Statement by Ms. Lucinda Creighton, T.D., Minister of State for European Affairs

Council and Commission statements: Joint Debate - European Council meeting (27 - 28 June 2013)

At the Presidency Plenary Session of the European Parliament
Strasbourg 12 June

President,
Honourable Members,

I am grateful for this opportunity to discuss the preparations for the next meeting of the European Council.

The Irish Presidency will be working closely with President Van Rompuy to ensure the best possible preparation for this important meeting.

The June European Council will continue our focus on the goal of improving competitiveness, returning to strong and sustainable growth and creating jobs.

President Van Rompuy has therefore decided to focus the debate on the European Semester, the fight against youth unemployment, improving access to finance and further deepening EMU.

On the European Semester, the June meeting will bring this year's exercise to a close through the endorsement of the country-specific recommendations.

The European Council is expected both to underline the need to continue with fiscal consolidation, but also to acknowledge the importance of extending certain EDP deadlines given the current economic situation. This is part of a renewed effort to accelerate and consolidate structural reforms.

The discussion should help create ownership of the recommendations at the highest level. This will in turn contribute to ensuring their swift and effective implementation at national level.

In our preparations for the Presidency, we identified effective management of this third European Semester cycle as a key focus, and an instant contribution which we could make towards enhancing European stability. We felt it important to work very closely with others, ensuring that the lessons learned from last year’s exercise were fully taken on board, and building on the stronger bilateral dialogue now in place between the Commission and Member States.

What is important is that relevant Council formations work in a coordinated and consistent manner towards a thorough preparation of the June European Council.
Our work will continue over the coming weeks, particularly in terms of streamlining committee work under the aegis of EPSCO and ECOFIN, recognizing their overlapping responsibilities on issues such as pension reforms, wage indexing, and the tax wedge on labour. The June European Council will then set clear country-specific orientations for the national budget cycles across the Union in the second half of the year.

It is crucial that we keep up the momentum behind national-level reforms, underpinned by the goals of the Europe 2020 Strategy.

This means restoring competitiveness, and unlocking the necessary investments across the Union in growth that is smart, sustainable and inclusive.

It is also appropriate that I acknowledge again on behalf of the Presidency the crucial work the Parliament has been doing towards strengthening the democratic legitimacy of the European Semester.

The Parliament has been at the vanguard in highlighting that these must be open and inclusive processes, supporting meaningful engagement with all relevant stakeholders at both the national and European levels.

President,

Stepping up our efforts to fight youth unemployment remains of course a top priority. There is a very strong focus at the top political level on the importance of confronting this challenge, and its significance to all of our societies. I know it is of particular concern to this Parliament.

It is very welcome therefore that President Van Rompuy has given such prominence to this issue for the June European Council meeting.

That is why getting agreement on the Youth Guarantee at EPSCO in February, that every young person should be in education, training or work within four months of leaving school, will rank among the most important Presidency achievements.

I expect that early proposals for national-level implementation must now be the key next step. This is of course an issue which is primarily the responsibility of individual Member States, but one where there is clear added value at EU level, both in terms of support and learning.

We should also acknowledge different Member States face very different implementation issues. That is where the €6 billion Youth Employment Initiative, as part of the new MFF, can make a crucial contribution. We look forward to the cooperation of the Parliament in making sure it is ready to go from the beginning of next year.

And we also need to explore other options such as better mobilising Structural Funds to tackle youth unemployment.

EU support will also be key to helping increase the mobility of young workers, and among other measures, the Commission has made considerable efforts to develop EURES into an effective tool for recruitment at the European level, and plans to expand this further.

It has also put forward a directive to tackle the remaining barriers to the freedom of movement of workers. We hope that both the Council and Parliament will be able to reach a rapid agreement on this.

Let me now turn to the issue of access to finance.

Financial fragmentation and the lack of access to credit are seriously undermining growth and must be tackled.
All the economic indicators are telling us we need to redouble our efforts here: further contraction this year for both the EU and euro area, and unemployment up nearly two million on a year ago.

The key to bringing down unemployment across Europe will of course be recovery in the real economy: companies growing their businesses and creating new jobs.

The Compact for Growth and Jobs, agreed last June, represents an important reinforcement of political commitment to doing what is necessary to support this recovery.

There will be a full review of the Compact in June, one year on from its adoption. A top priority is to facilitate the take-up of financing instruments by companies, in particular SMEs, which constitute the backbone of the economy in most Member States and which are key to creating jobs.

Rapid agreement on the COSME programme is a particular priority in this context given its importance for SMEs. I would like to thank the Parliament for its cooperation on this important file.

But more needs to be done to encourage private investment, and the European Council is expected to decide on further action.

The €10 billion increase in the EIB's paid-in capital that was agreed as part of the Compact is now in place, and will support a 40% increase in lending capacity over the 2013-2015 period.

It is also welcome that President Draghi has made clear the ECB’s commitment to working closely with the other institutions, including the European Commission and the EIB, to improve business lending conditions.

Europe will have recovered from the current crisis only when its economies are growing again and creating jobs.

This means, above all, unlocking new business investments in the real economy: successful firms expanding their activities at home and abroad, including new firms and new growth areas.

There are a number of further issues that arise in June in the context of the Compact, including industrial competitiveness and smart regulation.

In the current difficult economic climate, a strong EU industrial base is crucial.

The European Council is expected to discuss action needed to assist recovery of European industry in the short and medium term and to ensure its long-term competitiveness and sustainability.

Focus will be on those strategic sectors which have the potential to underpin growth and create jobs. This will help prepare for a more substantive discussion planned for the February 2014 European Council.

Finally, on smart regulation, the Heads of State and government will take stock of progress, in particular the Commission's ongoing work on the most burdensome regulations for SMEs and on Regulatory Fitness.

The focus of the discussion will again be on competitiveness and job creation, in particular through avoiding unnecessary burdens on SMEs and microenterprises. All institutions have a part to play in this work.

The other major issue on the agenda is Economic and Monetary Union.

Although the situation on financial markets is less volatile than a year ago, we must continue to make progress on completing EMU.

The June European Council will take stock of work so far, and will place particular emphasis on the top priority of completing the banking union, which has been advanced through the agreements on CRR/CRDIV and the SSM.
Banking union is intended to break the vicious circle link between banks and sovereigns, and minimise the risk to taxpayers of having to bail-out failed financial institutions.

Our earlier debate showed broad agreement I think that more has to be done.

We must agree quickly on the directives on bank recovery and resolution and deposit guarantee scheme.

We must also concentrate on the Single Resolution Mechanism. The discussions in the European Council are certainly not the end of the story.

I am very pleased to note that The European Council is also expected to hold a discussion on Latvia’s application to adopt the euro as its currency. The recent positive Commission convergence report on Latvian accession to the euro was hard earned, and is testament to a country which has shown great determination in confronting huge economic challenges in recent years.

The European Council may also take decisions on the opening of accession negotiations with candidate countries, but this will depend on progress in the Council in the run-up to the meeting.

And the European Council will also formally adopt the decision establishing the future composition of this Parliament based on a proposal from this parliament, provided that you have given your consent.

President,

Honourable Members

The June European Council will be a further step in our efforts to return to growth, embed stability, create jobs and improve competitiveness in Europe.

This is part of a process which is essential for the future well-being of our societies and for the good of Europe as a whole. I thank this Parliament for its support in working towards this shared goal.

I thank you for your attention.