

**Maroš ŠEFČOVIČ**

Vice-President of the European Commission responsible for Interinstitutional Relations and Administration

## **Two years after Lisbon: The Commission's view**

Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort

Conference organised by CEPS (Centre for European Policy Studies)

**Brussels, 1 December 2011**

Ladies and Gentlemen,

I am honoured to speak here today two years after the entry into force of the Lisbon Treaty.

When I looked back at the speech that I gave in Florence on the occasion of the Treaty's first anniversary, I realised just how much has happened over the past year and how dynamic the institutional debate has become. I have also realised how much the EU has achieved since the Treaty entered into force.

I am more convinced than ever that the Lisbon Treaty has provided us with new and powerful tools in many of the key areas that it set out to address: enhanced democratic legitimacy; improved efficiency and capacity to act; and stronger, more coordinated external action.

However, the last two years have also demonstrated that improvements do not follow automatically from institutional and legal change. They depend on political will and leadership to implement effectively what has been agreed.

So where do we stand two years after the entry into force of the Lisbon Treaty?

This is all the more important at a time when hard decisions affecting the day-to-day lives of European citizens are being taken regularly at European level.

The increase in the budgetary and legislative power of the directly-elected European Parliament was central to attempts to reduce the so-called 'democratic deficit'. We have seen that the Parliament has not been slow to make use of its new powers. From SWIFT, via the free trade agreement with South Korea, budget negotiations, to the legislative package on economic governance, the Parliament is playing its role as the representative of EU citizens and as co-legislator to the full.

In parallel, national parliaments are participating more and more in EU policy-making. They participate through the Treaty-based 'subsidiarity control mechanism' but also through a very lively political dialogue between the Commission and the national parliaments, as well as between the European Parliament and national parliaments. The number of opinions the Commission has received from national parliaments has risen constantly over time: we have already received more than 500 opinions this year, 30% increased compared to the whole of 2010. This is very positive and I have no doubt that this trend will continue. I see a progressive Europeanisation of national parliaments' work – and we will need more of that in the future.

Furthermore, the European Citizens' Initiative introduces a whole new dimension of participatory democracy at EU level. The ECI regulation was adopted at the beginning of the year. Commission and Member States are now working hard to establish a system that works efficiently in 27 Member States. It must be user-friendly but must also prevent the possible abuses that could undermine the credibility of this mechanism. I look forward to the first initiatives that can be presented as of April next year.

In support of democratic legitimacy and efficiency, the Council, the European Parliament and the Commission have further improved their cooperation.

The Commission and the European Parliament have established a special partnership with a new way of planning and working together. Our political priorities are converging and we are making every effort to make EU politics more understandable and visible to the EU media and citizens. The intensive exchange leading up to the adoption of the Commission's annual work programme, starting with President Barroso's State of the Union speech, is a good example of this partnership in action.

In addition, a new, pragmatic approach to legislative programming is developing as we speak. I am confident that the three institutions will agree to fast track the adoption and implementation of a range of priority growth-enhancing measures, as the Commission has proposed. We have already delivered swiftly on economic governance, the so-called "6 pack". We must be able to demonstrate to citizens that we are capable of moving swiftly when circumstances require it, while respecting the democratic process and our principles of better regulation.

We have found a common understanding on delegated acts that helps all Institutions to comply with the Treaty. I regret, however, a tendency to consider the delineation between delegated and implementing acts as a matter of political opportunism, and to impose conditions on the delegation of powers that are simply not covered by the Treaty. The Treaty system is clear and – properly implemented - will prevent the legislative process from becoming jammed with matters of detail that would in any MS be decided by the executive. It is important that all three institutions work together in good faith and follow the agreed solutions with the necessary self-discipline. Otherwise, we risk falling short of the Treaty's objective.

I would also hope for a speedy conclusion of the accession to the European Human Rights Convention. A well-balanced compromise has been found in technical negotiations. I hope that the Member States that raised objections will make all possible efforts to solve the outstanding issues. Member States committed to accession when they ratified the Treaty. It would be irresponsible to deny citizens this additional protection.

The Union's capacity to take decisions has been improved, including through the extension of qualified majority voting in the Council. The application of double majority voting is still to come in 2014.

The crisis has also shown the benefits of having a permanent President of the European Council to ensure consistency and coherence. This is much more effective than having the prime minister of the rotating Presidency performing this key role as a part-time job.

The close cooperation between President Barroso and President Van Rompuy has contributed to building consensus on the many difficult decisions taken in recent times. The Presidents will also play a vital role in ensuring a close link between decisions taken for the Euro area and the EU 27, each in their respective role.

The Treaty reform did not focus on policy, but it did deliver some concrete examples of how the EU can add value in areas of new competences.

For example, trade policy. With the Lisbon Treaty, foreign direct investment became an exclusive competence. We now build on our economic strength to defend the interests of our businesses abroad together. EU investment agreements will benefit everybody, and in particular the smaller Member States.

Another example is a new legal framework for criminal justice legislation including comprehensive judicial control by the European Court of Justice. Two very concrete steps have already been taken with the adoption of the Directives on the right of the defendant to information in criminal proceedings and on the right to translation and interpretation.

The level of ambition in this area is very high. There are still many challenges to be overcome, but considerable progress has been made.

Catherine Ashton is now firmly established as the High Representative of the Union. She coordinates the work of the Council of Foreign Affairs Ministers that she chairs, and as Vice-President of the Commission she coordinates external policies. This is an enormously demanding job and new ways of working have been progressively established to facilitate this dual role.

The new European External Action Service has been made operational in record time. Practical teething problems were to be expected. Anyone who has ever been involved in the restructuring of large organisations, private or public, understands this.

Recent events, particularly in our Southern Neighbourhood were a baptism of fire. In close co-operation with the European Commission and the Member States, the EEAS has hit the ground running in a fast-moving environment. There is always room for improvement but the signs are that it is up to the challenge.

However, a common foreign and security policy, including defence, can only work if national governments want it. We have recently experienced several instances where we could not find a common position and where progress was blocked, for example on the issue of joint defence headquarters.

The objective of a clearer and more united international voice was always part of the rationale of the Lisbon Treaty. Throughout its genesis, the common wisdom was that EU Member States can only really count in the world if they are united around the active promotion of Europe's values and interests.

On a very pragmatic level, sharing sovereignty and capacities in foreign and security policy is a source of savings and efficiency for each and every Member State. But cooperation in this area is about more than this. The Lisbon Treaty was drafted to give us the tools and structures to do more together, not less.

This also applies to external representation, where the Treaty is clear. The Commission, the High Representative, EU Delegations and the President of the Council represent the Union externally at their respective levels. If dissent between Member States becomes visible and makes it increasingly difficult for the EU to appear united in international organisations and at conferences, this impairs our ability to be taken seriously by our international partners. The Commission is willing to find pragmatic solutions and has shown flexibility. But we still miss too many opportunities to make our voice heard through a unified representation of the EU externally.

In conclusion on the Lisbon Treaty: Yes, we can already see how the numerous innovations have helped us to deepen democracy, improve efficiency and defend better our values and interests in the world. However, we have certainly not exhausted the possibilities. Further progress will depend on political will and leadership.

As you will all be aware, the Treaty is now back in the headlines. The crisis has forced us to look long and hard not only at our economies and public finances but also at the laws and structures through which Europe is governed.

We will only overcome the current crisis if we take our deep interdependence seriously. The Treaty is right: no-one could now dispute that we should 'treat our economic policies as a matter of common concern'. We need to draw the right conclusions from this in terms of economic governance, which is what I want to concentrate on now.

A series of decisive steps have already been taken to overcome the crisis and return Europe to a more stable path. We have in fact embarked on finishing the unfinished business of the Maastricht Treaty: to complement the monetary union with an economic union.

Our common goals are clear. With Europe 2020 and the European Semester, Europe has pin-pointed the most urgent reform priorities and given itself the right policy framework to deliver them in a coordinated manner. The EU must now step up efforts on common projects such as the internal market, while the Member States must deliver on their commitments at home. Our second Annual Growth Survey provides clear guidance on where urgent action is needed. These messages are not new – stability through fiscal consolidation, structural reform for growth and jobs – but the need to deliver has never been more pressing.

It is clear that a reformed system of economic governance must have real teeth, in particular within the euro area. The financial backstops – the EFSF and ESM - are vital but prevention is always better than cure. We need strong rules – and sanctions when necessary - to ensure that there is no repeat of the current turmoil.

We have already agreed on the so-called six-pack legislation on economic governance. The European Parliament was instrumental in securing the overall level of ambition of the Commission's proposals. We now have a stronger and more credible Stability and Growth Pact with more rigorous enforcement, as well as a convincing system to avoid macroeconomic imbalances and competitiveness gaps between the Euro area countries. The role of the Commission in economic governance has also been strengthened.

The Commission has now adopted additional proposals to deepen economic governance in the Union and in the euro area. These include two legislative proposals based on Article 136 of the Treaty. The first will link EFSF and ESM assistance with country surveillance, thereby placing the governance of the Euro area firmly within the overall Treaty framework, and the Community method. The second will strengthen the integrated fiscal surveillance of euro area Member States in excessive deficit procedure. We have also produced a Green Paper on options for 'stability bonds' as part of a reinforced system of economic governance, some of which can be implemented within the existing Treaty. A Communication on how Article 138 can be used to improve the external representation of the euro will follow soon.

These proposals demonstrate very well the possibilities that Lisbon has given us. The new Treaty provisions specific to Member States whose currency is the Euro in Articles 136 and 138, as well as the introduction of the ordinary legislative procedure in this area, made this essential package possible.

The top priority now is thorough and rapid implementation of what has been agreed. This will not only help to bring the current crisis to an end. Critically, it will also lay the – Treaty-based - foundations for a much more stable future.

Let me make a parenthesis here. At times of crisis, we have often found ourselves debating the relative merits of community and intergovernmental approaches to solving Europe's problems. These debates might seem like an unnecessary diversion, but getting the answer right is crucial for our common future.

The Community method has proved and continues to prove its worth. It has delivered results, such as the 6-pack legislation on economic governance. The end result was very close to the initial Commission proposal, which in turn helped to set the conclusions of the intergovernmental taskforce within an efficient and fair Community framework. In other areas, such as the EFSF, we have seen very clearly the limitations of an intergovernmental approach based on unanimity.

The Community method is also based on a well-established set of institutions and processes: the last thing we need at a time of crisis is to be distracted by designing new bodies and methods. Crucially, the Community method is also the best guarantor that all EU members will be treated fairly. Some will want to move further and faster than others. This is natural and is already envisaged in the Treaty. But we must not lose sight of the fact that we are a Union of 27, whose rights must be respected. The Community method ensures this.

Within this system, the Commission has a vital role to play. We are uniquely placed to provide coherence and to ensure that the action taken is in the common interest. You would expect to hear this from me. But my impression is that Member States – as well as the European Parliament - increasingly understand the value that the Commission can add, not only as an initiator of legislation but as a source of independent, objective and technically sound analysis of where Europe's priorities should lie.

In October, the President of the Commission was asked to work in close collaboration with the President of the European Council and the President of the Eurogroup, to identify possible steps to further strengthen economic convergence within the euro area, improving fiscal discipline and deepening economic union, including exploring the possibility of limited Treaty changes.

In some ways, it is difficult to believe that Treaty change is again under consideration only two years after the entry into force of Lisbon. But Europe has changed since then. It has become abundantly clear that more integration will be needed to make Europe stronger. And to deliver greater integration, we may need to look again at limited changes to the Treaty. If this allows us to strengthen the Euro then we may need to do it.

But I want to be crystal clear. We all know that Treaty change is a slow, painstaking process and not without risk. In no way should this option be presented as a quick solution to the current crisis. It is not. We have been able to make great strides within the existing Treaty and our recent proposals show that there is more that can be done. This should be our immediate focus.

Looking further ahead, we will need to weigh carefully the pros and cons of our approach to Treaty change. We are at the very beginning of the process and the Presidents will report at the December European Council on how they intend to proceed.

Ladies and Gentlemen, as my assessment today has illustrated, the Lisbon Treaty was a major step forward. The experience of the first two years has been broadly positive. And we have not yet exhausted its full potential. There remains much more that can be done within the existing Treaty to improve the functioning of our Union, both internally and in the wider world.

But the world has not stood still. These are tempestuous times for Europe. We find ourselves in very stormy waters and it is no surprise that some have questioned whether we have all the tools we need to navigate through them. I would say that to a very large extent, we do. Our immediate priority must be to implement what we have agreed and to focus squarely on delivering a more stable, more prosperous Europe for our citizens.

This being said, we are ready to work with the other institutions and all interested parties to examine possible limited changes to the Treaty in the longer term. But as the experience of Lisbon amply demonstrated, it is not a process to be taken lightly.

Thank you for your attention.