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**"A European civil service fit for the 21<sup>st</sup> century"**

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

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Let me start with a question: which civil servants work the shortest hours, have the most holidays, the highest pay and the biggest pensions, and yet still manage to be accused of over-regulating and -controlling?

I can see from your faces, ladies and gentlemen, that some of you think you already know the answer! According to many national politicians and the media, it's the so-called 'Eurocrats' of course. In these times of economic crisis and financial austerity, it has become the norm to blame 'Europe' for imposing cuts in pay and pensions at the same time as painting EU civil servants as being disconnected from reality.

Thankfully, we don't have to believe everything we read in the press, and I'm glad to be able to have the opportunity here this morning to set out an alternative – and altogether more realistic – assessment of the role and value of the European civil service.

Commissioners, Parliamentarians and national ministers rely on a European civil service that is independent and neutral. It must work in the general European interest – not for a specific country or interest group – and find solutions to the often complex issues that arise from working across 27 Member States, at the same time as encouraging greater and more effective cross-border cooperation.

I have had first-hand experience of working with the European civil service for many years – first as ambassador for a candidate country, then as Permanent Representative of a Member State and now as a Commissioner – and I can tell you that without an independent and competent civil service in which to trust, it would be all but impossible to move Europe forward and find solutions acceptable to everyone.

Let's start with a few figures to try to explode some of the myths surrounding the EU public administration. It may come as a surprise to you to learn that there are just 56,000 civil servants working for the EU, of whom around 30,000 work for the Commission, with a further 18,000 working for the other institutions and 8,000 for EU agencies all over Europe, from London to Helsinki, Warsaw to Heraklion.

For smaller Member States, this may sound like the size of an army but the European Institutions have to operate in a context with 27 Member States, 500m citizens and 23 languages.

In fact, the EU civil service is around the size of that of a large city, and far, far smaller than many national administrations: the UK, for example, has 444,000 civil servants working in comparable central government roles, with the just under a quarter of those – around 100,000 – working for the Department for Work and Pensions alone. France, meanwhile, has 2 million state civil servants, and the city of Paris over 40,000. Germany has 130,000 Federal civil servants, and the Federal Ministry of Finance alone employs more people (1850) than DG ECFIN, DG TAXUD and DG BUDG combined (1490).

I don't want to bombard you with figures, and in any case I think it's clear that the EU civil service, in terms of the number of staff per citizen, is tiny compared to most national administrations. Of course, tasks are not fully comparable but still you have to bear in mind that EU institutions are constantly being asked by Member States to take on more work. Every time Council asks the Commission put forward new proposals, for example on overseeing the financial markets or tackling cyber crimes, this involves more work; every time the Treaties are renewed and the role of the institutions is expanded, this means more work; every time a new Member State joins the EU, adding to the linguistic and administrative complexities of the union, this means more work. This is something one has to bear in mind when talking about the EU institutions and the civil service.

Now, you could tell me "ok, the size is right, but the cost is much too high". So what about the cost of the EU civil service? Again, I need to give you a few figures, so please bear with me.

The EU budget accounts for around 1% of the total GDP of the 27 EU Member States – around €130bn in 2012. This means that the average EU citizen pays around 70 cents per day to finance the entire EU for a year – less than the cost of a cup of coffee.

Of this figure, - and this is important to underline again and again - 94% is spent on EU citizens, regions, cities, farmers and businesses. It is invested in policies and programmes designed to bring growth and jobs to all 500m EU citizens, to benefit the nationals of each and every EU Member State, regardless how large or small their country or how much their national government pays into the EU budget. It is not money "for Brussels".

Only a small part of the budget, around 6% or €8.3bn, is spent on administration, with salaries account for just half of that amount. Of this, the Commission alone accounts for roughly 40% (around €3.3bn).

But let's also have a look at the return on investment of EU staff. Thanks to the work of the EU institutions and their civil servants, we have been able to return billions of euros to national coffers over the last few years and bring many more in direct savings to consumers. In 2010 alone, the Commission brought 14 antitrust and cartel decisions, imposing fines of €2.9bn and bring estimated benefits to consumers of a further €7.2bn, for example through lower prices and greater competition. Over the last five years, the Commission has imposed fines totalling more than €10.1bn on cartels damaging the European economy, and every single cent of that money has been returned to the general EU budget, reducing the amount national governments pay for other EU policies from domestic taxes.

The figures are clear and speak for themselves. And yet each year when the Commission proposes its annual budget for the following 12 months, the headlines are always the same – Brussels is asking for more money for itself and is out of touch with reality.

What the papers don't say is that our hands are tied by the complications of the EU budgeting process, where money is allocated over a seven-year period, and a large proportion of the payments actually take place towards the end of that period. What we have now is a pile of unpaid bills from the Member States, for investments they have already made in everything from new roads and bridges to research programmes or environmental protection measures, not to mention investments in policies and programmes designed to stimulate growth. Above all, this is not money for Brussels, or for the Commission – it is for the citizens, regions and Member States and plays an important role for public investment in many Member States.

I don't mention all this to say that the European institutions and the EU civil service should be spared efforts for greater efficiency and savings.

On the contrary, there is room for greater efficiency in any administration, and the Commission recognised this as far back as 2004 when Neil Kinnock was the commissioner in charge of reform. The EU did not wait until the economic crisis to create a leaner, more efficient and less expensive administration on the European level - the 2004 reforms generate savings of €8bn until 2020.

Even so, in light of the current economic climate, I have proposed further cost savings that are wholly consistent with the cuts proposed by many Member States in their own national administrations.

The main proposal I have put forward is a 5% cut in staff numbers for all institutions and agencies which will save €834m by 2020 and €339m a year in the long term. At the same time, working time will be increased to 40h per week and the number of so-called travel days for staff will be reduced. This means that staff will have to work more for the same salary and will thus produce significant savings.

Other measures include for example increasing the retirement age from 63 to 65 (one of the highest in the civil services in the EU), reducing travel allowances, increasing the special levy (a form of income tax) paid by EU civil servants and making it harder for civil servants to accede to higher grades.

All these measures together will save €1bn by 2020 and a further €1bn a year in the long-term, given that many measures in the field of HR policy take time to have their full impact.

I have also responded to the concerns of some Member States by proposing to revise the way in which the 'method' used for calculating EU civil service remunerations, making it more transparent and reflecting more closely the political decisions taken by - all - Member States for the salaries of their own civil servants. Many Member States claim that the 'method', which regulates changes to staff salaries on the basis of purchasing power, is inflexible and out of touch with reality, allowing EU civil servants to benefit from pay rises as national administrations suffer. Yet many Member States increased public sector salaries in 2011 and this is the only reason for any increase at the European level.

Together, the 2004 and 2011 reforms offer a comprehensive response to the current economic and financial reality. They are the result of extremely tough negotiations carried out in a spirit of openness and frankness with the College, with staff and with the unions. The social dialogue with the unions lasted nearly 6 months. I am fully aware that what I have asked staff to accept took the EU civil service to the very brink of strike action, and that's why I do not consider it appropriate or wise to make even deeper cuts, as some Member States have asked.

We have to make sure that the EU continues to function effectively and – just as importantly – that we are able to attract the very best people into the EU civil service.

To do this, we have to be able to offer them a remuneration package that reflects their abilities. We must not forget that we are competing in the job market for the brightest and the best that Europe has to offer, a workforce that has the skills and the expertise to allow it shop around and get the very best deals. And believe me, there are plenty of exciting offers available to them out there! Many of the people we are looking to recruit are highly qualified and could earn far more as bankers, lawyers, economists or consultants in the private sector, or indeed if they joined the civil service of high wage countries instead. A Commission lawyer, for example, could never hope to match the salary expectations of a partner in an international law firm, whose salaries can easily reach one million euros a year!

And at the same time, EU civil servants are subject to high ethical standards that prevent them from taking the revolving door out of the institutions and move easily into high-paid jobs in consultancies or the private sector. The Commission has been working hard on these ethical issues, and as you can see from the vote in the Parliament end of April that some want to make these rules even stricter.

We need to change the perception that the EU simply costs money and brings nothing in return and focus on highlighting the many, many benefits – financial, social, environmental – that Europe brings. It's not just a question of how much 'Europe' costs, it's a question of how much 'no Europe' would cost as well.

We've already seen how European consumers – and the EU budget – have benefited from cartel and anti-trust decisions over the years, but these are only a small part of the added value of Europe. I could also give the example of the internal market – a European benefit that even the greatest eurosceptics can accept – which has saved governments and companies billions of euros over the last 20 years by eliminating costs, led to the creation of millions of jobs and stimulated economic growth.

How much more could we achieve with the single market if the remaining barriers – to the free movement of services, for example – were finally scrapped by Member States? Who but Europe could hope to ensure the security of energy supply by promoting the interconnectivity of networks? Who else if not Europe would take the lead in committing to cut greenhouse gases? Who but Europe could help create 3000 companies and 28,000 jobs in the last five years alone through cohesion funding investment that has benefited millions of Europeans - and all of this in a climate of austerity.

There are many more examples I could give, but I'd like to conclude with a word of warning. As I am sure you know, the staff reform proposals I made last year are now being debated by the Parliament and Council – indeed, Parliament's JURI committee adopted its position just last month. It is overall balanced and in line with what I have proposed, even if the committee did not accept all of my proposals or proposed some amendment whose financial implications we will have to analyse. But the real controversy is likely to be with Council.

There have been calls for greater cost savings - €5, 10 or even 15bn compared to the €1bn that my proposals will bring. I can of course understand why they are making these calls. But they are simply not realistic – how can we squeeze more than we already do from so small a budget? Remember, the 5% cut in staff that I propose will make savings of roughly €1bn; it doesn't take a genius to work out how many more staff we'd have to lose to reach even the €5bn mark – just do the math!

And let's not forget that we are still in the middle of the worst economic and financial crisis in a generation, and that finding a European solution to our shared problems will once again require the expertise of a dedicated and effective EU civil service.

Can you imagine what the reaction would have been if the Commission had sat back and done nothing to help Greece on the grounds that it did not have the staff or the budget to do so? Instead, the Commission in mid-2011 set up a dedicated Taskforce of around 50 EU officials to work intensively with the Greek authorities to support the implementation of many of the key reforms agreed with Athens.

At the same time, we have set up dedicated agencies to monitor financial markets and adopted a whole new approach to economic governance through the European Semester and the so-called 'fiscal compact'. The Commission will have the monumental task of assessing the budget proposals of each Member State, proposing changes and verifying compliance - and all of this with no extra resources.

We will manage this with internal redeployment of staff: in addition to the 5% staff cut until 2017, all Commission services will have to give 5% of their staff to a pool for reallocation to the priority areas. We will cut more overheads and we will be obliged to have a much more difficult debate on negative priorities.

And let's not forget that this is not the Commission taking a greater role for itself; this is a role that we have been asked to fill by the Member States, recognition that we are best placed to act as the most objective referee in such a sensitive area! We will need top class people to do this job, we will compete with organisations like IMF, OECD and World Bank for the best talents and I think our Member States and citizens have the right to expect that these extremely important and sensitive tasks are carried out by Europe's best economists, statisticians, scientists or lawyers.

I think it's clear from the election results last weekend across Europe that there is also a real desire for a new approach to tackling the crisis – one that complements austerity and rigour with growth and job-creation. Thankfully, we already have a programme in place to stimulate economic growth and boost the labour market – it's called the Europe 2020 strategy. Each and every Member State has already approved and adopted this strategy – yet it has been largely ignored for the last two years as we have focused on overhauling and reinforcing the rules and practices of economic governance in the EU. The time is now right, as President Barroso said in his State of the Union speech last September, to "unleash the energy of our economy, especially the real economy," to focus on growth-enhancing structural reforms and the completion of the Single Market.

But we will need good people to do this! The simple fact remains that a large number of EU civil service staff are approaching retirement, many of them from the higher-wage 'old' Member States. Replacing these retirees with staff and still keeping the broad geographical balance between all 27 Member States will not be easy, not least because European careers are far less attractive to citizens from those countries. Some retirees will not be replaced – that is where the savings will come – but new recruits will have to be found to fill most of the vacant posts, or we risk quite simply being unable to do our job. And as I said before: it is not only about numbers, but also about the quality of people. There are many examples from the Member States of how low administrative capacity has significantly hampered their ability to spend the money allocated to them from EU funds – money which is subsequently lost. Put simply, we need to be able to offer potential EU civil servants a career that is rewarding not only in terms of job satisfaction but also financially.

Ladies and gentlemen, I hope that I've been able to show you a little more clearly just what the added value of the European civil service really is, and why I will defend a reasonable and realistic approach for more efficiency and savings. We cannot allow short-term political or financial gains to be used to undermine the long-term work of what is already a lean and efficient civil service.

Yes, European institutions and staff must, in the spirit of solidarity - that is one of the defining principles of the EU -, take their share of the austerity measures; but this must come with recognition that if Europe is to emerge stronger and more unified from the crisis, it needs to be served by an efficient and effective public administration.

Maybe more than ever, we will need the hard-work, invention and commitment of the European public service to help us through the crisis and beyond, to ensure that Europe can create much-needed growth and jobs, to make sure that the final barriers to trade are removed, to help give future generations the peace and prosperity that we have all enjoyed for the last 50 years and to help Europe play its role as a global leader.

As a summary I would say: Yes, I want more efficiency; yes, I want more savings. But no, I cannot accept unreasonable and unrealistic demands for cuts that would bring the EU machine grinding to a halt!

Thank you for listening