objectives. We have moved quickly and decisively to implement the agreements reached at the G20 and in Basel in full and will make several important proposals in the coming months.*

* * *

This is already a full and ambitious agenda for growth. But I believe we can and must go further. A well functioning Single Market needs modern infrastructure to get goods and services to market and to ensure that consumers have real, price competitive choice of high quality goods and services. We need well-targeted investment in infrastructure to fill the missing links in our Single Market. We need to agree on ways to bring down the cost of broadband roll-out and to accelerate investment in key infrastructures. This is exactly the kind of spending that we should be prioritising as it will lay the foundations for future growth and employment.

*Of course, the bulk of financing for our infrastructure investment must come from the private sector, particularly now when public budgets are constrained. The Commission's proposal for **project bonds** is a smart way of using public money to attract private investment to key strategic energy, digital and transport projects. This approach has large scale potential in the future – to show that it works we have proposed a pilot project bond initiative to be launched in 2012/2013. Working together with the EIB, the Commission proposes to commit €230 million from the existing EU budget which could support investments worth up to €3.5 billion. I count on your support to get our legislative proposal agreed under the Danish Presidency.*

*Tackling **youth unemployment** and creating the conditions for **SMEs to thrive** is also a top priority and we had a very productive discussion at our meeting on January. I explained how the EU budget could be mobilised to help get young people back into work and to support*

SMEs - the action teams I proposed have visited the eight Member States with the highest levels of youth unemployment and are looking right now at how we can deliver swift results. This is part of a broader drive to modernise labour markets, incorporating both national reforms and European-level action to promote mobility. We have launched a review of the system of professional qualifications and have opened a debate on the future of pensions.

Your letter concludes by recognising that the ambitious agenda that we share "requires leadership and tough political decisions". I agree – and you will not find the Commission wanting in this regard. These are challenging times but full of opportunity. Europe is a continent rich in potential, which has a clear strategy for economic renewal in Europe 2020 and the Commission has tabled many concrete proposals to promote competitiveness as well as social inclusion that now need to be agreed and implemented. By working together at 27, and with our social partners and regions, being open to finding the compromises that are necessary to reach agreement without lowering the level of our ambition, we can get the EU growing again. I welcome your support for this agenda and I hope that we can work together quickly to restore confidence and to deliver results for our citizens and businesses.

I look forward to discussing these issues with you when we meet at the end of the week. I am copying this letter to all of our colleagues in the European Council.

Yours sincerely,

A handwritten signature in black ink, consisting of a vertical line on the left and a long, sweeping horizontal line that curves upwards at the end.

Jose Manuel BARROSO

To Prime Minister David Cameron, Prime Minister Mark Rutte, Prime Minister Mario Monti, Prime Minister Andrus Ansip, Prime Minister Valdis Dombrovskis, Prime Minister Jyrki Katainen, Taoiseach Enda Kenny, Prime Minister Petr Nečas, Prime Minister Iveta Radičová, Prime Minister Mariano Rajoy, Prime Minister Fredrik Reinfeldt and Prime Minister Donald Tusk

Annex: Overview of state of play on initiatives referred to in the letter 'A Plan for Growth in Europe'

1. Single Market

a) Commission Communication to the June European Council

This will present recommendations on how to make better use of the existing tools for improving and monitoring implementation of the Single Market, proposals on how to organise annual reporting on the Single Market, including on network industries and proposals on how to improve infringement/enforcement policy.

b) Commission report on the Services Directive and efforts to open up services markets, with recommendations for additional measures

The Commission is currently assessing the quality of the implementation of the Services Directive in all Member States, from an economic and legal point of view and on the operation of the Points of Single Contact and will report on this in the coming months.

c) Commission report on the outcome of sectoral performance checks

We are processing performance checks in 3 key sectors: Tourism, Construction and Business Services, to assess how different pieces of EU legislation applying to services work in practice when taken together.

2. Digital Single Market

a) Confidence to trade on-line

The Action Plan on e-commerce proposed by the Commission on 11 January 2012 sets out its vision for using the potential of online services for growth and employment. It identifies the main obstacles to the development of e-commerce and online services and establishes five priorities. The Commission will publish Annual Reports on the development of e-commerce in Europe and will present a mid-term evaluation in 2013.

b) Simplifying licensing and building an efficient framework for copyright

The Commission proposal on collective management of copyright is scheduled for adoption before the June European Council. This proposal will aim at stimulating the legal offer by

simplifying multi-territorial licensing and at modernising the governance and transparency of collecting societies.

c) Providing a secure and affordable system for cross-border on-line payments

On 11 January 2012 the Commission published a Green Paper that assesses the current landscape of card, internet and mobile payments in Europe, identifies the gaps in the current situation and sets out a vision of a fully integrated payments market and the barriers which have created these gaps. On the basis of a thorough analysis of the consultation feedback (which is due by 11 April 2012), the Commission will announce the next steps to be taken before the summer of 2012.

d) Establishing on-line dispute resolution mechanisms for cross-border on-line payments

The Directive on Alternative Dispute Resolution for Consumers proposed by the Commission on 29 November 2011 will ensure that quality out-of-court entities exist to deal with any contractual dispute between a consumer and a business however they purchase (online or offline).

The Regulation on Online Dispute Resolution ('ODR Regulation') will create a single EU-wide online platform for online shoppers buying from another EU country and traders to resolve their contractual disputes online.

The Commission has called on the co-legislator to fast-track this proposal, which forms part of the Single Market Act.

d) Amending the EU framework for electronic signatures

The adoption of a legislative proposal for electronic identification, authentication and signatures is scheduled for second semester 2012.

e) Providing better broadband coverage

As part of the Connecting Europe Facility (CEF), the Commission proposes to dedicate at least €7 billion to investment in high-speed broadband infrastructure. This proposal is currently being discussed by the co-legislators.

The Commission is also considering further ways of reducing the cost of rolling out high speed broadband.

f) E-government services to simplify the start up and running of businesses and aid the mobility of workers

The Commission is actively encouraging the deployment in Member States of e-Government services. This is one of the targets of the "Digital Agenda for Europe" flagship initiative. The Single Points of Contacts to be established under the Services Directive and to be monitored by the Commission are a good example. However, only a third of Member States have so far implemented the points of single contact in full. Some Member States have extended them to a broader eGovernment portal for companies, simplifying the start up and running of businesses.

3. Energy

a) Commission communication on the Internal Energy Market

By June 2012, the Commission plans to publish a Communication on the Internal Energy Market assessing the degree of its liberalisation, and integration, assessing or announcing new initiatives on possible adjustments to the market architecture and promoting the efficiency of distribution systems. The Commission has recently referred a number of Member States to the European Court of Justice, for failure to ensure conditions for access to the natural gas transmission networks.

b) Energy interconnection

Energy interconnection has been addressed by the proposed Regulation on energy infrastructures (TEN-E Guidelines), which was adopted by the Commission in October 2011. The measures in the regulation are there to provide further certainty to private investors.

c) Single European Transport Area

The Commission has recently proposed a number of initiatives, including proposals on the EU Infrastructure network (TEN-T); the new funding framework for transport infrastructure (the Connecting Europe Facility); the improvement of capacity and quality of airports; and Common Principles applicable to passengers' rights in all transport modes or as part of the Social Maritime Agenda (training of seafarers).

e) Connecting Europe Facility

As part of the next Multiannual Financial Framework, the Commission has proposed a Connecting Europe Facility to help fill the gaps in Europe's transport, energy and digital infrastructure. This proposal is under consideration by the co-legislator.

4. Innovation

a) Establishing the European Research Area

The European Research Area Framework is one of the commitments of the Innovation Union flagship initiative. These measures are supported through the Seventh Framework Programme and support for researchers' mobility and attractive career development will continue under Horizon 2020. The Commission will adopt a Communication on the European Research Area in June 2012.

b) Improving investment opportunities by creating an effective EU-wide venture capital regime

The Commission proposal for a Regulation on European Venture Capital Funds of 7 December 2011 sets out a new “European Venture Capital Fund” label and includes a passport to allow venture capital fund managers to grow and to market their funds across the EU using a single set of rules.

c) Assessing a proposal for an EU venture capital scheme building on the EIF and other financial institutions

On 30 November 2011, the Commission proposed venture capital fund-of-funds investing across borders in the “Programme for the Competitiveness of Enterprises and SME”, and Horizon 2020 for the period 2014-2020. The Commission is working on detailed implementation plans for these programmes in order to ensure a smooth implementation with the EIF, other financial intermediaries and beneficiaries.

d) New EU-wide programme, to promote more effective use of pre-commercial public procurement to support innovative and high tech businesses

In 2011, the Commission opened the first calls for proposals to co-finance consortia of public procurers undertaking pre-commercial procurement that is of cross-border interest. Such projects, that receive 50% co-financing from the EU, will start in 2012. Moreover, the recent Commission proposals to revise the Public Procurement Directives include a new procedure where the contracting authority can cooperate with a company to develop an innovative product, work or service.

e) Reforms to create an effective and business-friendly system of intellectual property protection

The participating Member States have undertaken to reach agreement by June 2012 at the latest on a final agreement on the last outstanding issue (the location of the patent court). The Commission is committed to facilitating an agreement as soon as possible.

5. External dimension of growth

a) Free Trade Agreements (FTAs)

The Commission is very actively engaged in trade negotiation on behalf of the EU with a wide range of countries and regional groups. Negotiations on a Deep and Comprehensive Free Trade Area (DCFTA) with Ukraine were concluded last December, together with the negotiations for an Association Agreement. This is the first of its kind to have been concluded with a country from the Eastern Partnership. Negotiations for a DCFTA with **Armenia** were authorised in February 2012 and are expected to take place in the first semester of 2012. Technical negotiations were held with **Moldova** on 18 January and with **Georgia** on 31 January 2012 and formal negotiations will be launched shortly. Mandates for negotiating DCFTAs with **Egypt, Tunisia, Morocco and Jordan** were agreed in December 2011. If partners are supportive, negotiations could start in the autumn with Tunisia, Morocco and Jordan.

Negotiations with **Singapore** are approaching the final phase with a realistic prospect of completion during the first half of 2012. It would seem possible to conclude negotiations with Malaysia in the second half of 2012. Scoping exercises for both an FTA and a comprehensive framework agreement covering political and sectoral cooperation with **Japan** are progressing well. Similar exercises for **Vietnam and Indonesia** may be completed in 2012. The Commission has been engaged in very informal exchanges with **Thailand** concerning a possible future scoping exercise.

The 12th **India**-EU Summit was held on 10 February. There was a shared interest in concluding negotiations for a FTA this year. A Ministerial will be held in June with the aim of concluding negotiations in early autumn. The EU and **Canada** launched negotiations for a Comprehensive Economic and Trade Agreement (CETA) at the EU-Canada Summit in May 2009. The CETA aims to go beyond WTO commitments generally, with a maximum degree of liberalisation of trade in goods and services. Both sides want to finalise the negotiation process this year.

The last round of negotiations with **Mercosur** took place on 7-11 November 2011 and the next is scheduled for 12-16 March 2012.

b) Trade relations with the USA, Russia and China

With regard to the **USA**, the High-Level Working Group on Jobs and Growth established in the last Summit at the initiative of the EU will analyse all scenarios, ranging from enhanced regulatory cooperation to a fully-fledged FTA. The Working Group is tasked to deliver recommendations by the end of 2012 and an interim report by June.

At the **EU-China** Summit on 14 February 2012 both parties reconfirmed their commitment to the possible future launch of negotiations on an investment agreement. The Commission is conducting its impact assessment which should be completed in June 2012.

Russia's accession to the **WTO** has just been accepted by the latest Ministerial meeting and we will build on this momentum to add a meaningful and rich in substance trade dimension to our future Framework agreement currently under negotiations.

c) Doha development agenda (DDA)

The Commission will focus its efforts on progress at the technical level in order to build positive momentum. This will help to set the stage for further progress in 2013.

6. Reduction of administrative burden

a) Further and faster progress across the EU institutions

The Commission's report of 23 November 2011 on minimising regulatory burden identified 13 possible future exemptions or lighter regimes for micro-enterprises. The Commission has already made proposals which would reduce burdens by more than €40 billion (33%). So far, the Council and Parliament have only adopted proposals amounting to a reduction of 22 %.

b) Assessing the scope for ambitious new EU sectoral targets and support for micro-enterprises

The Commission has reversed the burden of proof for micro enterprises so that they are only included in the scope of new proposals if there is a compelling justification. The priority must be to address specific problems reported by businesses, particularly smaller companies. The Commission will expand on its approach to minimising regulatory burdens in an upcoming Communication.

d) Annual Commission statement identifying and explaining the total net cost to business of regulatory proposals issued in the preceding year

The Commission takes full account of the potential costs of legislation as part of its impact assessment process and assesses these alongside the benefits of the proposed legislation. This analysis is contained systematically in our impact assessment reports.

7. Employment

a) Vulnerable groups having been absent from the labour market for long periods

Following the informal European Council in January, urgent action is being taken to support Member States with the highest youth unemployment rates through the establishment of action teams. These teams are identifying practical steps to tackle youth unemployment, including through the use of financial support from the EU budget. The recently adopted Commission White Paper on Pensions highlights priorities for ensuring adequate and sustainable pension systems. In the framework of the European Social Dialogue, the Commission will call on the social partners to develop ways of adapting workplace and labour market practices so as to facilitate longer working lives. Building on the proposal for the European Social Fund (ESF) in the 2014-2020 programming period, Member States should support active and healthy ageing. The Commission will closely monitor whether ESF programmes effectively support the reform needs identified in this area in the forthcoming Country Specific Recommendations.

b) Portability of pension rights

The Commission's amended proposal from 2007 is still under consideration in the Council. The Commission would like to see this work accelerated and will consider the possibility of an amended proposal.

c) Reducing the number of regulated professions – proportionality test

In the Commission's 19 December 2012 proposal on professional qualifications, it is proposed that Member States review their regulations to decide whether regulated professions are still necessary. The Commission will report on the outcome of the review and make the appropriate proposals if necessary. The existence of unjustified or disproportionate restrictions to the access to or the exercise of regulated professions features prominently in the Annual Growth Survey and in the subsequent country specific recommendations.

d) Professional qualifications

In December 2011, Commission proposed an amendment of the Directive on professional qualifications. The legislative proposal includes the introduction of a European professional card, aimed at simplifying the mobility of professionals across the EU. Further action will be considered on the basis of the ongoing performance checks.

8. Financial sector legislation

a) Bank resolution

The Commission is following a two-pronged approach: by reducing the probability of banking failure through stronger supervision, better corporate governance and tighter regulatory standards, and by appropriate tools and resources available for orderly and timely resolution. The Commission will be making a proposal for a new system of bank resolution.

b) EU legislation compatible with Basel III standards.

Whereas Basel III applies to 'internationally active banks', in the EU it has always applied to all banks (more than 8,300) as well as investment firms. The Commission has taken these particular circumstances into account when transposing Basel III into EU law. Nevertheless, the proposal delivers a faithful implementation of Basel III standards in EU law.

c) Regulatory capital

To qualify for inclusion in the highest quality category of regulatory capital, a capital instrument must be of extremely high quality and must absorb losses fully as they arise. The criteria agreed in Basel III are extremely strict and are transposed exactly in the Commission's proposal. This is not a matter of the origin of capital.

d) Implementation of the G20 principles on banking sector remuneration in line with existing EU legislation

Rules have already been introduced, on the basis of Commission proposals, for banks and alternative investment fund managers. Forthcoming Commission proposals will extend these rules to other parts of the financial sector.