

ANSWERS TO THE EUROPEAN PARLIAMEN
QUESTIONNAIRE TO THE COMMISSIONER-DESIGNATE
Paolo GENTILONI
Commissioner-designate for Economy

1. General competence, European commitment and personal independence

What aspects of your personal qualifications and experience are particularly relevant for becoming Commissioner and promoting the European general interest, particularly in the area you would be responsible for? What motivates you? How will you contribute to putting forward the strategic agenda of the Commission? How will you implement gender mainstreaming and integrate a gender perspective into all policy areas of your portfolio?

What guarantees of independence are you able to give the European Parliament, and how would you make sure that any past, current or future activities you carry out could not cast doubt on the performance of your duties within the Commission?

I have been a committed European since my earliest days. I was born at a time when the countries of Europe were forging a new relationship to replace the war and destruction that plagued our continent throughout our history. It is in the city of my birth that the Treaty that launched the European Economic Community was signed when I was a child. Rome has been my home ever since, and with it the European project has always been a part of my political consciousness.

I have always been motivated by public service, starting with my studies in political science. For many years, I was a political journalist, and the importance of truth and transparency has been deeply engrained in me. From journalism I moved to politics, serving as Commissioner in the city of Rome and then Member of the Italian Parliament for 18 years, and assuming political office as Minister for Communication, Minister for Foreign Affairs and Prime Minister. In these roles, I was, of course, a frequent visitor to Brussels and this further cemented my belief that our countries can only thrive if we thrive together. As Prime Minister In March 2017, I had the privilege to organise the celebration of the 60th anniversary of the Treaties of Rome. Reaching a consensus among European Heads of State and government and the EU institutions was a major achievement.

As a Minister for Foreign Affairs, I have gained an in-depth understanding of how our international relations affect our prosperity at home. I took part in the intensive work needed to define common positions on key issues for the European Union, such as the withdrawal of the United Kingdom from the European Union. During the Italian Presidency of the G7 I was particularly engaged with likeminded countries and all G7 Members in order to set up the conditions for consensus on the main geopolitical and economic global challenges.

The President-elect has stressed that this will be a geopolitical Commission and in today's world, this is particularly true in economic and taxation matters. We have seen rising dissatisfaction across our continent about the distribution of opportunities and ability of governments to ensure a fair contribution from all people and companies. The internationalisation of mobile capital and income is a reality and no government can address its consequences alone. If confirmed, I will be guided by the need to ensure that we continue to promote the social market economy that is so central to our wellbeing, in my work on delivering fair and effective taxation.

A critical priority over the new term will be taking effective action on the climate emergency we have in front of us. It is a question that has no borders, par excellence. And it is one that I am committed to, and have been since my early days as editor of 'The New Ecology' 35 years ago. Addressing this challenge will require action on many fronts, and economic policy and taxation policy will be vital in delivering the funding and incentives to bring health back to our planet.

A central part of my portfolio will be economic surveillance. Inclusive growth and environmental sustainability must go hand in hand. As a Member of Parliament during the crisis years, I understood the importance of both safeguarding the sustainability of public finances and being able to deliver economic support in difficult times. During my term, I will commit to delivering a policy agenda that will support growth and find the right balance between ensuring sustainability over time, while addressing any short-term issues through the appropriate flexibility within the agreed set of EU rules. I will work with the European Parliament to propose a European Unemployment Benefit Reinsurance Scheme to deliver European support for those that need it when they need it. With InvestEU and the Sustainable Europe investment plan, I will work to deliver much needed investment contributing to our overall objectives, notably on climate neutrality and the digital transition.

My commitment to gender equality is part of my commitment to liberalism and democracy. I welcome the gender balance in the College and believe that it is important to lead by example. I commit to achieving the same in my Cabinet, and doing so will make my private office stronger and better able to represent the needs and priorities of the people of Europe whoever and wherever they may be.

I will serve President-elect von der Leyen's Commission with independence from outside influence and with collegiality. I will work only as European, but will do so with the same passion and commitment as I worked for Italy and Rome. I commit to complying with the ethical requirements set out in Treaty – in law and in spirit – and will do so in full transparency.

2. Management of the portfolio and cooperation with the European Parliament

How would you assess your role as a Member of the College of Commissioners? In what respect would you consider yourself responsible and accountable to the Parliament for your actions and for those of your departments? What specific commitments are you prepared to make in terms of enhanced transparency, increased cooperation and effective follow-up to Parliament's positions and requests for legislative initiatives? In relation to planned initiatives or ongoing procedures, are you ready to provide Parliament with information and documents on an equal footing with the Council?

Accountability and parliamentary oversight lies at the very heart of democracy, and as such, our common European values. Having been an elected representative for almost two decades as well Minister and Prime Minister accountable to a national parliament, I have experienced democratic accountability from both sides. In order to regain the trust of citizens in the European Union, transparency and the close involvement of the European Parliament is of paramount importance. If I am confirmed as Commissioner for Economy, I will work closely with Parliament and its members at all stages of both the policy-making process and the political dialogue. I will work towards this objective, and in doing so I will fully respect the provisions of the 2010 Framework Agreement on relations between the European Parliament and Commission and the 2016 Interinstitutional Agreement on Better Law-Making.

As a former Parliamentarian and journalist, I believe in transparency, openness, trust, and constant dialogue as the basis of good governance and legitimacy. President-elect von der Leyen's Political Guidelines and Mission Letters fully reflect these principles, and stress the intention to reinforce the special relationship between the European Parliament and the Commission. I fully stand behind her commitment to more closely involve the European Parliament in economic governance matters, including by appearing in front the European Parliament before every key stage of the European Semester process. I also welcome and support the President's-elect pledge to follow-up on Parliamentary resolutions adopted by a majority of its members with a legislative act, in full respect of the proportionality, subsidiarity and better law-making principles.

If I am confirmed as a Commissioner, I will consider Parliament and Council equally important, where they act as co-legislators, in my work as Commissioner, and make sure that this is also respected in the way information is shared in areas under my responsibility. This is not only a legal requirement, but also a must for a Commissioner who, as a Member of the College, is accountable to directly elected Members of the European Parliament. On the personal level, I find it a prerogative as a strong believer in democracy and as a committed European. I will be available to regularly attend trilogues, as well as plenary and committee meetings in order to listen to the views of the European Parliament and respond to its concerns, and I will ensure a direct and regular flow of information with the Chair and direct communication with committee members. As a former journalist, I believe that citizens must be informed about European policies and debates, and parliamentarians are best placed to help with that mission. I will also ensure that the European Parliament is regularly briefed, notably before major events and at key stages of international negotiations in areas under my responsibility.

President-elect von der Leyen supports a right of initiative for the European Parliament. She is committed that her Commission will follow-up on Parliamentary resolutions adopted by a majority of its component members with a legislative proposal, in full respect of proportionality, subsidiarity and better law-making principles. I fully subscribe to this objective.

As part of the next College's commitment to a deepened partnership with the European Parliament, I will work hand in hand with Parliament at every stage in debating resolutions under Article 225 TFEU. I commit to work closely with the relevant parliamentary Committees, and be active and present during the preparation of Article 225 TFEU resolutions. I strongly believe that this will improve dialogue, foster confidence and a sense of working together towards a common goal.

I will take full political responsibility for the activities in my area of competence, if confirmed. The European Commission is a crucial institution as a guardian of our Treaties and of the heritage of the founding fathers of the European Union, which I would be honoured to serve. As future Commissioner, I would actively defend and promote the general interest of Europe, and always act in line with the principle of collegiality. I will work closely with Executive Vice-President-designate Valdis Dombrovskis and with the other Members of the College to deliver on the six priorities of President-elect Ursula van der Leyen, and in particular to contribute to inclusive and sustainable growth for Europe and deepening the Economic and Monetary Union, while promoting the role of Europe as global leader. It is only by working together towards a common goal as a College and as EU institutions that we can respond to the legitimate demands of Europeans of prosperity, stability and protection.

3. What is your stance on the application of the Stability and Growth Pact? What are your intentions with regard to the upcoming review of the EU's fiscal framework, in particular concerning pro-cyclical effects, investments, macroeconomic imbalances and the simplification of the rules?

The objective of the Stability and Growth Pact is to ensure that Member States coordinate fiscal policies and pursue sound public finances, essential factors to promote growth and maintain stability. The Pact aims to prevent, and where necessary correct, excessive deficits to keep debt at sustainable levels. Without prejudice to this sustainability objective, the Stability and Growth Pact is also meant to allow for fiscal-based macroeconomic stabilisation. Differences in economic conditions and debt-to-GDP ratios across Member States as well as in national preferences on the appropriate pace of debt reduction make reconciling the sustainability and stabilisation objectives challenging. It also makes it challenging to achieve consensus and ownership on the appropriate adjustment path. If confirmed as a Commissioner for the Economy and in line with President-elect von der Leyen's Political Guidelines, I will seek to have the Commission apply the Stability and Growth Pact making full use of the flexibility allowed in the rules. Together with the current environment of particularly low interest rates, this will help us achieve a more growth-friendly fiscal stance in the euro area while safeguarding fiscal responsibility. Moreover, because they increase potential growth, investment and structural reforms make a key contribution to debt sustainability. As stated in my Mission Letter, my task is to ensure that economic policy encourages sustainable growth and offers the protection and stability Europeans need.

I am aware that the 2011 reform of the Stability and Growth Pact introduced regular reviews of the fiscal rules. Accordingly, the Commission has to publish an assessment of the EU's fiscal framework by the end of the year. The European Fiscal Board has already provided valuable input to this process. The review will provide a stocktaking of the Stability and Growth Pact and evaluate the experience so far with the application of the rules. It will also provide orientations for the future. The ensuing consultation of Member States and stakeholders will allow for an exchange of views and offer an opportunity to reconcile polarised positions in order to rebuild trust. My experience as Prime Minister has made me even more aware of the fact that consensus-building has very much to do with trust, keeping engagements that have been taken and working hard for shared objectives. Indeed, ensuring ownership and effective enforcement of the rules will be key in the coming years. The review will provide the necessary basis to assess whether an update of the rules is warranted. It will also be the occasion to take stock of other elements of the so-called 'six-pack', in particular the Macroeconomic Imbalance Procedure, which provides a framework of surveillance for

economic developments that were outside the scope of coordination before the financial crisis, such as external imbalances, competitiveness, housing markets or fast-rising levels of private debt. The Macroeconomic Imbalance Procedure has allowed to broaden the scope of the surveillance and we will need to implement it in a way as to correct the current external imbalances.

4. How do you envisage reforming the European Semester? How will you deliver on enhancing democratic accountability? What are your views concerning the incorporation of social and environmental criteria?

Since its inception in 2011, the European Semester has continuously evolved. Today, it touches upon many dimensions of social and economic policy. There has rightly been an increasing focus on social issues: almost half of the country specific recommendations touch upon issues in the areas of employment, education, healthcare and social policy. Nevertheless, as underlined by the President-elect, the recommended economic policies in the European Semester should balance social rights, Europe's climate neutrality and a competitive economy. Establishing the European Pillar of Social Rights has been a major achievement and a clear commitment to the European social market economy. The next Commission is committed to putting forward an action plan to fully implement the European Pillar of Social Rights and I am proud to be charged with leading the work on a European Unemployment Benefit Reinsurance Scheme. I want the Semester to support these major initiatives and help Member States in promoting upward convergence and progressing towards social fairness and welfare, including by paying more attention to the distributional consequences of recommended policies. I will contribute to delivering the President's-elect commitment to refocus the European Semester into an instrument that integrates the United Nations Sustainable Development goals.

Europeans speak loud and clear on the importance of climate and environmental issues. From the beginning of my political career, environmental issues have been extremely important to me. I strongly believe that their economy-wide relevance should be better acknowledged in the coordination of economic and social policies. The overall aim should be to ensure close political correspondence between the Semester and the various dimensions of the United Nations Sustainable Development Goals, while keeping a focus on the key economic policy challenges with macroeconomic relevance. I commit to taking the first steps into this direction already in the upcoming European Semester cycle.

The real value of the European Semester is to coordinate our policies on matters of common concern in terms of sustainable economic prosperity and for all Member States to respond to their most pressing challenges. We have the duty to listen, and to act according to the interests of Europe. We have the duty to listen to our societies, to the social partners, and most importantly to this generation of young Europeans, which shows us the importance to act united. To deliver real change for the better, the importance of a genuine policy dialogue cannot be overstated, not least when reforms are complex and require time. Ownership of the policy recommendations under the Semester determines their long-term impact on the ground. I believe that we should put Member States' own economic reform strategies and commitments more centre stage. I will be an advocate of deepening the dialogue with Member States about their policies, by more technical and political missions to Member States and providing a concrete Commission assessment of Member States' reform plans. If confirmed, I intend to lead the way and visit all Member States in the first half of the mandate

to discuss key economic and social challenges with representatives of government, national Parliaments and relevant stakeholders, in particular social partners and civil society.

I am also committed to further developing the close partnership between the Commission and the European Parliament in the area of economic governance. The Commission already listens carefully to the views of the Parliament, not least as expressed in its two yearly reports on the European Semester. I am convinced that your voice can be stronger and that the Semester is a prominent way to work closer together. If confirmed as Commissioner, I will be coming to the European Parliament before each key stage in the Semester process to discuss with you the main challenges as we see them and debate with you what needs to be done to overcome them. I also firmly believe that we need to build on the existing efforts to reach out to citizens and stakeholders. As elected representatives, Members of the European Parliament should be at the heart of our joint efforts to listen to national parliaments and citizens directly. The annual European Parliamentary Week co-organised by the European Parliament bringing together Parliamentarians from all over the EU already provides valuable input and I am committed to continue and intensify our joint exchanges.

5. What is your intention with regard to the Treaty on Stability, Coordination and Governance?

The Commission proposed a Directive in December 2017 aiming to incorporate the substance of the Treaty on Stability, Coordination and Governance in EU law, taking into account the appropriate flexibility built into the Stability and Growth Pact and identified by the Commission since January 2015. The proposal, which incorporates into Union law the main elements of the Treaty in order to support sound fiscal frameworks at national level and is fully in line with the existing rules, is intended to allow the contracting parties to fulfil their commitment in this regard. However, the Parliament's opinion is still pending and there has not been sufficient support for the proposal in the Council. The assessment of the EU's fiscal framework by the end of the year will provide an opportunity to take stock on this. The European Parliament has an important role to play to ensure transparency of the implementation of fiscal rules and democratic accountability.

6. Could you specify your priorities and road map for an EU tax agenda? How would you as Commissioner promote a more modern, simpler, fairer taxation system, in particular taking into account the on-going International Tax Reform led by G20 (including the discussions around a minimum effective corporate tax rate and the need to put an end to harmful tax practices), the digitalisation of the economy and the EU Climate Change agenda? Do you intend, if appropriate, to make use of the procedure laid down in Article 116 TFEU which makes it possible to change the unanimity requirement in the tax area?

The EU tax agenda for the upcoming years will be shaped by the challenges that we are currently facing. First, the ambitious environmental and climate policies agenda put forward by President-elect von der Leyen will need to include decisive tax policy measures. Secondly, tackling tax fraud, evasion and avoidance at EU and international level will continue to be essential, so that Member States can continue to raise revenues and to carry out their economic and social policy. Third, technological change and globalisation have enabled new business models, which have made clear the need for a reform of the international corporate

tax framework. Moreover, tax policies are an important tool to support the competitiveness of the EU and stimulate investment, growth and entrepreneurship in its Single Market. To reap its full potential, it should be easier for businesses to operate and citizens to work cross-border. If confirmed as Commissioner, these considerations will be at the heart of my agenda for the next five years, both at the EU and through the coordination of national tax policies, and they will feed into my priorities. In the last years, the European Parliament has been a key ally in taking the tax agenda forward. I hope I can count on the same level of support to keep up the momentum and achieve further progress together.

Taxation can play a direct role in achieving the European Green Deal goals. This is why, together with the Executive Vice-President-designate for the European Green Deal, I will work to make sure that our tax system provides the right incentives to steer behaviour of producers, users and consumers, ensures a level playing field and helps to compensate vulnerable groups affected by this transition. One of the key objectives will be the modernisation of the Energy Tax Directive, which dates back to 2003. According to a recent evaluation, the Directive is outdated and no longer in line with current needs. In particular, it has not kept pace with the many developments at EU and international level in the field of energy efficiency and climate change. The level of ambition of the modernisation of the Energy Tax Directive is intertwined with the way in which the Emissions Trading System will be extended. Moreover, we have to make sure that the transition towards a climate-neutral EU should be done in a way that is just and socially balanced. A more ambitious EU Emissions Trading System to reach the target of climate-neutrality by 2050 should be combined with measures to avoid carbon leakage and secure the Union's competitive advantage; we cannot be left without a level-playing field. This could cause economic and social backlash and defeat the attainment of our climate goals. For this reason, the President-elect proposed the introduction of a carbon border tax. The design will have to be carefully crafted to exert political pressure on climate laggards to take action, to ensure that EU companies can compete on a level playing field and to be fully compatible with rules of the World Trade Organization.

Fighting tax fraud, evasion and avoidance is crucial to maintain sound public finances and secure funds for public goods such as quality education and healthcare. In the past years, substantial progress has been made on tax transparency, administrative cooperation and the fight against tax avoidance. Nevertheless, more needs to be done and I will make it a priority to advance this agenda. I want to simplify the life of taxpayers that play according to the rules and focus punitive action on those that do not. My strategy will build on three pillars: i) increase tax certainty and facilitate compliance with the rules; ii) combating fraud and evasion iii) adapting the EU's tax governance framework, in particular by reinforcing the way we cooperate between Member States. I will also continue to work towards a fraud-proof definitive value added tax system that works for the Single Market. The fight against tax fraud, tax evasion and tax avoidance should not be limited to the EU. We should also develop stronger measures to combat harmful tax regimes around the world. In this respect, the common EU list of non-cooperative jurisdictions for tax purposes has delivered unprecedented progress. The EU is now in direct dialogue with our main partners on tax issues. Our partners have taken major steps to stop harmful tax practices and to improve cooperation in tax matters. I believe this is an area where improvement can still be sought, in particular to find an agreement on meaningful coordinated defensive measures to apply to listed countries and to improve the transparency of the process.

The international corporate tax framework is out of step with the realities of the modern economy. It is too complex and does not ensure that profits are taxed where they are generated. While these challenges are not limited to the digital sector, they are particularly clear and pressing in relation to the taxation of the digital economy. Together with the Executive Vice-President-designate for a Europe fit for the Digital age, I will ensure that the Commission and the EU in general leads international efforts to find an agreed approach on digital taxation at the level of the G20 and the Organisation for Economic Co-operation and Development. The next months will be crucial to make progress. If an effective global agreement is reached, this will require coordinated implementation in the EU in order to reduce compliance costs and increase tax certainty for businesses. If no effective agreement is reached internationally by the end of 2020, the EU should act alone. We will need a solution at EU level that provides a solution to the challenges of the digital economy, brings benefits to the EU and enables us to find an agreement between Member States. I am also determined to make progress within the EU on making the tax system more business-friendly and better supporting growth, investment and innovation. The EU tax system must be simpler, clearer and easier to use. In this respect, I see the work on a common consolidated corporate tax base as a crucial part of this agenda aimed at making our tax systems simpler, clearer and easier to use.

To ensure we can meet all these challenges, I am convinced, as expressed in my Mission Letter, that we should make full use of the clauses in the Treaties that allow proposals on taxation to be adopted by co-decision and qualified majority voting. Taxation is one of the last EU policy areas where decision-making relies exclusively on unanimity. In recent years new emerging challenges in the EU and globally have exposed the limits of unanimity in taxation and our capacity to react swiftly. In today's digital and global economy, the EU needs to be able to adjust faster and more efficiently its tax policy to evolving needs. Moreover, under the current rules the European Parliament has a mere consultative role. A true decision-making role of the Parliament under the ordinary legislative procedure would make the decision-making in taxation more efficient. A progressive and targeted transition to qualified majority voting and the ordinary legislative procedure could render EU policymaking in taxation more agile and more democratic. In this context, Article 116 of the Treaty on the Functioning of the European Union offers an alternative route for the use of qualified majority voting. Its mechanism could be triggered in cases of evidence of an existing distortion of competition in the internal market due to divergent national rules. I am ready to make use of it in the future should the legal conditions be met.

7. How would you concretely improve the functioning of EMU? What is your intention with regard to the establishment of the European Unemployment Benefit Reinsurance Scheme?

The euro, our common currency, is a symbol of our unity. Progress has been made in recent years in returning Member States and the overall euro area economy towards sound and sustainable growth paths. However, the economy is slowing down and risks are looming. Swift progress in completing the Economic and Monetary Union is an essential part of the policy response. It will help also to address the persisting divides in term of social cohesion and economic performances within the European Union. We need to learn the lessons of these years: despite the achievements, the incomplete nature of the Economic and Monetary Union can lead to sub-optimal macroeconomic outcomes. More reforms would help the euro area to enjoy stronger, more sustainable and inclusive growth, and to shield it better from economic

downturns. This underlines the importance of progress in deepening of the Economic and Monetary Union, which, in a context of risks surfacing to the global economy, would also foster market confidence. This is also essential for boosting the international role of the euro and the role of Europe in global governance. We need to continue to promote reforms of our common governance system and of our national economies while engaging in an ambitious Sustainable Europe Investment plan and launching the future InvestEU programme. We need to be up to the challenges of our time.

In her Political Guidelines, President-elect von der Leyen stressed that the deepening of the Economic and Monetary Union will be prioritised in the next five years. In the short-term, it means turning the steps agreed at the Euro Summit of June 2019 into concrete deliverables. It includes a Budgetary Instrument for Convergence and Competitiveness for the euro area to support Member States' structural reforms and investment and a common backstop to the Single Resolution Fund.

Beyond these, we will need further collective efforts to advance on deepening the Economic and Monetary Union. A key priority is to make progress towards a Financial Union, by achieving the Banking Union and taking further steps towards the Capital Markets Union. A strong, integrated and resilient capital market is the best starting point for the single currency to become more widely used internationally, and a complete Economic and Monetary Union will reinforce the credibility.

The President-elect announced her intention to propose a European Unemployment Benefit Reinsurance scheme. This scheme would strengthen social cohesion by ensuring that citizens across the EU are protected in case of job loss. It would help Member States to mitigate economic shocks more quickly and avoid negative spillovers. It is essential that the design of the scheme take into account a series of economic and political constraints. In particular, design features should ensure that: (i) there are no permanent transfers between Member States; (ii) support is provided in a timely fashion and only in case of significant shocks; (iii) the scheme does not create disincentives for Member States to conduct sound fiscal policies and implement needed structural reforms. While taking into account these constraints, setting up a European Unemployment Benefit Reinsurance scheme remains a key element for completing the architecture of the Economic and Monetary Union.