

**Commissioner Paolo Gentiloni**

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**EUROPEAN PARLIAMENTARY WEEK 2020  
PLENARY SESSION:**

**WIDENING AND DEEPENING OF EURO AREA  
GOVERNANCE: WHAT NEXT?**

**18 February 2020, European Parliament, Brussels**

## SPEAKING POINTS / SPEECH

- Honourable Members of Parliament,
- **It is a pleasure to be here with you today. One of the guiding principles of this Commission is a new push for European democracy.** This is especially true for the topics in the remit of the European Parliamentary Week. Our economic policies can only be successful if we have a shared understanding of the problems and the way forward, based on broad public support. Your role in this process as elected representatives cannot be overstated.
- **Our discussion today is extremely timely. It is clear that our challenges today are completely different, and perhaps more urgent, than ever before.** We have no choice but to manage an environmental and technological transition in a world marked by uncertainty.

### ***Investment needs***

- **At the end of last year, the Commission has put forward the European Green Deal as a roadmap for making the European economy climate-neutral, green and more competitive.** This transition must be just and inclusive for all. We need to pay attention to the regions, industries and workers who will face the greatest challenges.
- Europe is also faced with a **digital and a demographic challenge.**

- **To turn these challenges into opportunities**, significant efforts at all levels and the mobilisation of both the public and private sectors will be necessary.
- Significant investments will be needed. Yet, public investments are still below pre-crisis levels in many Member States and certainly below the levels we need to deliver on our policy priorities.
- **That is why a month ago we proposed the Sustainable Europe Investment Plan, as the investment arm of the Green Deal.** Valdis will present and discuss the plan tomorrow and notably how it can support private investments.

### ***Fiscal review to boost public investment***

- Let me focus on **public investment**.
- Two weeks ago, the Commission launched a review of our economic governance framework. The review started with an **assessment** of the application and the effectiveness of the six- and two-pack legislation. This assessment **reveals strengths**: public finances are now in a better shape than right after the crisis, surveillance is broader, more integrated and the timeline of all your, of all our budgetary procedures more coordinated.

But the assessment also reveals **weaknesses**: The framework has become too complex, they have not prevented pro-cyclical policies, public debt remains high in some Member States and the composition of public finances has not become more growth-friendly, at least concerning investment.

- In addition to this assessment, the communication kicking off the consultation on our economic governance framework explains that

**the current economic environment is fundamentally different from the time when the rules were established.** Fortunately, the crisis is now behind us. But we have not returned to growth levels that could secure sustainable prosperity. Moreover, we face persistently low inflation and low interest rates, a so-called 'low for long' economic situation.

- So when reflecting and debating on our economic governance framework, we need to:
  - look back, on what has worked and what hasn't,
  - look around, at the current macroeconomic context, which has changed,
  - and finally we need to look forward to the challenges ahead.
- Let me clear: our objective remains the sustainability of public finances to **ensure financial stability**. Without financial stability we, as policy makers, lose the power to shape policies and to deliver the mandate our citizens have entrusted us with.
- **The question is not for or against sound public finances.** It is about how our framework can better steer the composition of public finances so as to be consistent with the economic, social and environmental challenges the EU is and will be facing.
- I strongly believe that fiscal policies should **better support growth-friendly public finances**, including higher green/digital public investment.
- And I also think that there is a crucial **need for simplification** to support transparency, communication and ownership.

- **These are two of the key aspects that we want to discuss with all key stakeholders,** including national Parliaments, European institutions, national authorities, social partners and academia.
- We have not provided concrete reform proposals at this stage. All views expressed will feed our reflections on the future steps.
- The consultation will take place through various means including dedicated meetings, workshops and **an online consultation platform open to all as of yesterday.** It will remain open **until the end of June.**
- I am delighted to start the discussion today with you, the representatives of citizens.
- **This is not a technical exercise.** We need to emerge from this public debate with a common vision, overcoming divisions, and deliver for the benefit of our fellow citizens.
- Thank you for your attention.

