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Commission Work Programme 2012

Delivering European renewal

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1. INTRODUCTION

The European Union is confronted with the challenge of a generation. An economic challenge, that affects families, businesses and communities across Europe. But also a political challenge, to show that the European Union is equal to the task. The European Union can and should make a real difference to how Europeans face up to today's crisis.

This was the message of the State of the Union address in September 2011.¹ The speech and the debate in the European Parliament confirmed a broad consensus: that the EU's overriding priority must be to foster a sustainable and job-rich economic recovery. Only by restoring growth and confidence will we develop the EU's unique social model. To succeed, we need active partnership between the EU Institutions and with the national level, we need to work as a true Union, and we need to work through the Community method of decision making as the basis for this true Union. The current crisis again has shown that when these conditions are met, we can muster the determination and adaptability required.

The Commission responds to these imperatives in different ways. Many of its resources are employed in determinedly implementing decisions that have already been taken – ranging from long established tasks such as ensuring that EU law is fully implemented across the EU to administering the EU budget, either directly or in shared management with the Member States, to much newer responsibilities which come directly from the Commission's response to the current crisis. Often, this implementation agenda has a direct impact on growth - an implementation gap exists in the Member States for key legislative initiatives which are essential for the functioning of the single market, but which are not yet implemented.

Recently the Commission has put forward a radically new agenda covering deeper surveillance of Member State budgetary and economic policies, in particular for Euro area Member States, the fundamental reshaping of supervision and financial regulation, and action to ensure that EU structural policies bring immediate benefit. The recently-adopted package to increase economic governance (the "six-pack") represents a major new task for the Commission.

Realising all of these new policies will require a major shift in the way that the Commission works. It will require the reallocation of resources and the need to build up an even deeper working partnership with Member States. The creation of a Commission Task Force to help Greece implement its EU/IMF programme and to re-orient and accelerate spending under the EU's Structural Funds is just one example of new roles for the Commission which stem directly from crisis management.

In drawing up this Commission Work Programme for 2012 the Commission has juggled the need to respond to urgent new needs that become apparent as a result of the crisis, and the ongoing need to work on structural issues where policy-makers, investors and citizens rely on the Commission to look beyond the immediate and help shape a prosperous and sustainable Europe for the future. Most of the new initiatives set out in the annexes to this CWP are focused on this long-term perspective – they add to or will help to put in place the legal framework needed to draw the full benefits from the EU's scale in building and sharing sustainable growth, high levels of employment and a fair society across the EU. This is the

¹ See State of the Union Address 2011 of 28 September 2011. (http://ec.europa.eu/commission_2010-2014/president/state-union-2011/index_en.htm)

goal of a wide range of initiatives to promote competitiveness, help address the social costs of the crisis, and drive recovery towards a sustainable future. It is also the core objective of EU spending policies, through the new generation of programmes put forward by the Commission to last until 2020.

For the Commission, the European Parliament and the Council it will be necessary to take a flexible approach in dealing with these initiatives. New urgencies may arise in the coming months which could not have been foreseen for this work programme. The wide ranging demands of the EU's new economic governance will require much time and attention from all three institutions and, as we have already seen, the previous planning and pace of negotiations may have to be swept aside to make way for urgent decisions. Some of the proposals set out in the annexes are of particular importance and should command greater priority – in particular, proposals which can have a swift impact on growth and jobs, and make a real contribution to recovery. The Commission will give particular energy and attention to these proposals, but to have the desired impact on the ground and in people's daily lives, they also need to be given priority – fast tracking – by the European Parliament and the Council of Ministers. The collective capacity of the institutions to show that they share a common understanding of where action is most urgent will send a powerful message about the EU's resolution to tackle the crisis and restore growth. Given the fast-changing nature of events, any list of measures to be fast tracked will need to be kept under frequent review. The Commission's initial proposals for fast-tracking will accompany the Annual Growth Survey for 2012.

2. BUILDING A EUROPE OF STABILITY AND RESPONSIBILITY

The past few years have seen a radical reshaping of the EU's economic landscape. Europe 2020² is the economic strategy of the European Union. It recognises the interdependence of our Member States and sets out how the EU and national levels can work together to deliver agreed goals and to return the economy to growth and job creation, while laying the foundations for a sustainable future. All Member States have been issued country-specific recommendations to address their most urgent challenges. The second Annual Growth Survey will set the frame for the 2012 European Semester. A comprehensive reform of financial regulation and supervision has put the EU financial system on firm foundations. With the adoption of the legislation improving economic governance (so-called the "six pack"), the EU has broadened and strengthened its surveillance mechanisms of national policies. A number of Member States are subject to increased surveillance under an economic adjustment programme. New tools have been developed to address the unprecedented pressure on public finances. Now the EU has to act with urgency and determination to implement and frontload reform. We need to demonstrate that all the institutions are working together to accelerate the key steps.

Last month, the Commission set out five interlinked steps in a roadmap to stability and growth³. These represented both an immediate response to the problems of Greece and of the banking sector, to restore confidence in the Euro area, and action to frontload stability and growth enhancing policies. The conclusions of the European Council and Euro zone summit

² COM (2010) 2020, 03.03.2010

³ COM (2011) 669, 12.10.2011

took up these proposals, and this will continue to be a guiding force shaping the Commission's work in the months to come.

Swift and decisive action is necessary to drive this agenda forward over the next twelve months. By the time the Commission publishes the Annual Growth Survey for 2013, the European Union should be able to see the effect of reforms which have brought a new level of cooperation and surveillance between the linked economies of the Eurozone and the EU as a whole. This will provide the right balance between restoring public finances and advancing growth, with national measures and the EU-level work of the Europe 2020 flagships working in harness to maximise recovery.

2.1. Financial sector reform: Investing in confidence

A well-functioning financial sector is crucial for generating growth and jobs. Since the outbreak of the crisis, the Commission has undertaken a comprehensive overhaul of financial regulation and supervision. The vast bulk of key initiatives are already adopted or on the table, including proposed legislation on derivatives⁴, credit rating agencies⁵, capital requirements⁶ sounder and more transparent securities markets and tackling market abuse⁷. An assessment of the cumulative impact of the reforms will also be published.

The EU should have the clear ambition of completing the reform next year. In the early months of 2012, the Commission will propose the remaining pieces of legislation focusing on the protection of investors. A revision of the rules governing collective investment schemes (UCITS) will aim to enhance investor protection and strengthen the internal market. Investor protection and transparency are also at the heart of an initiative on pre-contractual disclosures on complex investment products (PRIPs), as well as on insurance mediation.

2.2. Financing the future: Securing sustainable public revenue

The EU's growth agenda is a central contribution it can make to restoring public finances. But while taxation is primarily the competence of Member States, EU action can help Member States' work to make sure that the European social model can be financed in the future. In 2011, the Commission has tabled a number of important initiatives to rebalance the contribution of the financial sector to public finances (Financial Transaction Tax)⁸, shift the tax burden to resource consumption (Energy taxation)⁹ and improve the functioning of the Single Market (CCCTB)¹⁰.

In 2012, the Commission will come forward with additional measures to ensure the sustainability and the stability of public finances. The Commission will work on building a modern VAT system, able to combat fraud and lightening the bureaucratic burden for SMEs and other companies operating cross-border.

⁴ COM (2010) 484, 11.09.2010

⁵ EU Regulation N°. 513/2011, OJ 2011 L 145/30, 31.05.2011

⁶ COM (2011) 452, 20.07.2011; COM (2011) 453, 20.07.2011

⁷ COM (2011) 656, 20.10.2011; COM (2011) 652, 20.10. 2011

⁸ COM (2011) 594, 28.09.2011

⁹ COM (2011) 168, 13.04.2011; COM (2011) 169, 13.04.2011

¹⁰ COM (2011) 121, 16/03/2011

Tax evasion threatens government revenues in all Member States. Tax evasion skews the competitive environment unfairly against the large majority of citizens and businesses that play by the rules. A reinforced strategy to help Member States tackle "tax havens" will be proposed to bring the EU contribution to stemming the potential losses to public coffers.

In times of budgetary austerity, the protection of taxpayers' money gains renewed importance. Every year, substantial amounts are lost to fraud and other illegal activities affecting EU public money. The Commission will put forward a proposal to ensure the protection of EU financial interests by criminal law.

To respond to the challenges faced by European companies due to the economic crisis, the Commission is carrying out an in-depth evaluation of the need to reform the Insolvency Regulation. Based on its conclusions, the Commission will develop future options for more efficient cross border insolvency rules, including for groups of companies.

3. BUILDING A UNION OF SUSTAINABLE GROWTH AND SOLIDARITY

Restoring sustainable growth and job creation requires positive action at EU and national levels to support competitiveness and social inclusion. Delivery will require increased momentum of action to promote the right framework to help business to create jobs and find new markets. This is already a key theme in the proposals now on the table for EU spending programmes. The new generation of cohesion policies¹¹ target tomorrow's jobs and growth. Horizon 2020, the next framework programme for research and innovation, will carry the EU's knowledge base into business growth, while action on competitiveness will be targeted in particular to support SMEs. Erasmus for All, the new programme on education, training and youth will boost the modernisation of Europe's education systems. The Connecting Europe Facility¹² leverages funding to projects with the greatest pay-off for the European economy and underpins infrastructure as a tool for growth.

3.1. A Single Market for growth

The Single Market remains our most important vehicle for growth and job creation. To reach its potential, it needs to foster the right environment for business – particularly smaller enterprises – and consumers, to fully implement reforms to promote sustainable growth, and to have effective and competitive infrastructure.

That is why the Commission launched an ambitious process to give new momentum to the Single Market, the Single Market Act¹³. Swift consideration of the Act's twelve key proposals in the inter-institutional process would ensure that the benefits are felt as early as possible. The Commission will deepen work on implementation and enforcement in the Single Market in 2012. The Commission will propose initiatives to connect up national research systems and create a structured, mobile and efficient European Research Area based on greater competition and collaboration to catalyse excellent science and world beating innovation. It will seek, in particular, to open up recruitment for key university positions to pan-European

¹¹ COM (2011) 607 – 612, 614 – 615, 6.10.2011

¹² COM (2011) 657, 665, 676, 19.10.2011

¹³ COM (2011) 206, 13.04.2011

competition. Full implementation of the Single European Sky would not only end inefficiencies that cost some €3.8bn a year, it would cut CO2 emissions, boost safety, and reduce delays for passengers. Whilst nine out of ten new jobs come from the services sector, and in spite of the many business opportunities that it offers, the Services Directive¹⁴ is far from being fully and adequately implemented. The Commission will also be looking at implementation of the Recommendation on access to basic payment services to assess whether further action is needed.

Completing the internal energy market by 2014 will unlock another key lever for economic growth. New proposals on railway liberalisation will also help modernise and decarbonise European transport through increased competition, and offer new, more innovative and customer-oriented services to passengers. Given the significant investments at stake to renew our energy systems (€1 trillion for the period 2011-2020¹⁵), the energy sector is another key lever for economic growth. The Commission will take a number of initiatives in this respect aiming notably at the completion of the internal market by 2014 as requested by the European Council.

The Digital Agenda¹⁶ is central to the ability of the European economy to take advantage of the opportunities of modern technology and the internet in driving growth. The uptake of electronic services is crucial, and e-commerce will be actively promoted. In 2012 the Commission will propose an initiative on collective rights management of intellectual property rights. This will include rules on the cross-border licensing of online music to facilitate multi territory licenses. In parallel, an initiative to ensure mutual recognition of electronic identification, authentication and signatures will aim to build consumer confidence and make online payments and electronic transactions easier.

Consumer confidence is the key to boosting demand and restoring growth. The comprehensive European Consumer Agenda will show how consumer rights, consumer safety can offer a secure foundation for consumers in the Single Market. Proposals for revised rules on General Product Safety will offer a clear, coherent approach for both consumers and manufacturers, and bring together different surveillance regimes into a single approach for the Single Market. And when consumer redress is needed, rules on collective redress will set out how consumers and businesses can find effective solutions to large-scale problems.

3.2. Empowering people in inclusive societies

Job creation remains one of the greatest challenges for Europe today, and the EU can make a key contribution. The Europe 2020 flagships on Youth on the Move¹⁷, the Agenda for New Skills and Jobs¹⁸ and the Platform against Poverty¹⁹ have highlighted the need to direct European renewal to those most in need. The new European Social Fund²⁰ and the Globalisation Adjustment Fund²¹ will support Member States' efforts to tackle the jobs crisis

¹⁴ 2006/123/EC, 12.12.2006, OJ 2006 L 376/36, 27.12.2006

¹⁵ COM (2010) 677, 17.11.2010

¹⁶ COM (2010) 245, 19.05.2010

¹⁷ COM (2010) 477, 15.09.2010

¹⁸ COM(2010) 682, 23.11.2010

¹⁹ COM (2010) 758, 16.12.2010

²⁰ COM (2011) 607, 6.10.2011

²¹ COM(2011) 608, 6.10.2011

in terms of job creation and boosting key skills. "Erasmus for all" will support strategic partnerships between higher education and business to ensure that young students can acquire the mix of skills that the labour market demands. Implementing these initiatives will have a major impact on the EU's work to tackle unemployment, social exclusion, and poverty.

The Commission will soon set out how the EU can contribute to addressing the scourge of youth unemployment, including action to promote the mobility of young job-seekers and assist them in identifying cross-border openings. Apprenticeships can also be a key entry point to the jobs market. This can be of particular value in terms of better exploiting the sectors most likely to create tomorrow's jobs.

With a close involvement of social partners, the Commission will also review the flexicurity principles and launch a new phase in their implementation, fostering job creation and mobility as a way to soften the impact of economic downturns and prepare to exploit the recovery when it comes. This is linked to the need to better anticipate and manage company restructurings. Finally, the Commission will also propose ways to reinforce Public Employment services, including a reform of the European Employment service (Eures) to improve access to employment opportunities across borders.

Looking further ahead, preserving our social model also means ensuring that we can finance welfare in the future and, in this respect, ageing societies are a huge challenge for public policy, while a modern and innovative health care sector is a driver for economic growth. The Commission will follow up on the country-specific recommendations adopted in the area of pensions, and will take initiatives in areas of cross-border relevance. In 2012, this will include an initiative to strengthen the internal market for efficient and safe retirement products. The Commission will also make proposals addressing supplementary pension rights of people who change jobs, as facilitating mobility is key to employment and job creation.

3.3. Paving a path to a sustainable future

Sustainable recovery requires that growth and investment are channelled towards the most dynamic sectors for the future. The Commission's approach to a resource efficient²² and low-carbon economy²³, which will be integrated into economic policy and the Annual Growth Survey, has set out how smart growth needs to be well directed, to turn the challenge of a sustainable Europe into our competitive advantage. This approach is embedded in Europe 2020, and is a major driver behind the new generation of proposals for agriculture²⁴ and rural development,²⁵ as well as fisheries, to give a sustainable footing to sectors critical to both our environment and our economy. An important example of pursuing resource efficiency in sectoral policy areas will be the 2012 proposals on securing access to clean and sufficient water: the Commission will adopt a blueprint to safeguard water resources to focus public policy on tackling the pressures on water today.

Sustainability is also at the core of the Commission's vision for energy policy. To give one example, quick adoption and implementation of the proposed Energy Efficiency Directive²⁶

²² COM (2001) 571, 20.09.2011

²³ COM (2001) 112, 08.03.2011

²⁴ COM (2011) 628, 12.10.2011

²⁵ COM (2011) 627, 12.10.2011

²⁶ COM (2011) 370, 22.6.2011

can help unlock benefits worth an average of €1000 a year per EU household, with the potential to create two million jobs as well as addressing climate change. A proposal to enhance the framework for nuclear safety will integrate lessons from the stress tests of EU nuclear power plants, technical progress and international regulatory developments. The Commission will also provide a strategy for accelerating the development of renewable energy in the EU internal market and in its Southern Mediterranean neighbours. Progressing towards adoption of the proposed regulation to facilitate investments in the necessary energy infrastructure to accelerate the integration of renewable sources of energy would be an important signal.

2012 will see the Commission continuing to pursue the goal of a genuine and comprehensive global effort to cut greenhouse gas emissions. The Commission will continue to manage the transition to the revised Emissions Trading System and develop new and implement existing measures to help achieve the climate and energy targets. The review of the legislation on passenger cars and vans will spur innovation and give manufacturers regulatory certainty. Work will also focus on breaking transport's dependence on oil by galvanising the development of EU infrastructures for alternative fuels.

The Rio+20 summit in June will put the spotlight on the global effort for sustainability and promoting green growth. EU policies will be in the vanguard of that effort..

3.4. An open Europe for citizens

Providing security and justice in a Europe without internal frontiers is one of the biggest priorities for the EU today. The freedom to explore opportunities across borders is a central part of the EU's *raison d'être*. But for this system to work, the EU needs to cement the mutual trust that the system requires, and to be robust and fair in the face of major challenges as faced in the Mediterranean this year. The EU must press ahead with the delivery of the Stockholm Programme²⁷, including finding resolution on key issues like asylum and address new challenges such as cyber security.

A Single Market for citizens must tackle unnecessary bureaucratic obstacles to free circulation. Two legislative proposals will facilitate the cross-border recognition of civil status documents as well as simplify legalisation requirements.

The EU's border regime is a key part of the Programme. Modernisation and the use of new technology can ensure that the system both encourages cross-border activity and provides the right safeguards. The next generation of border checks will be more resilient, while allowing frequent travellers to enter the EU more easily. A specific strategy to prevent and fight against trafficking in human beings will be proposed.

²⁷ OJ C 115/1, 04.05.2010

4. GIVING THE EU AN EFFECTIVE VOICE IN THE WIDER WORLD

A united EU provides the best platform for an effective EU on the global stage. The EU is the world's largest economy. The EU and its Member States contribute over half of global development assistance and humanitarian aid. The EU stands for and remains deeply committed to the universal values of human rights and democracy, respect for international law, and an effective multilateral order. When the EU acts in a united way, its influence is substantial. In order to face the challenges and seize the opportunities brought about by globalization, EU action must continue to be strengthened to protect and promote our interests and values, while working to enhance prosperity and security in the wider world.

EU external action takes place within the frame provided by multilateral, regional and bilateral relations, by existing policy frameworks such as trade and development policy, as well as by the external aspects of the EU's many internal policies. The Union will continue to implement these policies while also responding to the challenges of rapidly unfolding global events.

The EU must be ready to react to a changing global environment. The EU responded quickly and decisively to dramatic change in Southern Mediterranean neighbours²⁸. The EU response was built on traditions of good governance, openness and solidarity and offered a clear political message and immediate practical support ("more for more"). Aid was swiftly screened and redeployed to ensure coherence with current needs and priorities. The programme of Support for Partnership, Reforms and Inclusive Growth (SPRING) and the Civil Society Facility were adopted in this context. The EU will continue to focus attention on its neighbourhood, offering opportunities for mutually beneficial cooperation to foster stability and growth. The Commission will focus on the implementation of the commitments taken in the joint communication with the High Representative on the new approach to the European Neighbourhood Policy²⁹ which will play an important role in promoting the peaceful and prosperous development in the Southern Mediterranean and in its eastern neighbourhood, deploying a full range of EU policies and programmes to underpin the growth of economic, social and political stability. As well as supporting those Southern Mediterranean countries engaged in democratisation, 2012 will also prioritise the Eastern Partnership Roadmap decided at the Warsaw Summit and stability in the Middle East and the Caucasus.

The EU is also contributing to promoting security in Africa. And the EU will stand ready to react in the future as it has recently to natural catastrophes in Turkey, Pakistan, and Japan.

Adapting to the changing global environment and shaping the world order requires the EU to connect the external and the internal elements of our policies. Trade, development, diplomacy, enlargement, neighbourhood policy and crisis response are all policies and instruments which form the backbone of the Union's external action. They can yield their full potential when they are exercised together with our internal policies such as the Single Market, climate policy, energy policy and monetary policy, all of which have major implications for the outside world.

European prosperity relies on the global competitiveness. Efforts to restore growth and jobs are carried out in an environment which is increasingly interconnected and fiercely

²⁸ COM (2011) 200, 08.03.2011

²⁹ COM (2011) 303, 25.05.2011

competitive. The G20 has proved an effective lever to promote a coherent global response to the crisis. The last G20 meeting in Cannes concluded that increasing agricultural production and productivity was essential to promote food security and foster sustainable economic growth. Though the overall objective for EU's trade policy remains a successful conclusion of ongoing multilateral negotiations, the interests of European businesses and consumers also need to be promoted through bilateral agreements with third-country partners. For these reasons a possible free trade agreement with Japan is being explored as well as an investment agreement with China.

Solidarity is a fundamental European value - and it extends beyond our borders. As the world's largest donor of development assistance, the EU will play a leading role in helping the world's poorest societies, by concentrating its efforts on ensuring a rapid and efficient delivery of the revised EU Development policy³⁰ with particular focus on the Millennium Development Goals. A new, tangible expression of EU's global solidarity is the setting-up of a European Voluntary Humanitarian Aid Corps.

2012 will also see progress in implementing the Union's renewed consensus on enlargement and preparations to welcome Croatia as the 28th member of our family. During 2012 work will continue to allow Croatia to benefit fully from and meet the obligations of membership.

5. SMART REGULATION AND EFFECTIVE IMPLEMENTATION

To realise the reforms set out in this programme, EU legislation needs to work well at every stage. From conception to implementation to evaluation and updating, EU action needs to be tested along the cycle to meet the highest quality standards of effectiveness and efficiency. It must ensure that regulatory burdens are as light as possible.

The Commission's right of initiative and its responsibility as guardian of the Treaty gives it a particular role in keeping these standards high. Both in its own work, and in monitoring and enforcing agreed legislation, the Commission is determined to ensure that the EU's citizens, companies and public authorities enjoy the benefit of reform.

5.1. Smarter spending together

In times of austerity, we must ensure that our limited resources are directed where the pay-offs in terms of future jobs and growth are the largest. The Commission has proposed a modern budget designed to complement national spending, where there is clear added value of acting at European level. It will continue to work through the negotiation process to ensure that the principles of simplification, rationalisation and added value are maintained in the final package.

5.2. Smart regulation

The Commission's role in proposing regulation has evolved substantially in recent years, with the cementing of impact assessment as a standard part of the Commission's work. 2012 will see another important step in the extension of the minimum time for public consultations from 8 to 12 weeks. This will help to ensure that Commission proposals are well grounded in the

³⁰ COM (2011) 637, 13.10.2011 and COM (2011) 638/2 13.10.2011

views of stakeholders, and that all have had an opportunity to give their opinions on the key public policy choices. The reduction of administrative burdens is particularly relevant in economically challenging times. When completing the administrative burden reduction programme in 2012, the Commission will have successfully exceeded the target of a 25% reduction by presenting proposals equalling a 31% reduction and savings of €9bn. Drawing on this experience, the Commission will continue its efforts to keep regulatory burdens to what is strictly necessary. It will especially look at the impact of EU regulation on small enterprises and propose, where relevant, exemptions or tailored solutions for micro businesses. It will also present the first results of its regulatory fitness checks.

6. CONCLUSION

The European Commission is determined to use the coming year to do everything in its power to address the economic crisis weighing so heavily on Europeans today. The steps being taken this autumn show the priority the Commission gives to promoting growth and jobs. This top priority also reflected in its work programme for 2012 which also focuses on the long-term objectives of the EU. The imperative is to act in the short term while building the basis for longer term sustainable growth and jobs. Doing both at the same time will help the EU find an exit from the crisis which will leave it stronger, more able to face the demands of global competition, to tap the sources of growth for the future and deliver a successful social market economy.

The EU can build on strong fundamentals. It is the world's largest trading block, it produces one third of global output and it has a proud tradition of social and technological innovation. It shares values and a history that bind us in cooperation. It has institutions sharing a clear vision of how to build a prosperous and sustainable Europe, it has the tried-and-tested approach of the Community method, and it has the flexibility needed to respond to changing circumstances. With political will to turn intention into action, and a determined focus on implementing recent decisions, the EU can prove itself the driver to reverse the risk of downturn and deliver European renewal.