



Council of the  
European Union

Brussels, 12 May 2015

8843/15

PE 102  
INST 159  
JUR 315

**NOTE**

from:	General Secretariat of the Council
to:	Delegations
Subject:	Summary report of the meeting of the <b>Constitutional Affairs Committee (AFCO)</b> of the European Parliament, held in Brussels on 5 May 2015

A meeting with a rich agenda, which included a public hearing on the 'Institutional aspects of the new rules on economic governance and the role of the Eurogroup', in which most speakers voiced accountability concerns and advocated an enhanced role for the EP.

Ms HUBNER (EPP, PL) and Mr LEINEN (S&D, DE) discussed various suggestions to reform the European electoral law, in the hope to have a shortlist of concrete proposals to put forward in their upcoming report.

Mr CORBETT (S&D, UK) could largely accept the amendments tabled to his report on ways to improve Commissioner hearings.

Mr GIEGOLD (Greens, DE) discussed the transparency register, legislative footprints, the code of conduct for Commissioners and whistle-blowers in the context of his forthcoming report on 'Transparency, accountability and integrity in the EU institutions'.

The EP rapporteur on the EP's right of inquiry, Mr JAUREGUI ATONDO (S&D, ES), briefed the committee on his informal meeting with the LV Presidency, the Council and the Commission at the end of April and made concrete suggestions as to how to move forward on this file.

## **Item 1 - Public hearing: Institutional aspects of the new rules on economic governance and the role of the Eurogroup**

Mr GUALTIERI (S&D, IT), chair of the ECON committee, presented the first set of speakers, who discussed the role of the Eurogroup in the economic governance framework.

The first speaker, **Mr Daniel GROS** (Director of economic policy studies, CEPS, Brussels), focused on Member States' inter-dependence and the spill-over effects of a Member State's fiscal policy on other Member States. He argued that spill-over effects gave legitimacy to the EU for interfering with national economic choices, particularly in moments of economic crisis. However, he cautioned against too much policy coordination outside periods of acute financial crisis, and invited the EU to take greater account of spill-over effects when coordinating Member States' economic policies.

**Mr REPASI** (University of Leiden) explained how the Eurogroup had evolved from a weak institution to a key player in economic governance. However, its increased role was not accompanied by sufficient democratic accountability. In particular, the Eurogroup had no legal obligation to inform on its activities, had no minutes, and its president was not accountable to any parliamentary body. He called for the Council to be held to its Treaty obligations, and to thus avoid rubber-stamping Eurogroup decisions. Given the ECB's participation in the Eurogroup, Mr REPASI also questioned the ECB's independence and the way it could influence decisions taken outside the scope of its policy mandate. Lastly, he called for the EP to exercise greater democratic control in the light of the Eurogroups' enhanced role.

**Mr RAGOT** (*Observatoire Français des conjonctures économiques*, OFCE, Paris) recommended the creation of an integrated coordination mechanism. He identified three aspects of coordination that should be considered every month by the Eurogroup: (1) nominal divergence - i.e. differing price levels across Member States; (2) the supervision of capital flows and (3) aggregate demand management. Further, he proposed (i) the creation of three independent councils in each Member State (one for each aspect); (ii) a study by the national government and parliament of each Member State on the national aspects of eurozone decisions; and (iii) three European networks which could produce an independent European report on each of the three aspects identified above.

The second panel discussed "The institutional aspects of governance of the Eurozone by the Eurogroup - the democratic challenges".

**Mr CRAIG** (Oxford University) held that there was a mismatch between the Treaty provisions which give the Eurogroup formal legitimacy (Article 137 TFEU and Protocol 14), and its considerable de facto power - particularly in setting the Euro Summit agenda and implementing Euro Summit policies. He was critical of the lack of transparency and accountability in the way the Eurogroup implemented such policies and spoke of the powerful role of the president of the Eurogroup, who was also the chair of the board of governors of the ESM.

He advised that democratic accountability required two considerations that were currently absent: (1) a reflection on the aspects that improve accountability (access to information, the giving of reasons, availability of data), adding that the EP was the natural locus for such accountability; (2) exploring how far the EP or the European institutions outside the Eurogroup and Euro Summit should be able to have an impact on the substantive policy choices made by the latter. He argued that this was a key issue to be debated and resolved.

**Ms SCHWARZER** (German Marshall Fund, Berlin) spoke about the role of national parliaments. She welcomed a reflection on how they could be more strongly involved in trans-European debates, but cautioned against giving them too strong a role: the intergovernmental component in the euro area could lead to an undesirable renationalisation of debates. However, she claimed there was a need for national parliaments to take greater ownership of economic reforms. Like other speakers, she argued that the EP was the key forum for a transnational democratic debate on euro governance. The EP thus had to use the space provided by the Treaties, but also had to be reactive in the intergovernmental sphere in order to informally increase its supervisory powers. She invited the EP to better reflect on how it could go about enhancing its role in this context (possibly with the creation of sub-committees), and welcomed a potential Treaty change to give the EP a substantive role in defining policy guidelines.

**Mr LA TORRE** (La Sapienza University, Rome) believed that the road to efficient, new financial supervision involved dealing with unresolved issues and enhancing transparency. He urged policy makers to better monitor the functioning of the new SSM to identify critical areas. He also held that as long as the EU did not share a common culture, there would be no link between economic governance and political union.

In the following debate, members questioned:

- Mr RAGOT's idea of creating yet more fragmentation and institutions dealing with economic governance in the EU - Mr GUALTIERI (S&D, IT);
- Mr GROS' theory of reducing economic policy coordination outside periods of financial crisis - Mr RANGEL (EPP, PT) and Mr SILVA PEREIRA (S&D, PT);
- how the EP could organise itself internally to enhance its role. Ms RODRIGUES (S&D, PT) supported the idea of sub-committees. Mr CORBETT (S&D, UK) advised against differentiating between euro-area and non-euro-area MEPs. This would otherwise trigger similar calls for differentiation in Schengen matters, defence issues, maritime policy (between land-locked and coastal Member States), etc. He claimed that the differentiation in the Council was balanced and sufficient.

### **Item 7 - Reform of the European Electoral Law**

Ms HUBNER (EPP, PL) and Mr LEINEN (S&D, DE) presented their working document to the committee. Ms HUBNER had perceived a positive attitude from the next Presidency on the issue, although it was difficult to prejudge. She clarified that the working document contained a long list of 20 suggested measures, which would be shortened after the AFCO discussion. Some measures were already non-starters in the Council (e.g. transnational lists) while other elements required Treaty change and thus could be taken up by Mr VERHOFSTADT (ALDE, BE) in his upcoming report on "Possible evolutions and adjustments of the current institutional set-up of the EU".

Mr LEINEN listed the proposals in the working document:

- Obligatory national/regional thresholds
- Harmonised voting systems
- Harmonised age of voters/candidates
- Codification of top candidates in Electoral Act and common deadline for their nomination
- Visibility of European Political Parties on ballot paper
- Common deadline for establishing lists at national level
- Electronic/online voting possibilities
- Procedures to prevent voting in more than one MS
- European voting cards
- European Electoral Authority
- Uniform voting day and/or common date for end of voting
- Harmonised requirements to vote abroad
- Harmonised methods for the allocation of seats based on electoral results in the MS
- Common rules for the creation of constituencies
- Gender balance
- Minimum standards for transparency and democracy concerning the nomination of candidates.

Despite the report containing other more far-reaching suggestions (European thresholds; transnational lists; the allocation of seats to European Political Parties by double proportionality and European rules governing the legal privileges and immunities of MEPs) these are listed separately, as an indication that they could best be addressed in the context of a potential Treaty revision.

Several MEPs advocated a less ambitious approach, calling for the paper to focus only on a select number of key issues (Mr CORBETT (S&D, UK), Mr RANGEL (EPP, PT), Mr ATONDO (S&D, ES), Mr McALLISTER (EPP, DE)). Such issues included: voting age, European party logos on ballot papers, harmonised deadlines, gender balance, transparency, and preventing double voting.

The proposals which were most discussed included thresholds and the Spitzenkandidaten procedure.

- **On thresholds**, members floated various percentages (not more than 5% according to Ms BRESSO (S&D, IT); between 2-3% for Mr PREDA (EPP, RO). Mr TERRICABRAS (GUE, ES) insisted that thresholds be discussed alongside common rules on the creation of constituencies, while Mr ANDERSSON (Greens, SV) expressed scepticism about imposing a common threshold.
- Most members welcomed suggestions to strengthen the **Spitzenkandidaten procedure**, and to enhance their visibility. However, Mr PREDA argued that this solution, which ultimately only favoured a leading candidate from one of the two largest parties, was not reflective of the "compromise philosophy" within the EU and was a rather an "artificial exercise" for the smaller groups. Mr BRESSO counter-argued that it still gave leaders of smaller groups more clout and visibility.

In their closing remarks, the co-rapporteurs appeared to adopt somewhat contrasting opinions. Mr LEINEN encouraged members not to shy away from attempts to change Member States' laws and practices - something which they did on a daily basis. Ms HUBNER, on the other hand, gave the example of the voting age being set in the Polish constitution to illustrate that even the most seemingly innocuous changes could be particularly difficult for Member States to accept.

## **Item 8 - Procedures and practices regarding Commissioner hearings, lessons to be taken from the 2014 process**

Mr CORBETT (S&D, UK) discussed the 49 amendments tabled to his report, most of which he deemed acceptable. The most significant amendments include:

- requesting, or suggesting, that each Member State put forward at least two candidates, one female and one male (supported by various members in the centre-left groups);
- that the EP periodically review the priorities identified by Commissioner-designates at their hearings (Ms TAPARDEL (S&D, RO));
- an improved check of the Commissioner-designates' declarations of financial interest (Greens);
- placing the CVs of all candidates on the EP website, in all official languages (ALDE members).

Other amendments, which Mr CORBETT did not support, include:

- rejecting his idea of a more limited number of questions, each with a follow-up question (ALDE members);
- allowing NGOs to participate and ask questions at the hearings (Mr BALCZO - NI,HU).

➤ Next steps: *JURI opinion, and AFCO vote on 17 June 2015.*

## **Item 9 - Transparency, accountability and integrity in the EU institutions**

Following the public hearing on 26 March 2015 on "Transparency, accountability and integrity in the EU institutions", Mr GIEGOLD (Greens, DE) held an exchange of views on his upcoming report on the matter. He stressed that the EU institutions had a good track record in terms of transparency, particularly as compared to Member States. This had been explicitly recognised in a recent report by Transparency International. However, recent Eurobarometer data showed that 70% of EU citizens believe that the EU institutions are corrupt. There was therefore a worrying mismatch between public perception and reality. Mr GIEGOLD suggested that the EU become a leader in transparency, accountability and integrity. To that end, he called for:

- the **transparency register** to become mandatory and to be binding also on the Council (this position was supported by Ms GOULARD (ALDE, FR) and Mr PLENKOVIĆ (EPP, HR), the latter expressing regret that only a limited number of law firms had registered);

- the EU to consider providing for a "**legislative footprint**" - like in the US - setting out who has provided input throughout the entire legislative procedure (Mr PLENKOVIĆ claimed this was a key point to address and urged MEPs to also declare whom they met);
- more transparency in the examination of breaches of the Code of Conduct for Commissioners;
- each institution to better protect **whistle-blowers** - Mr SCHÖPFLIN (EPP, HU) held that this was extremely important, despite warning that some whistle-blowers may not act in good faith or may be mistaken.

On transparency more generally, Ms GOULARD referred to the need to give greater access to trilogue documents, to make the selection of experts in committee work more transparent and to ensure a broader consultation of experts. Mr PLENKOVIĆ called for "proactive transparency" which would promote the highest degree of access to documents. Mr SCHÖPFLIN warned that a good balance had to be struck between transparency and privacy.

Ms PAGAZAURTUNDÚA RUIZ (ALDE, ES) and Mr SCHÖPFLIN questioned the established link between increased transparency and citizens' trust in the EU. The former argued that trust was actually shaped by the way the EU was depicted in national media, while the latter claimed that an increase in transparency paradoxically led to less trust.

In his concluding remarks Mr GIELGOLD referred to the EP's right to speak to lobbyists, but claimed that some may have had more resources and thus could better influence public policy than others. He also floated additional issues which members could reflect on, namely revolving doors, the evaluation of conflicts of interest in appointments, and ensuring a good separation between campaign financing and EP work.

➤ *Next steps: the rapporteur is planning an exchange of views with the LV Presidency and with First Vice-President Timmermans in June, and a workshop in September. He hoped his draft report could be discussed in October/November and for an AFCO vote at the beginning of 2016.*

## **Item 10 - Proposal for a Regulation of the EP's right of inquiry**

Mr JÁUREGUI ATONDO (S&D, ES) briefed AFCO members on the informal meeting that took place between the LV Presidency, the Council and Commission on 22 April on the draft Regulation on the EP's right of inquiry. Describing the meeting as "difficult" but "polite and cordial" and "significant", he expressed his gratitude to the LV PRES for accepting to meet. He claimed that the Presidency had taken the position that it could not negotiate given that it had no mandate to do so and there was no political agreement in the Council to resume negotiations. At the meeting, 8 articles were apparently identified as being problematic.

Mr JÁUREGUI ATONDO suggested to AFCO members that he was in a difficult position with regard to changing the text adopted by the previous Parliament, and acknowledged the letters from the Secretaries-General of the Council and the Commission, dated April 2014, warning of the serious legal concerns they had over the draft proposal.

At the AFCO meeting, the rapporteur subsequently suggested a concrete way forward:

- to invite the legal services of the three institutions to examine the text;
- to allow the political advisors from each political group to attend the meeting as observers;
- to have further AFCO discussions after such meetings to decide how to move forward.

If no political solution could be found, Mr JÁUREGUI ATONDO reassured members that the EP would express its indignation at the Council and the Commission in a resolution.

Very few shadow rapporteurs were present to approve his proposed way forward (only Mr SCHOLZ (GUE,DE) and Mr ANDERSSON (Greens, SV) who suggested, respectively, that further discussions be held with all the other shadow rapporteurs, and that some flexibility - albeit not too much - was required. Mr SCHÖPFLIN (EPP, HU) and Ms BRESSO (S&D, IT) also supported the suggested way forward.

In his closing remarks, Mr JÁUREGUI ATONDO stressed that a first vital step was to inform all shadow rapporteurs of the difficulties in the text and to consider possible solutions. Flexibility was necessary, but the EP also had to identify its red lines. He invited everyone to "pull together" to break the deadlock so that the EP could adopt its much-needed Regulation on its right of inquiry.



## **Item 11 - Budget - mandate for the trilogue**

In an exchange of views with AFCO, Mr FERNANDES (EPP, PT), General Rapporteur for Section III (Commission) of the Budget 2016, explained that the Commission was to submit the EU's draft budget on 27 May, and that the plenary vote was expected in October. While the EU budget only represented 1% of the EU's GNI, and was thus not large in overall terms, it was still significant in terms of investment. The focus of the budget would be on employment, enterprises and entrepreneurship. He stressed that the question of unpaid bills had to be resolved so that the MFF could be respected.

- *Next steps: 17 June - consideration of draft opinion in AFCO; 16 July - vote on AFCO opinion; 3 September - vote in BUDG; and October plenary vote.*

### **Votes**

- Mr JÁUREGUI ATONDO's (S&D, ES) draft opinion to LIBE's report on the situation of fundamental rights in the EU was adopted with 22 votes in favour and 2 against. All the rapporteur's compromise amendments were adopted. The report is to be voted on in LIBE at the end of May and by the plenary in July.
- Mr UJAZDOWSKI's (ECR, PL) draft opinion to JURI's report on the annual reports 2012-2013 on subsidiarity and proportionality was adopted by 22 votes in favour and none against. The report is to be voted on in JURI on 16 June and by the plenary in July.

### Next AFCO meeting:

- AFCO hearing on "The institutional future of the EU, within and beyond the Treaty of Lisbon" - 26 May 2015.
- AFCO meeting - 17 June