



**29<sup>th</sup>**

Bi-annual Report

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**Developments in  
European Union  
Procedures and Practices  
Relevant to  
Parliamentary Scrutiny**

Prepared by the COSAC Secretariat and presented to:

**LIX Conference of Parliamentary Committees  
for Union Affairs of Parliaments  
of the European Union**

17-19 June 2018  
Sofia



First drafted by the COSAC Secretariat on 27 April 2018,  
based on the replies to a questionnaire distributed to Parliaments/Chambers.

## **Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union**

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# BACKGROUND

This is the Twenty-ninth Bi-annual Report from the COSAC Secretariat.

## **COSAC Bi-annual Reports**

The XXX COSAC decided that the COSAC Secretariat should produce factual Bi-annual Reports, to be published ahead of each ordinary meeting of the Conference. The purpose of the Reports is to give an overview of the developments in procedures and practices in the European Union that are relevant to parliamentary scrutiny.

All the Bi-annual Reports are available on the COSAC website at:

<http://www.cosac.eu/documents/bi-annual-reports-of-cosac/>

The three chapters of this Bi-annual Report are based on information provided by the national Parliaments of the European Union Member States and the European Parliament. The deadline for submitting replies to the questionnaire for the 29th Bi-annual Report was 19 March 2018.

The outline of this Report was adopted by the meeting of the Chairpersons of COSAC, held on 22 January 2018 in Sofia.

As a general rule, the Report does not refer to all Parliaments or Chambers that have responded to a given question. Instead, illustrative examples are used.

Complete replies, received from 41 out of 41 national Parliaments/Chambers of 28 Member States and the European Parliament, can be found in the Annex on the COSAC website.

## **Note on Numbers**

Of the 28 Member States of the European Union, 15 have a unicameral Parliament and 13 have a bicameral Parliament. Due to this combination of unicameral and bicameral systems, there are 41 national parliamentary Chambers in the 28 Member States of the European Union.

Although they have bicameral systems, the national Parliaments of Austria, Ireland and Spain each submitted a single set of replies to the questionnaire, therefore the maximum number of respondents per question is 39. There were 39 responses to the questionnaire.

# ABSTRACT

## CHAPTER 1: THE FUTURE OF EUROPE

The first chapter of the 29th Bi-annual Report of COSAC is dedicated to some of the main challenges that lie ahead of Europe, and considers possible reforms of the decision-making process that could bring the EU agenda closer to the European citizens, while also examining the possibility for future enlargement of the Union, more specifically towards the Western Balkans region.

Asked whether they had discussed the creation of the Task Force on Subsidiarity, Proportionality and “Doing Less More Efficiently”, established by the President of the Commission Jean-Claude Juncker and chaired by the First Vice-President Frans Timmermans, the majority of Parliaments/Chambers answered positively, with some adopting formal positions or sending written contributions to the Task Force.

According to the findings of the report, the majority of respondents had not discussed the Better Regulation Guidelines presented by the Commission in July 2017.

Asked to express their opinion on some of the main topics examined by the Task Force and share their views on the process established with Protocol No. 2 of the Treaty, respondents identified a number of weaknesses, relating to time frames and definition of subsidiarity, thresholds and impact on the legislative process.

In this regard, Parliaments/Chambers were also asked to propose possible remedies. A number of respondents supported the idea of introducing a “green card”, as well as the inclusion of the principle of proportionality and the legal base in the scrutiny process. Respondents also called for the Commission to improve its answers to reasoned opinions and to take better consideration of national Parliaments’ arguments.

On the topic of possible re-delegation of certain policy areas to Member States, Parliaments/Chambers were divided, with a general view in support of a more pragmatic approach, without singling out entire policy areas but focusing more on the aspects of each of them and the need for a decrease in the regulatory density.

Parliaments/Chambers were also asked whether they would support a Treaty change that would give them a more significant role in the EU legislative process. Despite most of them preferring not to express an opinion on the matter, approximately one third answered positively.

Asked about the Commission’s strategy “A credible enlargement prospective for and enhanced in EU engagement with the Western Balkans”, over half of respondents indicated that they had not yet discussed it, but that there was the intention to do so. The Parliaments/Chambers that had already debated it strongly underlined their support but also the importance of not seeing the whole region as one entity.

Parliaments/Chambers were also asked about their thoughts on further EU Enlargement during the next seven years: a third of respondents considered this step a realistic one.

When asked about the importance of the six flagship initiatives of the strategy, the majority of the respondents thought the initiative of strengthening support to the rule of law as the most important one.

In this regard, the respondents were also asked about their scrutiny policy on the EU Enlargement policy. The majority of Parliaments/Chambers explained that the relevant documents, mainly



national positions, strategy papers and reports, were discussed by the responsible committees, sometimes in strong cooperation with the government.

On the topic of the level of funds provided in the next MFF for the Instrument for pre-Accession Assistance to the Western Balkans, Parliaments/Chambers' views were split between increasing the funds and maintaining the same level.

Parliaments/Chambers were also asked about their support of an increased participation of the Western Balkan partners in informal Council and Ministerial level meetings on the one hand and in the COSAC work on the other hand. With regard to the former, the majority preferred not to express an opinion on the matter, although one third answered positively. As for the latter, the majority expressed their support, while the rest did not give an explicit opinion.

## **CHAPTER 2: THE NEXT “MULTIANNUAL FINANCIAL FRAMEWORK” 2021-2027**

The second chapter of the 29th Bi-annual Report analyses national Parliaments' stance on the Cohesion Policy after 2020 and the EU budget in the context of Brexit aftermath.

It explores the future of the Cohesion policy in light of the outcome of Parliamentary debates, as well as the usefulness of the Policy itself, while also considering the financial future of the Multiannual Financial Framework (MFF).

Over half of the responding Parliaments/Chambers had not discussed the seventh Report on economic, social and territorial cohesion published in October 2017 by the European Commission, and, those who had, discussed the document mostly at committee level.

Parliaments/Chambers shared mixed views when asked to rate the challenges which had been most successfully addressed by the Cohesion policy so far, with the challenges relating to reducing regional disparities within the Member and providing support to the “catching-up” efforts of the less developed Member States ranking highest, followed by boosting the economic development within the EU as a whole, and by promoting social inclusion and combatting poverty. Addressing the adverse side effects of globalisation and promoting the EU values enshrined in Article 2 TEU (e.g. rule of law, fundamental rights) ranked lowest on the list of most successfully addressed challenges.

The majority of responding Parliaments/Chambers believed Member States would not be able to achieve comparable results without the instruments of the Cohesion policy and no single Parliament/Chamber believed this was possible to a large extent.

Over half of the responding Parliaments/Chambers expressed support for the continuation of the Cohesion policy after 2020, and around a quarter supported introducing new instruments to finance it. No respondent believed limiting the financing and scope of the Cohesion policy was necessary.

Asked to rank the main deficiencies implementing the Cohesion policy, the majority of the respondents pointed to the long and complex administrative procedures, followed by the lack of flexibility when managing the projects and by the burdensome co-financing requirements. Delayed payments to beneficiaries and heavy audit and control procedures were next in the ranking. The insufficient information about the programmes/funds among the public and the top-down approach when designing the programmes were considered less problematic.

According to the vast majority of responding Parliaments/Chambers simplifying the rules was necessary in order to improve the Cohesion policy post 2020. Over half of the respondents mentioned the need to allow for more flexibility, while nearly a quarter referred to the need to improve the administrative capacity. The alignment of rules between EU Funds and the

simplification of the ex-ante conditionalities were considered necessary by a limited number of respondents.

Over a third of the responding Parliaments/Chambers believed that the disbursement of the EU funds should not be conditional on the respect of the rule of law in the Member States, while slightly over half had no opinion on the matter.

According to the findings of the Report, the majority of Parliaments/Chambers indicated that they had not discussed the report of the high-level group on own resources chaired by Mario Monti. Those who had discussed it had done so in committee sittings or alternative formats, such as in preparation for the Ecofin Council meeting.

When asked about potential new sources of revenue that could be used to finance the MFF 2021-2027, the majority of respondents had no opinion on the matter and among those who did, Financial Transaction Tax, reformed VAT based own resource, and CO2 levy/Carbon pricing garnered most support.

More than half of the responding Parliaments/Chambers had no specific opinion on whether they would be willing to support an increase of their respective Member State's contribution to the EU budget after Brexit.

When asked what the focus of the EU spending over the next financial period should be, a large majority of Parliaments/Chambers said that reducing economic and social divergences between and within Member States should be a priority. This was followed by strengthening the EU Security and Defence Policy and reinforcing border control and tackling irregular migration. Digital Agenda, renewable energy and EU external policies were supported by a minority of respondents.

A large majority of Parliaments/Chambers had no opinion on whether the next MFF should be based on a comprehensive strategy for the future of the EU, similar to Europe 2020.

The majority of respondents had no specific opinion on the duration of the next MFF. The rest suggested that the current seven-year period be maintained.

The majority of Parliaments/Chambers expressed no opinion on the abolishment of rebates on contributions of Member States, but a good number supported the idea

The majority of respondents supported the idea of enhancing the flexibility of the EU's budget to enable a prompt response to challenges.

### **CHAPTER 3: EUROPEAN PILLAR OF SOCIAL RIGHTS**

The third chapter of the 29th Bi-annual Report takes a close look at the European Pillar of Social Rights, with a strong emphasis on employment, inclusion and growth. The chapter collects the views of Parliaments/Chambers on the road ahead when it comes to jobs and growth, and their stance on working conditions and other social policies.

According to the findings, the vast majority of Parliaments/Chambers had discussed the European Pillar of Social Rights.

Answers varied when it came to identifying the principles of the Pillar which were considered the most important in achieving its goals, with access to education, training and life-long learning; equal opportunities; and social protection and unemployment benefits considered most important.

The social consequences of the financial crisis: poverty, social exclusion, inequalities and unemployment was deemed to be the most pressing issue that the Pillar could help to address by the highest number of Parliament/Chambers.

As for the most appropriate tools to implement the principles stated in the Pillar, the majority of Parliaments/Chambers pointed to a strengthened European Semester covering the Pillar's principles and EU funding instruments designed to support reforms at national level.

The overwhelming majority of respondents agreed that there was a need for more coordination of Member States' social policies at an EU-level.

The report shows that a Framework Directive on the decent working conditions in all forms of employment and a recommendation on social protection in all forms of employment had the most support from Parliaments/Chambers.

The majority of Parliaments/Chambers had no opinion to express when it came to state their support for clear and binding targets to reduce the gender pay gap to be introduced and monitored in the European Semester.

Likewise, the majority did not express an opinion when asked whether they supported the initiative for European Labour Authority.

Amongst the main social topics debated by Parliaments/Chambers, topics related to employment featured the most.

# CHAPTER 1

## THE FUTURE OF EUROPE

THE FIRST CHAPTER OF THE 29<sup>TH</sup> BI-ANNUAL REPORT aims to take stock of the national Parliaments' views on the future of the European Union and on the decision making process, bringing the European agenda closer to the European citizens.

Section A focuses more specifically on the Task Force on Subsidiarity, Proportionality and “Doing Less More Efficiently”, established by the President of the European Commission Jean-Claude Juncker and chaired by the First Vice-President Frans Timmermans.

Section B focusses on the discussions of Parliaments/Chambers on further EU Enlargement, particularly with regard to the Western Balkans.

### Section A

#### Task Force on Subsidiarity, Proportionality and “Doing Less More Efficiently”

##### i. Parliaments/Chambers opinion on the establishment of the Task Force

Asked whether their Parliament/Chamber had discussed the creation and the work of the Task Force so far, 17 out of 39 respondents answered negatively. Fourteen Parliaments/Chambers said they had debated the topic during committee sittings, while nine pointed out that the debate had taken place in other formats<sup>1</sup>.

A number of respondents indicated that the topic had been discussed in general, without adopting an official position, and several added that further work on it might follow (Dutch *Eerste Kamer*, Finnish *Eduskunta*, Latvian *Saeima*, Lithuanian *Seimas*, Spanish *Cortes Generales*, Slovenian *Državni svet*, Swedish *Riksdag*).

Other respondents noted that while they welcomed the creation of the Task Force, they also had some concerns with regard to it. The Hungarian *Országgyűlés* considered the period for nominating the members as well as the term of its work too short. In addition, the Speaker had sent a letter to President Juncker urging for a reinforced participation of national Parliaments in the Task Force. The Dutch *Tweede Kamer* also indicated that they had sent a letter to First Vice-President Timmermans regarding the late stage and the composition of the Task Force. The Swedish *Riksdag* found both the method (the fact that COSAC had to nominate the representatives of national Parliaments in the Task Force) and the short time frame for appointing the representatives unsatisfactory. The German *Bundestag* expressed its disappointment on the fact that the European Parliament was not participating in the Task Force.

Unsurprisingly, the Parliaments/Chambers whose representatives were members of the Task Force, pointed out that they had discussed the topic during several committee sittings. The Estonian *Riigikogu* noted that in addition to the nominating process, which took place during the Estonian Presidency of COSAC, they had also discussed and supported the letter by the Czech *Senát* (contribution to the work of the Task Force) at the beginning of 2018. The Bulgarian *Narodno sabranie* underlined that a special internal working group including members of the Parliament, as

<sup>1</sup> Some of the respondents provided more than one answer.

well as experts on EU law, legislation process and subsidiarity had been established to discuss the matter, while the chair of the European Affairs Committee, who was also a member of the Task Force, regularly updated the committee. The Austrian *Nationalrat* and *Bundesrat* noted that its representative in the Task Force had submitted several papers with suggestions concerning the work of the Task Force.

Some of the respondents pointed out that they had adopted formal contributions on the topic. The Czech *Senát* submitted a contribution to the work of the Task Force co-signed by 21 Parliaments/Chambers. The French *Assemblée nationale* noted that its European Affairs Committee had made several communications concerning the follow-up of the Task Force and the role of national Parliaments in safeguarding the principle of subsidiarity. The Permanent Sub-committee on EU Affairs of the German *Bundestag* debated the subject on 21 February 2018, stressing the importance of an in-depth examination of the topic. The French *Sénat* expressed its approval of the creation of the Task Force and its hope that this would allow for a revision of the current process, giving more time for scrutiny to national Parliaments, better justification of the Commission's actions, as well as the possibility to scrutinize EU delegated and implementing acts. In addition, according to the French *Sénat*, the Task Force should identify areas where actions at Union level would bring real added value. The Danish *Folketing* also supported the creation of the Task Force and noted it had submitted a discussion paper on the subjects covered by the mandate of the Task Force. The German *Bundesrat* underlined that it was highly interested in participating in the Task Force, given its significant experience in the area, and it also planned to actively engage in the COSAC Working Group on the matter.

The European Parliament noted that the Task Force had been discussed by its Conference of Presidents.

Asked whether they had discussed the Better Regulation Guidelines<sup>2</sup> presented by the Commission in July 2017, the majority of the respondents (33 out of 39) said that they had not. Five Parliaments/Chambers noted that they had discussed the document during committee sittings, while three had done so in other formats<sup>3</sup>. Among them, the Hungarian *Országgyűlés* noted that the Guidelines had been discussed in the framework of the Commission Work Programme for 2018 and acknowledged that fewer priorities and legislative proposals were put forward by the Commission while also pointing out the role of detailed and well-founded impact assessments, especially in the case of draft legislative proposals falling under the scope of Protocol No. 2 of the Treaty on the Functioning of the European Union. The Spanish *Cortes Generales* debated the Guidelines in the framework of the work of the Joint Committee on EU affairs, without adopting a formal resolution. The German *Bundestag* noted that better regulation was a recurring topic in its work and the Luxembourg *Chambre des Députés* pointed out that it appreciated improvements regarding transparency, better quality of impact assessments, and wider consultation with stakeholders, amongst others. The JURI committee of the European Parliament underlined that the Better Regulation Guidelines had been taken into account in the JURI-AFCO draft report on the interpretation and implementation of the Interinstitutional Agreement on Better Law-Making (2016/2018(INI))<sup>4</sup>.

<sup>2</sup> <https://ec.europa.eu/transparency/regdoc/rep/10102/2017/EN/SWD-2017-350-F1-EN-MAIN-PART-1.PDF>

<sup>3</sup> Some of the respondents provided more than one answer.

<sup>4</sup> Adoption of the final report has been scheduled for 25 April 2018.

## ii. Protocol 2 of the TFEU - shortcomings and possible remedies

Parliaments/Chambers were also asked to provide their opinion on the process established with Protocol No. 2 of the Treaty. Nine out of 39 Parliaments/Chambers said that they found the process effective and efficient, while 14 others did not. Sixteen respondents expressed no opinion on the matter.

Among the main weaknesses of the process, respondents listed the following:

- 1) the time national Parliaments have at their disposal to scrutinise the proposals of the Commission (8 weeks) was too short (, Austrian *Nationalrat* and *Bundesrat*, Cyprus *Vouli ton Antiprosopon*, Czech *Poslanecká sněmovna*, Czech *Senát*, French *Sénat*, German *Bundestag*, Greek *Vouli ton Ellinon*, Polish *Sejm*, Swedish *Riksdag*);
- 2) the European Commission seemed to prefer a restricted definition of subsidiarity and subsequently put excessive focus on its legalistic aspects (Czech *Senát*, Estonian *Riigikogu*, Finnish *Eduskunta*, Polish *Sejm*, Polish *Senat*);
- 3) Reasoned opinions presented by national Parliaments were deemed not to have a significant impact on the EU decision-making process (Finnish *Eduskunta*, Hungarian *Országgyűlés*). Some respondents felt that the Commission did not take their arguments sufficiently into account , providing instead generic answers to their concerns (Czech *Poslanecká sněmovna*, Polish *Sejm*, Polish *Senat*), while others noted that national Parliaments were formally invited to participate in the legislative process only during its early stages, thus missing out on the bigger part of it (Austrian *Nationalrat* and *Bundesrat*, Bulgarian *Narodno sabranie*);
- 4) the thresholds established in Protocol No. 2 are difficult to reach (Austrian *Nationalrat* and *Bundesrat*, Polish *Senat*, Swedish *Riksdag*);

A number of respondents noted that while the process in general provided a good opportunity for national Parliaments to use their voice, there were still some aspects that could be improved (Bulgarian *Narodno sabranie*, Cyprus *Vouli ton Antiprosopon*, Latvian *Saeima*, Maltese *Kamra tad-Deputati*). According to the Belgian *Sénat*, Protocol No. 2 made the EU decision-making process much more transparent and accessible for national Parliaments, and in addition led to a more intense and better interparliamentary cooperation in the EU.

The Dutch *Eerste Kamer* referred to COSAC contributions in the past regarding the improvement of the procedure, as well as the paper prepared by the Czech *Senát*, while the Danish *Folketing* referred to their own contribution paper. The Romanian *Camera Deputaţilor* expressed a rather mixed opinion about the effectiveness of the subsidiarity principle, without adopting an official position on the matter.

In addition, the Swedish *Riksdag* and the Lithuanian *Seimas* noted that the Commission's excessively brief justifications made it harder for the national Parliaments to properly examine whether the principle of subsidiarity had been observed.

Asked what possible ways there were for improving the existing process, without changing the Treaty, the national Parliaments brought up the following suggestions:

- 1) extend the 8 weeks period (Cyprus *Vouli ton Antiprosopon*, Estonian *Riigikogu*, German *Bundestag*, Lithuanian *Seimas*, Polish *Sejm*, Romanian *Camera Deputaţilor*, Swedish *Riksdag*, UK *House of Lords*), for instance to take into account recess periods or holidays

- (Belgian *Sénat*, Czech *Senát*, Czech *Poslanecká sněmovna*, Dutch *Eerste Kamer*, Dutch *Tweede Kamer*, French *Sénat*, Greek *Vouli ton Ellinon*, Maltese *Kamra tad-Deputati*, JURI committee of the European Parliament). The European Parliament's AFCO committee of the European Parliament referred to an EP resolution which also called for a more flexible approach concerning the date of transmission of the draft legislative acts.
- 2) Whenever the threshold is met, the Commission should amend its initial proposal in accordance with the subsidiarity concerns raised by the national Parliaments (Czech *Poslanecká sněmovna*, Cyprus *Vouli ton Antiprosopon*, Polish *Sejm*, UK *House of Lords*). In addition, the Commission should issue its official responses in a timely manner, possibly within the same deadline as the one given to national Parliaments (Austrian *Nationalrat* and *Bundesrat*, Czech *Senát*, Dutch *Tweede Kamer*, Greek *Vouli ton Ellinon*, Maltese *Kamra tad-Deputati*).
  - 3) The European Commission should also improve the quality of its responses to reasoned opinions with clear answers to the Parliaments/Chambers' objections (Austrian *Nationalrat* and *Bundesrat*, Bulgarian *Narodno sabranie*, Czech *Senát*, Czech *Poslanecká sněmovna*, Dutch *Eerste Kamer*, Dutch *Tweede Kamer*, Estonian *Riigikogu*, Polish *Sejm*, AFCO committee of the European Parliament).
  - 4) A more positive attitude from the Commission was needed according to the Slovenian *Državni zbor*, as well as a strengthened dialogue between the national Parliaments and the Commission (German *Bundestag*, German *Bundesrat*, Hungarian *Országgyűlés*, Latvian *Saeima*). Greek *Vouli ton Ellinon* called for an improved dialogue with the European Parliament and more specifically its rapporteurs.
  - 5) The option of a "green card" should be further explored, as a possibility for national Parliaments to claim a positive role in the European legislative process, as opposed to (or in addition to) the negative function of the "yellow card" and "orange card" (Austrian *Nationalrat* and *Bundesrat*, French *Assemblée nationale*, Greek *Vouli ton Ellinon*, Hungarian *Országgyűlés*, Romanian *Camera Deputaților*, UK *House of Lords*, JURI committee of the European Parliament).
  - 6) The principles of proportionality and legal base should be further examined (French *Sénat*, Greek *Vouli ton Ellinon*, Dutch *Eerste Kamer*, Dutch *Tweede Kamer*, UK *House of Lords*, JURI committee of the European Parliament,) as an integral part of the scrutiny process.
  - 7) The Commission should provide better impact assessments of its legislative proposals within the explanatory memoranda in order to truly justify them (Bulgarian *Narodno sabranie*, Czech *Senát*, Dutch *Tweede Kamer*, French *Sénat*, Lithuanian *Seimas*).

The AFCO committee of the European Parliament also called for increased cooperation among national Parliaments in order to fully explore the existing mechanisms. A strengthened collaboration and exchange of information between national Parliaments was supported by the Polish *Sejm*, Slovenian *Državni zbor*, Hungarian *Országgyűlés*, Polish *Senat*.

The Greek *Vouli ton Ellinon* proposed that a common format for reasoned opinions could be agreed upon by the Parliaments/Chambers, while the JURI committee of the European Parliament suggested laying down non-binding guidelines to facilitate national Parliaments in assessing compliance with the principles of subsidiarity and proportionality, without undermining their discretion. The German *Bundesrat* also brought up the idea of an approximation of a common understanding of the subsidiarity scrutiny.

The Finnish *Eduskunta* suggested that the Council working groups should take a position on all reasoned opinions issued by the national Parliaments, preferably based on a statement by the national government representing the Parliament/Chamber in question.

The Hungarian *Országgyűlés* called for the establishment of a “red card”, while the French *Sénat* brought attention to the transmission of delegated and implementing acts.

Parliaments/Chambers were also asked whether there were any policy areas where, over time, decision-making and/or implementation could be redelegated in whole or in part or definitively returned to the Member States. The majority of the respondents (27 out of 39) expressed no opinion on the matter, while six respondents pointed out that there were no such areas. An equal number, however, answered positively.

The Finnish *Eduskunta* noted that overregulation in any field should be avoided and that the Union should act only when its actions could bring added value, without limits to any particular policy area. It also suggested that the European Union should focus its regulatory and general activity to those actions that maintained sustainable growth, created jobs and improved internal and external security. Both the Finnish *Eduskunta* and the Belgian *Sénat* underlined that the main issue should not be doing less but being more efficient in what the EU does. The French *Sénat* also noted that a more pragmatic approach was needed and singled out competition policy - its implementation at national level could only be effective as long as the European policy itself was credible and well adapted. The Czech *Senát* expressed a similar opinion, saying that they could hardly find complete policy areas where decision making could be redelegated. There were some issues that all Member States wanted to deal with collectively at the EU level and other issues where only a limited action or no action at all at EU level was preferable. It could be more beneficial to pay attention to detail than to assess complete policy areas based on the principle of subsidiarity. The German *Bundesrat* noted that it usually met proposals in areas such as domestic security policy, labour and social welfare, education, research and cultural policy with subsidiarity concerns. It would be far-reaching to demand a redelegation in these areas. Instead, a decrease in regulatory density would be preferred.

The Latvian *Saeima* pointed out that the Commission activities were already headed in that direction and, in its opinion, the EU should be “big on big things and small on small things”. The Romanian *Camera Deputaţilor* noticed that its reduced number of reasoned opinions and rare references to the proportionality principle signalled that the issue was not high on the agenda.

The Austrian *Nationalrat* and *Bundesrat* noted that a complete overview was currently being prepared in the framework of the Task Force.

According to the parliamentary group of AKEL-Left New Forces of the Cyprus *Vouli ton Antiprosopon* the area of Economic and Fiscal Policy could be redelegated in whole or in part to the Member States.

Asked whether their Parliament/Chamber would support a Treaty change giving national Parliaments a more significant role in the EU legislative process, 14 out of 39 respondents answered positively. Four Parliaments/Chambers indicated that they would not support such change, while the majority (21 out of 39) expressed no opinion on the matter.



The AFCO committee of the European Parliament pointed out that in its resolution on “Possible evolutions of and adjustments to the current institutional set-up of the European Union” (2014/2248(INI)) the European Parliament suggested “complementing and enhancing the powers of national parliaments by introducing a ‘green card’ procedure whereby national parliaments could submit legislative proposals to the Council for its consideration”. AFCO was also considering a draft report as well as the amendments thereto on the “Implementation of the Treaty provisions concerning national parliaments”.

## Section B

### EU Enlargement and EU perspective of the Western Balkans

#### i. Parliaments’/Chambers’ discussion of further engagement in the Western Balkans

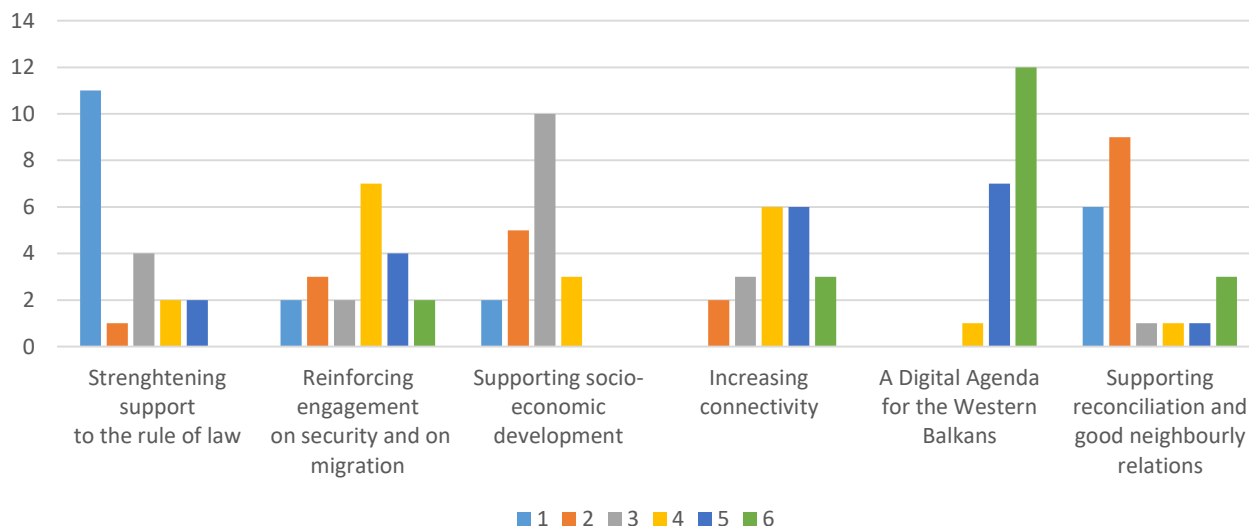
Regarding the Commission’s strategy “A credible enlargement prospective for and enhanced EU engagement with the Western Balkans” (presented on 6 February 2018), the majority of the respondents (21 out of 36) had not discussed the strategy, but seven of them expressed their intention to do so at a later stage. In contrast to that, 13 Parliaments/Chambers had had discussions about it during committee sittings, including the AFET Committee of the European Parliament. Four Parliaments/Chambers had discussed the strategy in plenary sessions. The Maltese *Kamra tad-Deputati* and the German *Bundesrat* underlined their support for the strategy as it showed a good balance between realism and ambition. The German *Bundesrat* further added that the Western Balkans needed a clear accession perspective to the EU as a way to stabilize and safeguard peace in the region and also in all of Europe, by promoting reforms in the administration sector and the rule of law.

Among those who have discussed the Commission’s strategy, the Slovenian *Državni zbor* and *Državni svet*, the Croatian *Hrvatski sabor* and the Estonian *Riigikogu* emphasized the full support of the enlargement perspective of the Western Balkans. The Croatian *Hrvatski sabor*, as well as the Luxembourg *Chambre des Députés* and the Austrian *Nationalrat* and *Bundesrat*, further highlighted the importance that each country should be allowed to join the European Union individually, once all conditions were fulfilled. As one of the priorities of the Bulgarian Presidency, the Bulgarian *Narodno sabranie* stressed its support of the European Integration of the Western Balkan region as a guarantee for stability, economic development and social progress. It further noted how the attitude of the EU and its Member States towards further enlargement had changed since the beginning of the Juncker Commission, and how this was a step in the right direction. The Lithuanian *Seimas* underlined the significant role of strategic communication to gather more public support of further enlargement and to enhance mutual understanding between the EU, its Member States and the Western Balkans.

Parliaments/Chambers were also asked to rate the importance of the six flagship initiatives of the European Commission’s strategy to support the transformation process in the Western Balkans. Over half of the respondents (11 out of 21) saw the initiative about strengthening support to the rule of law as the most important one. Compared to that, 12 out of 21 Parliaments/Chambers who responded declared the initiative about a Digital Agenda for the Western Balkans as the least important one. The initiatives on reinforcing engagement on security and on migration; on supporting socio-economic development; on increasing connectivity; and on supporting

reconciliation and good neighbourly relation were rated somewhat equally by respondents. Nearly half of the Parliaments/Chambers (18 out of 39) skipped the question.

### How important do you see the six flagship initiatives\* of the Commission?



\* "1" being the most important; "6" being the least important

#### ii. Parliaments'/Chambers' views on an increased involvement of the Western Balkans in EU processes and structures

When asked whether Parliaments/Chambers would support an increased participation of the Western Balkans in informal Councils as well as Ministerial level meetings, more than half of the respondents (21 out of 36) expressed no explicit opinion. In contrast to that, 14 Parliaments/Chambers voiced their support for greater participation.

Parliaments/Chambers were further asked about their support for an increased involvement of the Western Balkans in COSAC work and activities. The majority of the respondents (19 out of 35) expressed their support for stronger involvement. The other respondents (17 out of 36) didn't give any explicit opinion. The Cyprus *Vouli ton Antiprosopon* proclaimed that it would support the stronger involvement of all Western Balkan partners with the exception of Kosovo,\* as the latter was not recognised by the Republic of Cyprus.

The European Parliament's AFET Committee declared its general support for further inclusion of the Western Balkans into the EU processes and structures.

#### iii. Parliaments'/Chambers' views on the accession of new members to the EU

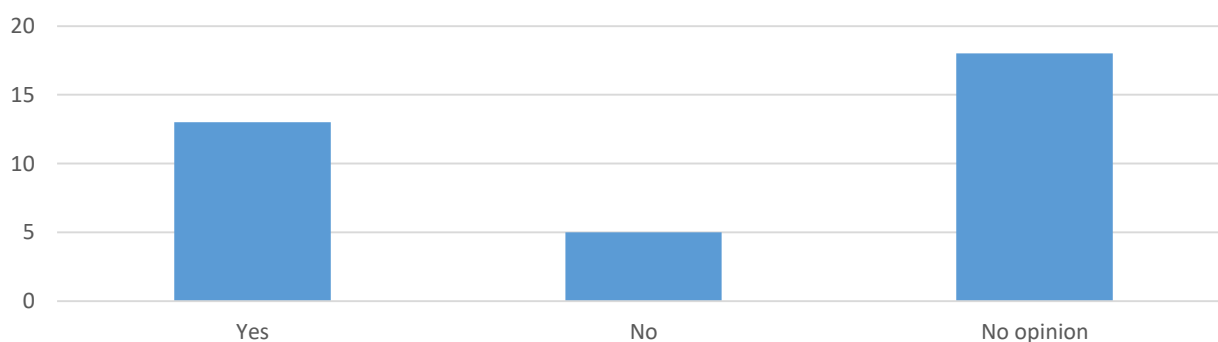
Parliaments/Chambers were asked whether they thought the accession of new members to the EU within the next seven years was realistic. The majority of respondents (19 out of 37) did not express any opinion. Only one third (13 out of 36) proclaimed that they would find this step to be very realistic. The Lithuanian *Seimas* declared that it shared the Commission's view that a firm prospect

\* This designation is without prejudice to positions on status, and is in line with Resolution 1244 of the United Nations Security Council and to the opinion of the ICJ on the declaration of independence of Kosovo.

of EU membership for the Western Balkans was in the EU's own interest, as it could be seen as an investment in maintaining a stable, strong and united Europe that was based on common values, and that, therefore, the open door policy should absolutely be preserved, while also noting, on the other hand, that the accession process should not be automatic and every country's progress should be taken into account individually. The Lithuanian *Seimas* further added that the EU should also stay active concerning the Eastern Partnership policy. The Belgian *Sénat* affirmed that the general policy of the EU should be to bring the Western Balkans closer to the EU and to create incentives. The AFET Committee named 2025 as an indicative date under the regatta principle for further enlargement.

The UK *House of Lords* stated that the International Relations Committee had published a report in January with the title "The UK and the future of the Western Balkans", declaring that the UK, along with international partners, must protect the progress made, even if it would require new ways of coordination and cooperation with the EU and its Member States. It also stressed that destabilising influences from outside should be countered by all means.

### Do you find the accession of new members to the EU within the next years realistic?



Regarding the question about the level of funds provided in the next Multiannual Financial Framework (MFF) for the Instrument for pre-Accession Assistance to the Western Balkans, half of the responding Parliaments/Chambers (12 out of 24) answered that those funds should be increased. The other half of the respondents retorted that the existing level of funding should be maintained. The Portuguese *Assembleia da República* said that it would soon start the discussion on the MFF and had no explicit position on shared funds for pre-Accession Assistance up until now. The European Parliament's AFET Committee demanded an adequate funding to enable ambitious external action and added that the European Parliament's position on the next MFF would be voted on 16 April 2018.

Parliaments/Chambers were also asked about their scrutiny policy on the EU Enlargement policy, especially in relation to Monitoring Reports, Annual Progress Reports and the Enlargement Package:

- Two thirds of the Parliaments/Chambers (24 out of 36) explained that relevant documents on the EU enlargement (national positions, strategy papers, reports), together with other documents, were, whenever deemed necessary, discussed by the responsible committees;

- The Lithuanian *Seimas* added that the Foreign Affairs Committee discussed the whole Enlargement Package each year and would further present its opinion in the form of conclusions, which were then presented to the government;
- Various respondents (11 out of 36) explicitly noted a strong participation of and cooperation with the governments and exchange of information with the relevant ministers;
- The French *Sénat* referred to the close contact of committees and ambassadors of the different countries as well as visits by delegations. The Czech *Senát* said that Eastern Partnership countries were visited by its EU Affairs Committee as well;
- The Slovenian *Državni zbor* underlined that the Committee on EU Affairs was scrutinising the entire negotiation, including the opening and closing of different chapters;
- The Finnish *Eduskunta* declared that the scrutiny process was the same for every EU topic. The Grand Committee thereby decided on the Parliament's position;
- The Croatian *Hrvatski sabor* said it closely monitored of General Affairs Council meetings;
- The Italian *Senato della Repubblica* stressed its preservation of close bilateral relations with most parts of the Western Balkans. Through those relations, the separate Progress Reports were taken into consideration.
- The Dutch *Eerste Kamer* noted that the EU Enlargement policy was listed as one of the priorities it had identified from the Work programme of the European Commission for 2018.
- The Romanian *Camera Deputaţilor* declared that it had not scrutinised the 2016 Communication on EU Enlargement Policy.
- The Estonian *Riigikogu* said that their scrutiny was connected to the mandate that was given to their minister before a General Council Meeting.
- The Luxembourg *Chambre des Députés* indicated that all debates about Enlargement and Annual Progress Reports were held during the annual debate about foreign and European policy during plenary session.
- The Bulgarian *Narodno sabranie* noted that the Annual Enlargement Package was regularly included in the Annual Work Program of the National Assembly on EU Issues. The relevant committee meetings could be extended to public debates with the participation of different interested stake holder, such as academia, non-profit organisations, representatives of state institutions and diplomatic corps.
- The German *Bundestag* said it held regular debate about the matter, and noted the existence of a rapporteur for each candidate country as well as a strong dialogue with the European Commission and regular presence in the candidate countries.
- The Austrian *Nationalrat* and *Bundesrat* underlined the regular discussion on the Enlargement process.
- The German *Bundesrat* referred to the Act on Cooperation between the Federation and the Länder in European Union Affairs that had been reformed in 2009 and that obliged the federal government to inform the Bundesrat about the council's intention to start enlargement negotiations according the Art 49 TEU, in particular when and where the Länders' interests were concerned. The act also assigned a special delegate to the Council Working Group on enlargement.
- The Irish *House of Oireachtas* said it considered all European Commission legislative proposals for scrutiny and may also consider other publications, such as Enlargement Monitoring Reports. Under the Terms of Reference of the Joint Committee on European Union Affairs, it was the Committee that considered "notifications of applications for

membership of the European Union".

## CHAPTER 2

# THE NEXT “MULTIANNUAL FINANCIAL FRAMEWORK” 2021 - 2027

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THE SECOND CHAPTER OF THE 29TH BI-ANNUAL REPORT analysed national Parliaments’ stance on the Cohesion Policy after 2020 and the EU budget in the context of Brexit aftermath.

Section A explores the future of the Cohesion Policy through a close look at Parliaments’/Chambers’ debates and discussions and their respective outcome.

Section B focusses on the financial future of the MFF, and asks Parliaments/Chambers for their input and suggestions with regard to the way forward.

### Section A

#### Cohesion Policy after 2020

##### i. The Seventh Report on Economic, Social and Territorial Cohesion

When asked whether they had discussed the Seventh Report on economic, social and territorial cohesion published by the European Commission in October 2017<sup>5</sup>, over half of the 37 responding Parliaments/Chambers answered negatively. A third of the respondents (12 Parliaments/Chambers) had discussed it at committee level, while 4 respondents discussed it in other formats. The report was discussed at the level of the EU Affairs Committee by the Estonian *Riigikogu*, the Swedish *Riksdag* - which gave the government a mandate for the Swedish position ahead of the General Affairs Council in November 2017 - and the Spanish *Cortes Generales*. The latter informed it had not yet approved an *ad hoc* resolution on the issue, which was also the case for the German *Bundestag* where the debate was ongoing.

The Hungarian *Országgyűlés* discussed the Seventh Report in connection with the hearing of the Ambassador of Bulgaria and Representative of the Government on the priorities of the Bulgarian Council Presidency. Within the French *Sénat*, a follow-up group composed of the committees on EU Affairs, Urban Planning, Sustainable Development, and Finances undertook an exhaustive analysis of the Cohesion Policy and its future, and considered the Seventh Report on economic, social and territorial cohesion in that framework.

The Committee on Regional Development of the European Parliament was preparing an own-initiative report, calling for an ambitious Cohesion Policy which would continue to cover all European regions and remain the EU’s main investment instrument, with a budget commensurate with the challenges facing the regions. Furthermore, the report emphasised the added value of Cohesion policy investments, while also supporting a shift towards a greater focus on results and stressing the need to simplify the future policy framework.

This was also the stance of the Lithuanian *Seimas*’ competent committee when endorsing the Government’s position, which stated that the EU’s Cohesion policy must remain a key EU investment policy in the future, with adequate funding from the EU budget to implement the challenges set out in the debate on the Future of the EU Finances and to achieve the objectives

<sup>5</sup> [http://ec.europa.eu/regional\\_policy/en/information/cohesion-report/](http://ec.europa.eu/regional_policy/en/information/cohesion-report/)

enshrined in the EU treaties. The simplification of the implementation of the EU's Cohesion policy and a more extensive use of financial instruments were considered necessary. Similarly, the Croatian *Hrvatski sabor* asked that the level of financing of Cohesion Policy and Common Agricultural Policy be maintained in the next MFF. It indicated that it would most likely be ready to support the 0.1 per cent increase in the contribution of Member States to the European budget.

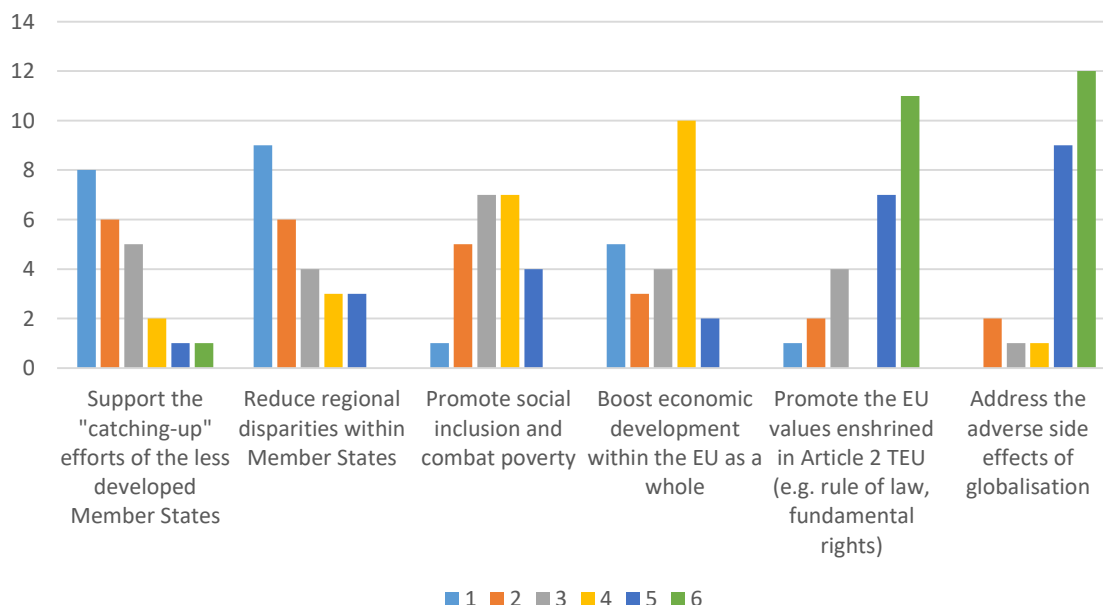
The Latvian *Saeima* evaluated the European Commission report positively welcoming the retention of the impact of demography and internal EU migration as one of the criteria setting the distribution of financing for the programming period. Latvia itself was facing population loss, especially in the border regions. The Slovenian *Državni zbor* expected that the Cohesion policy would remain one of the key policies in the EU budget and supported further reforms - i.e. stronger links of the Cohesion policy with structural changes and greater focus on less developed regions' structural reforms.

## ii. The Future of the Cohesion Policy: Challenges and Implementation

Parliaments/Chambers shared mixed views when asked to rate the challenges which had been most successfully addressed by the Cohesion policy so far. For a majority of the respondents the challenges ranking highest were: reducing regional disparities within the Member States (9 out of 25 responding Parliaments/Chambers) and providing support to the “catching-up” efforts of the less developed Member States (8 out of 23 responding Parliaments/Chambers). Boosting the economic development within the EU as a whole was deemed most successfully addressed by 5 out of 24 responding Parliaments/Chambers. Promoting social inclusion and combatting poverty was considered the most successfully addressed challenge only by one out of 24 responding Parliaments/Chambers and promoting the EU values enshrined in Article 2 TEU (e.g. rule of law, fundamental rights) by one out of 25 responding Parliaments/Chambers.

Addressing the adverse side effects of globalisation was believed to be the least successfully addressed challenge by almost half of the respondents (12 out of 25); furthermore, around a third of the respondents (8 out of 25) believed this challenge was not successfully addressed. Similarly, almost half of the respondents (11 out of 25) believed promoting the EU values enshrined in Article 2 TEU was the challenge least successfully addressed, while almost a third (7 out of 25) argued the challenge had not been successfully addressed.

## Challenges most successfully addressed by the Cohesion Policy



\* "1" being the most successfully addressed; "6" being the least successfully addressed.

Several respondents, such as the Finnish *Eduskunta* and the Swedish *Riksdag*, indicated there were no positions enabling prioritisation or ranking of the challenges in relation to the Cohesion Policy. The Belgian *Sénat* believed that the following priorities were equally important and should be assessed jointly: supporting the "catching-up" efforts of the less developed Member States; reducing regional disparities within the Member States; promoting social inclusion and combatting poverty; and boosting economic development within the EU as a whole. The European Parliament's REGI Committee of the European Parliament also argued it would be extremely difficult to rank the successes of the Cohesion policy so far. The overall assessment of the European Parliament is that Cohesion policy has been highly successful in supporting sustainable job creation, in creating smart, sustainable and inclusive growth and competitiveness, especially against the implications of globalisation, and in contributing to regional, economic and social convergence. Cohesion policy has also shown significant responsiveness to macroeconomic constraints.

The majority of responding Parliaments/Chambers (23 out of 36) believed Member States would not be able to achieve comparable results without the instruments of the Cohesion policy. No single Parliament/Chamber believed this was possible to a large extent, while only 3 argued it was possible to some extent and 10 had no opinion on the matter.

Just over half of the responding Parliaments/Chambers (19 out of 36) expressed support for the continuation of the Cohesion policy after 2020, and around a quarter supported introducing new instruments to finance it. No respondent believed limiting the financing and scope of the Cohesion policy was necessary, and eight expressed no opinion on the issue.

The 18 Parliaments/Chambers which elaborated on this topic expressed their clear support for the Cohesion policy and outlined its importance, but also the need for new financial means and further simplification and reforms.

In its resolution of 13 June 2017 on Building blocks for a post-2020 EU Cohesion policy, the European Parliament recalled that the Cohesion policy was very effective at addressing



development challenges at regional and local levels and remained the main EU-wide development and investment policy. It invited the Commission to present a comprehensive legislative proposal for a strong and effective Cohesion policy post-2020, with commensurate financial means. The European Parliament strongly opposed any scenario that would scale down the Union's efforts in relation to Cohesion policy. The Slovenian *Državni zbor* also strongly opposed the proposals for drastic reductions in the EU budget, which could lead to a weaker EU in the long term. It argued that one of Slovenia's strategic interests for the next multi-annual financial framework was to maintain the scope of the Cohesion policy, as it helped narrowing the economic and social gap between Member States.

According to the Cyprus *Vouli ton Antiprosopon*, the continuation of the Cohesion policy after 2020 was essential due to its beneficial input in the development of remote EU regions, the reduction of regional disparities, the promotion of social cohesion and the diminishing of poverty. The Maltese *Kamra tad-Deputati* was of the opinion that all regions and Member States should remain eligible for resources under Cohesion policy, including those regions that had attained a degree of convergence, but which were liable to permanent vulnerabilities, such as those arising from geography.

The Finnish *Eduskunta* emphasised that the focus of the Cohesion policy should shift from country-specific infrastructure projects to joint projects that bring added value to all the Member States or at least to more than one Member State in a given region. The German *Bundesrat* believed that all European regions should benefit from Cohesion policy, so as to create impetus for a harmonised development of the EU as a whole, because in economically stronger Member States there were regions that continued to require special assistance. Furthermore, the German *Bundesrat* argued to maintain the existing financing and scope but mentioned it would also be open to introducing new instruments to finance the Cohesion policy.

Similarly, the Luxembourg *Chambre des Députés* supported maintaining the current financing of the Cohesion policy, but also called for the review and adjustment of its structures and functioning where necessary, a view shared by the French *Sénat*.

The Latvian *Saeima* advocated that further convergence among Member States and regions was needed for a proper and sustainable functioning of the Single Market and for moving forward with other important EU policies. The Latvian experience showed that sustainable and targeted Cohesion policy investments were essential for fast economic convergence and for addressing key challenges, such as demographic changes leading to a lower future economic potential and security risks at the external borders of the EU.

The Bulgarian *Narodno sabranie* also believed that a more effective, more focused and more flexible Cohesion policy must remain a priority policy in the next MFF, as it was important for promoting convergence between Member States and for stabilising the immediate neighbourhood. In its view, grants should remain the EU's main investment instrument to complement the financial instruments, and each Member State should decide in which areas and to what extent to apply the relevant financial instruments. Similarly, the Croatian *Hrvatski sabor* believed that financing of the Cohesion policy should remain primarily in the form of grants. The Romanian *Camera Deputaţilor* also expressed strong support for the continuation of funding by grants, especially in states with less developed financial markets. It argued that the implementation of the Cohesion policy must continue on a shared management basis and the allocations based on national envelopes should be maintained, along with the separate chapters of the Cohesion policy and of the Common Agricultural Policy.

The Lithuanian *Seimas* contended that the Cohesion policy with a focus on the less developed regions should remain among the most important EU policies after 2020 and should be funded

adequately. It supported the more extensive use of financial instruments, which would ensure greater investment effect and synergy. The Committee on Industry and Trade of the Swedish *Riksdag* stated that the ESI funds must be used in as efficient a way as possible and efforts to simplify administration within the structural funds projects must remain urgent. In its view, while the EU's Cohesion Policy and ESI funds were deemed important in terms of achieving the objectives of the Europe 2020 strategy, the consequences of the UK's withdrawal from the EU imposed the reduction of the EU budget.

The Belgian *Sénat* highlighted that the future of the EU depended on the finding of new “own resources” and that the next MFF needed to be ambitious on that point. Along the same lines, the Austrian *Nationalrat* and *Bundesrat* answered that the Cohesion policy after 2020 should be in accordance with the MFF. The Slovak *Národná rada* pointed out that a strong Cohesion policy remained a national priority, even if Slovakia was ready for changes at the expenditure side of the EU budget, recognising the need to enhance allocation for new challenges (including migration, defence, security, climate change).

Parliaments/Chambers were asked to rank the main deficiencies in implementing the Cohesion policy. For a majority of the respondents (24 out of 32), the long and complex administrative procedures ranked highest. It was followed by the lack of flexibility when managing the projects (12 out of 32 respondents) and by the burdensome co-financing requirements (12 out of 32 respondents). Delayed payments to beneficiaries and heavy audit and control procedures were next in the ranking and were mentioned by a quarter of the respondents (8 out of 32). The insufficient information about the programmes/funds among the public and the top-down approach when designing the programmes were considered less problematic and were mentioned by 6 and 5 Parliaments/Chambers respectively.

The Finnish *Eduskunta* emphasised that the terms and conditions of funding should be result-oriented and based on quality. The EU-funding should be targeted to those projects that are of high quality and bring tangible benefits. The Romanian *Camera Deputaţilor* mentioned that some beneficiaries complained over time that the delays and time-consuming procedures induced the risk for not reaching their objectives, putting an excessive burden over their budgets. Although the matter had not been examined, the Parliamentary Group of AKEL-Left New Forces of the Cyprus *Vouli ton Antiprosopon* was of the opinion that the main deficiencies for the implementation of the Cohesion Policy were the insufficient information about the programmes/funds among the public, the long and complex administrative procedures and the top-down approach when designing the programmes.

The Swedish *Riksdag* explained that it had not adopted a position in a way that would enable prioritisation or ranking of the shortcomings linked to the implementation of the Cohesion Policy.

According to the vast majority of responding Parliaments/Chambers (23 out of 35) simplifying the rules was necessary in order to improve the Cohesion policy post 2020. Over half of the respondents (19) mentioned the need to allow for more flexibility, while nearly a quarter referred to the need to improve the administrative capacity. The alignment of rules between EU Funds and the simplification of the ex-ante conditionalities were considered necessary by five out of 34 respondents. Lowering the level of self-financing was believed to be useful for the improvement of the Cohesion policy post 2020 by five respondents, while only one mentioned the need to raise the level of self-financing.

In connection to this question, the Swedish *Riksdag* explained that it had not adopted a position in a way that enabled prioritisation or ranking. Its Committee on Industry and Trade stated in its reports that changes made to the Cohesion policy ahead of the implementation of the structural funds

programmes during the period 2014-2020 showed that there should be greater coordination between programmes and funds. Increased focus on results and simplifications, such as clearer regulations for funding eligibility and simpler reporting rules were also considered to be important. Furthermore, measures to reduce the administrative burden and efforts to simplify the administration of structural funds were a priority for the Swedish Government. The Austrian *Nationalrat* and *Bundesrat* called for more transparency and control, while the German *Bundestag* debated the connection with country-specific recommendations and the topic of conditionalisation.

Over a third of the responding Parliaments/Chambers (12 out of 36) believed that the disbursement of the EU funds should not be conditional on the respect of the rule of law in the Member States. Only six respondents believed that should be the case, while slightly over half (18 out of 36) had no opinion on the matter.

## Section B

### The EU Budget in the context of Brexit aftermath

#### i. Own resources

An overwhelmingly large proportion of the responding Parliaments/Chambers (22 out of 38) had not discussed the report of the high-level group on own resources chaired by Mario Monti<sup>6</sup>. Thirteen respondents had discussed it during committee sittings, five in other formats and only one in a plenary session<sup>7</sup>. Subsequently, nine of the respondents qualified their answers by outlining their positions/opinions. Among these, a couple of Parliaments/Chambers (the Dutch *Tweede Kamer* and the Italian *Senato della Repubblica*) had held meetings with Mario Monti to discuss the issue of own resources. The former suggested that the EU Budget should be reformed to concentrate on common strategic policies that respect the subsidiarity principle and the European added value criterion, such as border security, unemployment and environment, while budget negotiations and decisions should be more closely linked to the programming of the policies.

The Estonian *Riigikogu* and the Swedish *Riksdag* had discussed the matter in preparation for the Ecofin Council in January 2017. The Committee on EU Affairs of the *Riksdag* gave the Government a mandate for the Swedish position. In a similar vein, the Lithuanian *Seimas* approved the Government's position on the report, which stated that Lithuania had consistently advocated for a transparent and efficient EU budget financing system, and welcomed the proposals to abandon the current statistical VAT own resource and review the mechanism for adjusting contributions. However, the latter expressed caution about any proposals for the introduction of new own resources: this would require careful analysis to assess the feasibility of new taxes and the burden on Member States, administrative costs, incomes and other indicators.

The German *Bundesrat* also agreed with the need to abolish the VAT own resource, suggesting that it be replaced with a Gross National Income (GNI) own resource. According to the *Bundesrat*, VAT own resources do not properly mirror the economic situation in the Member States. Additionally, with regard to the British rebate, the *Bundesrat* called for abolishing all Member State based rebates by replacing them with a generalised correction mechanism, from which all Member States with exceptionally high net contributions would benefit.

The European Parliament's Committee on Budgets (BUDG) was elaborating on the Report on reform of the European Union's system of own resources (2017/2053 (INI)), for which the High Level Group on Own Resources report forms the basis. The Committee on Constitutional Affairs

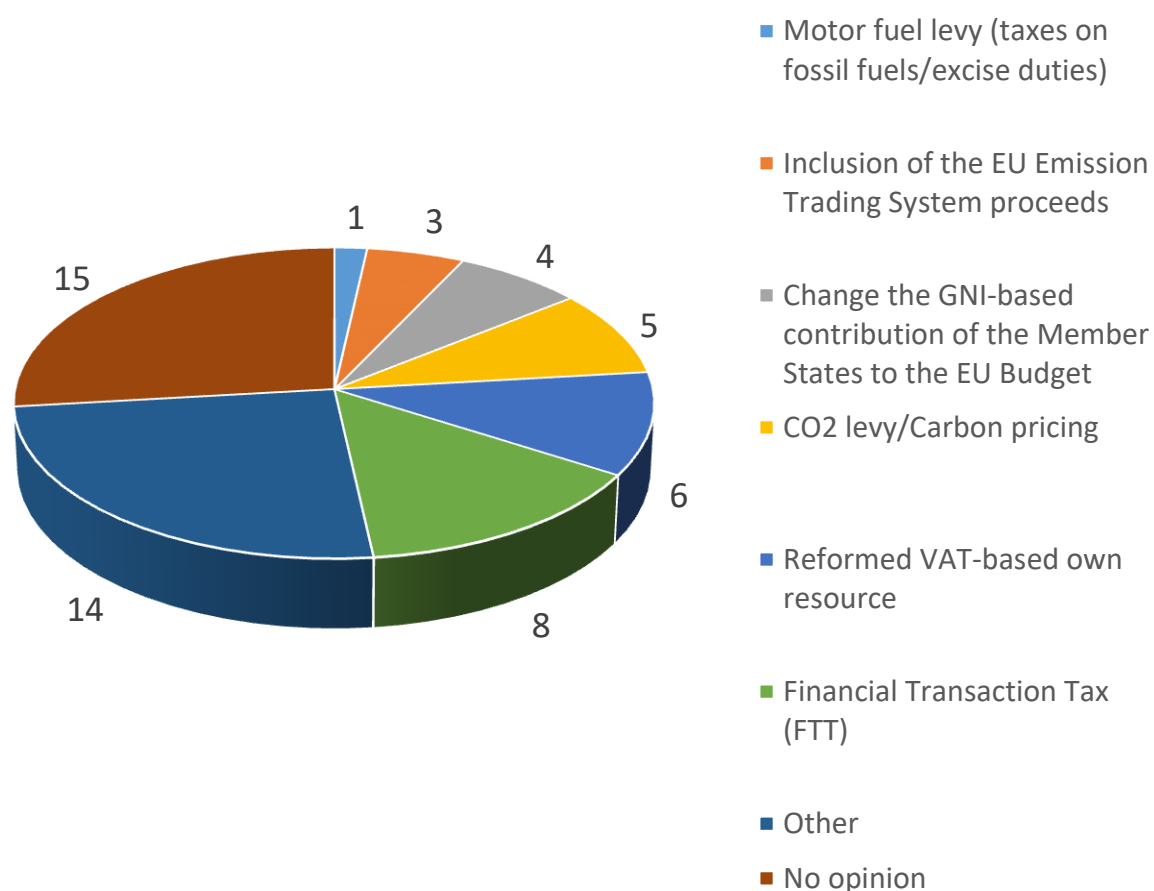
<sup>6</sup> [http://ec.europa.eu/budget/mff/hlgor/index\\_en.cfm](http://ec.europa.eu/budget/mff/hlgor/index_en.cfm)

<sup>7</sup> Some of the respondents gave more than one answer.

(AFCO) welcomed the report of the High Level Group on Own Resources in § 62 of its resolution on “Improving the functioning of the European Union building on the potential of the Lisbon Treaty”, and advocated to change the current system based on GNI contributions to one based on real own resources for the EU and, eventually, a euro area budget. The French *Sénat* expressed its support for both sustainable and scalable own resources.

When asked about potential new sources of revenue that could be used to finance the MFF 2021-2027 (examined by the High-Level Group on Own Resources), a large proportion of the responding Parliaments/Chambers (16 out of 36) expressed no opinion on the matter. Eight said it should be derived from Financial Transaction Tax (FTT); six said it should come from a reformed VAT based own resource; five pointed out that the CO2 levy/Carbon pricing should be used as a resource; four respondents called for changing the GNI-based contribution of the Member States to the EU Budget; three considered the inclusion of the EU Emission Trading System proceeds to be a good source of revenue; and one Parliament/Chamber thought that a motor fuel levy should be used.

In the opinion of your Parliament/Chamber, which of the following potential new sources of revenue, examined by the above-mentioned group, could be used to finance the MFF 2021-2027?



Thirteen Parliaments/Chambers qualified their answers. The Finnish *Eduskunta* stated that whatever system of own resources is in place, transparency, openness, fairness and cost effectiveness should be its defining criteria. The Swedish *Riksdag* said that it had not adopted a position in a way that

would enable prioritisation or ranking of new sources of income for financing the MFF between 2021 and 2027. In the view of the Committee on Finance, however, the expenditure ceiling in the MFF should be stabilised in real terms and be lower than 1 per cent of the EU 27's GNI. Furthermore, once contributions from the UK will have stopped, the budget would need to be reduced proportionately. There would also be a need in the future to even out differences between the contributions of Member States to the EU in order to avoid disproportionately large net contributions.

The Romanian *Camera Deputaților* would be willing to discuss the adoption of genuine new own resources, in correlation with the elimination of current VAT-based resource. Similarly, the Estonian *Riigikogu* would be ready to participate in the discussions on the possible new own resources; however, proposals for further harmonisation of tax systems needed to be thoroughly analysed.

The Czech *Poslanecká sněmovna* responded that no support would be given to any kind of new sources of revenue.

The Austrian *Nationalrat* and *Bundesrat* expressed its general support for the reduction of costs in the MFF but the NEOS party specified that it would support using the Financial Transaction Tax as a potential source of revenue.

When asked whether Parliaments/Chambers would be willing to support an increase of their respective Member State's contribution to the EU budget after Brexit, the majority (20 out of 36 respondents) expressed no opinion on the matter. Fourteen Parliaments/Chambers responded positively and two said they would not be willing to increase their contribution. Out of those who responded positively, eight qualified their answers by specifying under which conditions they would be willing to support an increase. The Latvian *Saeima* expressed its readiness to increase the Latvian contribution to the EU budget if this would help to support the continuation of the Cohesion policy after 2020 at the existing level. Similarly, the Croatian *Hrvatski sabor* would be ready to support the 0.1 per cent increase, provided the level of financing of Cohesion and CAP is maintained. The CAP was also mentioned as a condition by the NEOS party of the Austrian *Nationalrat* and *Bundesrat*.

The Parliamentary Group of AKEL-Left New Forces of the Cyprus *Vouli ton Antiprosopon* is of the opinion that any increase in the country's contribution to the EU Budget after Brexit should exclude military/defence expenditures.

Whereas the Belgian *Sénat* and the Luxembourg *Chambre des Députés* advocated for the increase of revenue from own resources, the Maltese *Kamra tad-Deputati* favoured the retention of the present system with the replacement of the VAT own resource by the fairer and simpler GNI based own resource.

The Slovak *Národná rada* pointed out the following conditions: financing of new priorities (defence, security, migration, climate change) should not be at the expense of the EU's long-term priorities (something also highlighted by the Estonian *Riigikogu*); the EU budget's own resource system should be reformed in order to abolish rebates; steady and fast implementation of programmes of new generation would need to be ensured.

## ii. The Future Multiannual Financial Framework

When asked what the focus of the EU spending over the next financial period should be, a large majority of Parliaments/Chambers (23 out of 35 respondents) said that reducing economic and

social divergences between and within Member States should be a priority. This was followed by strengthening the EU Security and Defence Policy (18 out of 35) and reinforcing border control and tackling irregular migration (16 out of 35)<sup>8</sup>. Eight Parliaments/Chambers considered the Digital Agenda to be of priority, whereas renewable energy sources/low-carbon infrastructure and EU external policies were both considered of high importance by four respondents. Nine Parliaments/Chambers chose to specify or elaborate further. The Dutch *Eerste Kamer*, the Danish *Folketing*, the Polish *Senat*, and the Swedish *Riksdag* had not adopted a formal opinion on the matter. The European Parliament's Committee on Budgets voted for the spending priorities to be the following: maintain funding to established policies (cohesion, agriculture); boosting funding to priority programmes in the areas of research, youth and SMEs; providing additional means for the Union's new responsibilities in the areas of security, stability, migration, macroeconomic stabilisation.

The parliamentary group of AKEL-Left New Forces of the Cyprus *Vouli ton Antiprosopon* is against strengthening the EU Security and Defence Policy and is of the opinion that in addition to reducing economic and social divergences between and within Member States and contributing to the Digital Agenda, renewable energy sources and low-carbon infrastructure should be considered as priority.

When asked whether the next MFF should be based on a comprehensive strategy for the future of the EU, similar to Europe 2020, a large majority of Parliaments/Chambers (24 out of 37 respondents) had no opinion on the matter. Twelve respondents answered positively and one said that it should not be based on a comprehensive strategy.<sup>9</sup>

When asked what the duration of the next MFF should be, the majority of respondents (21 out of 37) had no opinion on the matter and 16 thought the current seven-year period should be maintained.

The German *Bundesrat* expressed its openness to a 10-year period with an obligatory mid-term review after 5 years. The parliamentary group AKEL-Left New Forces of the Cyprus *Vouli ton Antiprosopon*, on the other hand, pointed out that the criterion should be the content of the MFF and not the duration.

The European Parliament's Committee on Constitutional Affairs (AFCO) highlighted the importance of establishing a link between the duration of Parliament's legislative term, the Commission's mandate and the duration of the MFF and called for the alignment of future MFFs with the following parliamentary term.

On whether Parliaments/Chambers supported the idea of enhancing the flexibility of the EU's budget to enable a prompt response to challenges, the majority of respondents (22 out of 38) answered positively, 15 had no opinion and one Parliament/Chamber said they wouldn't support this idea (the parliamentary group AKEL-Left New Forces of the Cyprus *Vouli ton Antiprosopon* also took this view). Of those who answered positively, nine elaborated further. The Bulgarian *Narodno sabranie*, the Italian *Senato della Repubblica*, the Romanian *Camera Deputaţilor*, and the Slovenian *Državni zbor* referred to migration and security as stark reminders for the need of flexibility. However, the latter also noted that traditional policies such as cohesion and agriculture should not be impacted negatively because of this. This was also echoed by the Romanian *Senat*. The Belgian *Sénat* suggested that the seven-year period for the MFF would guarantee the financial stability over a longer period of time, and make it easier to be more flexible in the short run. The

<sup>8</sup> Some respondents gave more than one answer.

<sup>9</sup> The AKEL-Left New Forces of the Cyprus *Vouli ton Antiprosopon* had the same opinion.

German *Bundesrat* acknowledged the wish for more flexibility in the EU's Budget to react on challenges. However, in its view, this flexibility must be weighed against the budgetary principles of the EU, guaranteeing the budgetary independence of EU organs and the planning certainty of the beneficiaries.

The European Parliament's Committee on Budgets (BUDG) expressed its expectation for sufficient flexibility provisions to be put in place in order to accommodate unforeseen circumstances that might arise in the course of the MFF.

When asked whether their respective Parliaments/Chambers supported the abolishment of rebates on contributions of Member States, 19 out of 37 respondents replied that they had no opinion on the matter, whereas 16 said they supported it and two were against such an action. The European Parliament's Committee on Constitutional Affairs (AFCO) insisted on the phasing-out of all forms of rebates and the German *Bundesrat* reiterated its call to abolish all Member State-based rebates by replacing them by a general correction mechanism.

As a general endnote to this chapter, the UK *House of Commons* noted that it had not formally taken a position on the next MFF, but the European Scrutiny Committee had discussed it in the context of the Brexit financial settlement and the potential additional financial obligations the UK might have to take on if the transitional period lasts beyond 31 December 2020. The Committee is due to look at the next MFF in more detail when the Commission publishes its proposal. Similarly, the Dutch *Eerste Kamer* had not yet discussed the MFF 2021-2027. Many of the questions were therefore not applicable to them at present.

## CHAPTER 3

# EUROPEAN PILLAR OF SOCIAL RIGHTS

THE THIRD CHAPTER OF THE 29TH BI-ANNUAL REPORT takes a close look at the European Pillar of Social Rights, with a strong emphasis on employment, inclusion and growth.

Section A collects the views of Parliaments/Chambers on the road ahead when it comes to jobs and growth, asking Parliaments/Chambers to rate the most main principles, issues and tools of the Social Pillar according to their importance.

Section B seeks to establish the position of Parliaments/Chambers vis-a-vis a number of issues related to working conditions and other social policies.

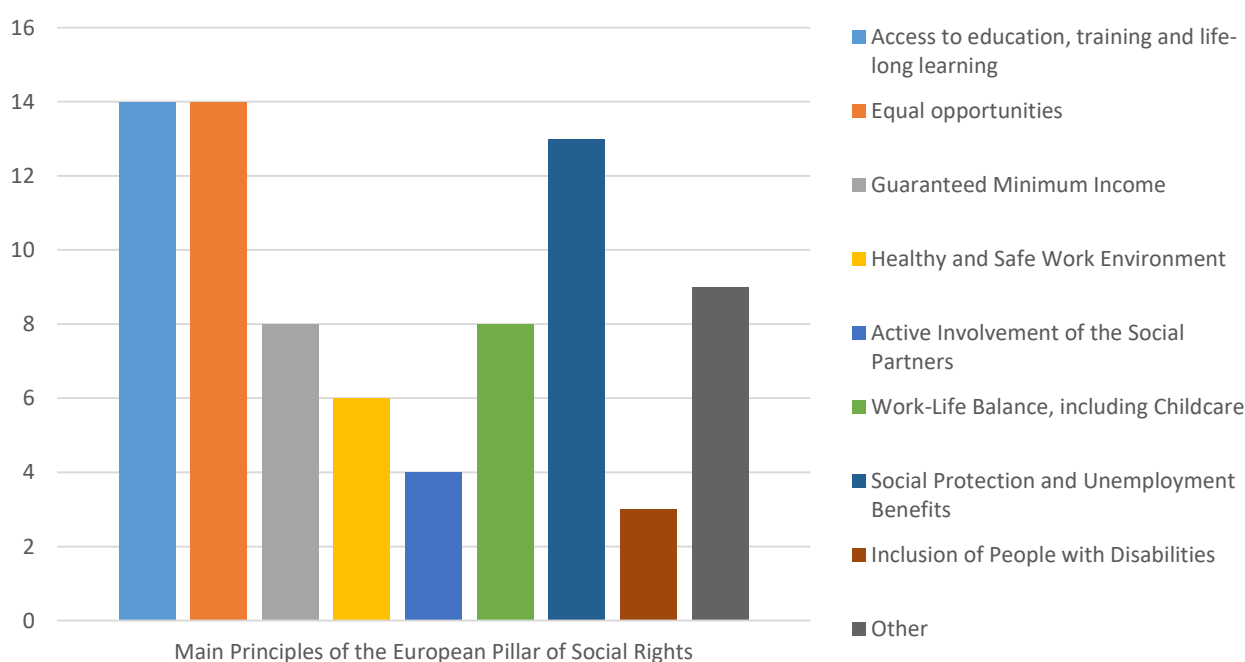
### Section A

#### Jobs and Growth

##### i. The European Pillar of Social Rights

Asked whether they had discussed the European Pillar of Social Rights, most Parliaments/Chambers (31 out of 39 respondents) replied they had indeed done so during committee sittings, with 11 respondents having held discussions in plenary sessions, and another 12 in other formats. Only two Parliaments/Chambers had not discussed the European Pillar of Social Rights.

Replies were varied when it came to identifying the main principles of the Pillar which were most important in achieving its goals, with half the respondents pointing to access to education, training and life-long learning; as well as equal opportunities (14 Parliaments/Chambers respectively) as the most important, closely followed by Social protection and unemployment benefits, identified by 13 Parliaments/Chambers. At the other end of the scale, active involvement of the social partners; and inclusion of people with disabilities were deemed to be the least important, chosen by only four and three respondents respectively.





Amongst those who chose “other”, seven respondents noted that their Parliament/Chamber had no opinion or had not formally issued one, or was yet to adopt a position which would make ranking possible. The Bulgarian *Narodno sabranie* proposed combating poverty and inequalities as an alternative, whereas the Belgian *Sénat* chose equal opportunities; guaranteed minimum income; active involvement of the social partners; work-life balance incl. childcare and social protection and unemployment benefits as the most important but noted that in its opinion they were on an equal footing.

The Citizen’s Alliance party of Cyprus noted different replies, namely: “Guaranteed minimum income”, “Active involvement of the social partners” and “Inclusion of people with disabilities”. The Members of the House Standing Committee, on the other hand, were in favour of the following: equal opportunities and access to the labour market, including skills development and life-long learning and active support for employment; fair working conditions and promoting social dialogue; social protection and access to high quality services (e.g. childcare, healthcare and long-term care); promotion of decent working conditions with full social/workers’ rights, while safeguarding collective bargaining, collective agreements and strengthening the role of social partners (opinion of the Parliamentary Group of AKEL-Left New Forces ).

As for the most pressing issue that the Pillar could help to address, 13 Parliaments/Chambers pointed to the social consequences of the financial crisis: poverty, social exclusion, inequalities and unemployment; while six respondents pointed to the demographic developments across Europe: ageing of the population and the need for modernisation of welfare systems. Economic divergence across Member States was identified as the most pressing issue by three respondents. Only two respondents chose technological progress and automation and its consequences for the future labour market.

Eleven respondents chose “other”. Amongst these, six reported that their respective Parliament/Chamber had not adopted a position on the matter.

The Finnish *Eduskunta* noted that its Grand Committee considered the social dimension and its pillar an essential element of smart, sustainable and inclusive growth within the EU, and stressed that it was important that all Member States took measures to combat social exclusion and inequality, including gender pay disparity and other gender inequality issues, adding that modern and inclusive education systems were also an essential element of the EU’s social dimension.

The Cyprus Parliamentary Group of AKEL-Left New Forces noted how the economic crisis had social consequences which eliminated the opportunities for future growth and economic development across the EU, and how the success of the Euro area depended on the effectiveness of national labour markets and welfare systems and on the capacity of the economy to absorb and adjust to shocks. The policy response to the economic crisis had caused the deprivation of the European citizens’ living, working and social standards. The welfare state and the world of work needed to be reinforced and strengthened in order to tackle poverty, social exclusion, inequalities and unemployment.

The French *Sénat* stated that it was important to fight against the phenomenon of social dumping caused by the absence of convergence in the Union.

The Estonian *Riigikogu* considered the first three options, namely the social consequences of the financial crisis: poverty, social exclusion, inequalities and unemployment; technological progress and automation and its consequences for the future labour market; demographic developments across Europe: ageing of the population and the need for modernisation of welfare systems, as equally important.

Replies were once again varied when it came to selecting the most appropriate tools to implement the 20 principles stated in the Pillar. The majority of Parliaments/Chambers (17 respondents; less than half the total respondents) said that the most appropriate tool would be a strengthened European Semester covering the Pillar's principles. This was closely followed by EU funding instruments designed to support reforms at national level, chosen by 16 respondents. Thirteen respondents identified the exchange of good practices and strengthened cooperation between social partners and national regulators to be the most appropriate tool. An almost equal number of respondents pointed to specific EU legislation (EU Action Plan); policy coordination between Member States; and establishing benchmarks that Member States have to meet (eight, seven and six Parliaments/Chambers respectively), whereas only one parliament suggested a sanctioning mechanism.

Amongst the eight respondents who chose "other", four said that their respective Parliament/Chamber had not issued a formal opinion.

The French *Sénat* said that it was essential to establish a social convergence code, equipped with an incentive mechanism in order to encourage convergence of rules on labour markets and social protection systems.

The Swedish *Riksdag* clarified that, following a subsidiarity check on the Commission's proposal for a directive on clear and predictable working conditions in the European Union carried out by the Committee on the Labour Market, it transpired that the majority of Parliament was of the opinion that "benchmarking and the European Semester are appropriate ways to implement the pillar and that the parties to the labour market are important players", a position also supported by a majority of the Committee on EU Affairs.

The Czech *Senát* was of the opinion that measures at EU level should be adopted particularly in the form of recommendations (e.g. by already established means and tools such as the European semester) which the Member States would subsequently take into account in their national strategies.

The Cyprus AKEL-Left New Forces noted that it was against "A strengthened European Semester covering the Pillar's principles", "Policy coordination between Member States" and "Through EU funding instruments designed to support reforms at national level" and in favour of "Establishing benchmarks that Member States have to meet" and "Exchange of good practices and strengthened cooperation between social partners and national regulators."

The Belgian *Sénat* noted that while agreeing to a social pillar was important, the focus should be on its implementation.

## Section B

### Working conditions, Social Affairs and Inclusion

#### i. Co-ordination at EU-level of Member States' social policies

The overwhelming majority (19 out of 28 respondents) agreed that there was a need for more coordination of Member States' social policies at an EU-level, but only three of these thought full harmonisation was needed, with the remainder 16 opting for more coordination without full harmonisation. Six Parliaments/Chambers thought there was already a sufficient level of coordination, whereas three more said that the Union should avoid interference with Member States.

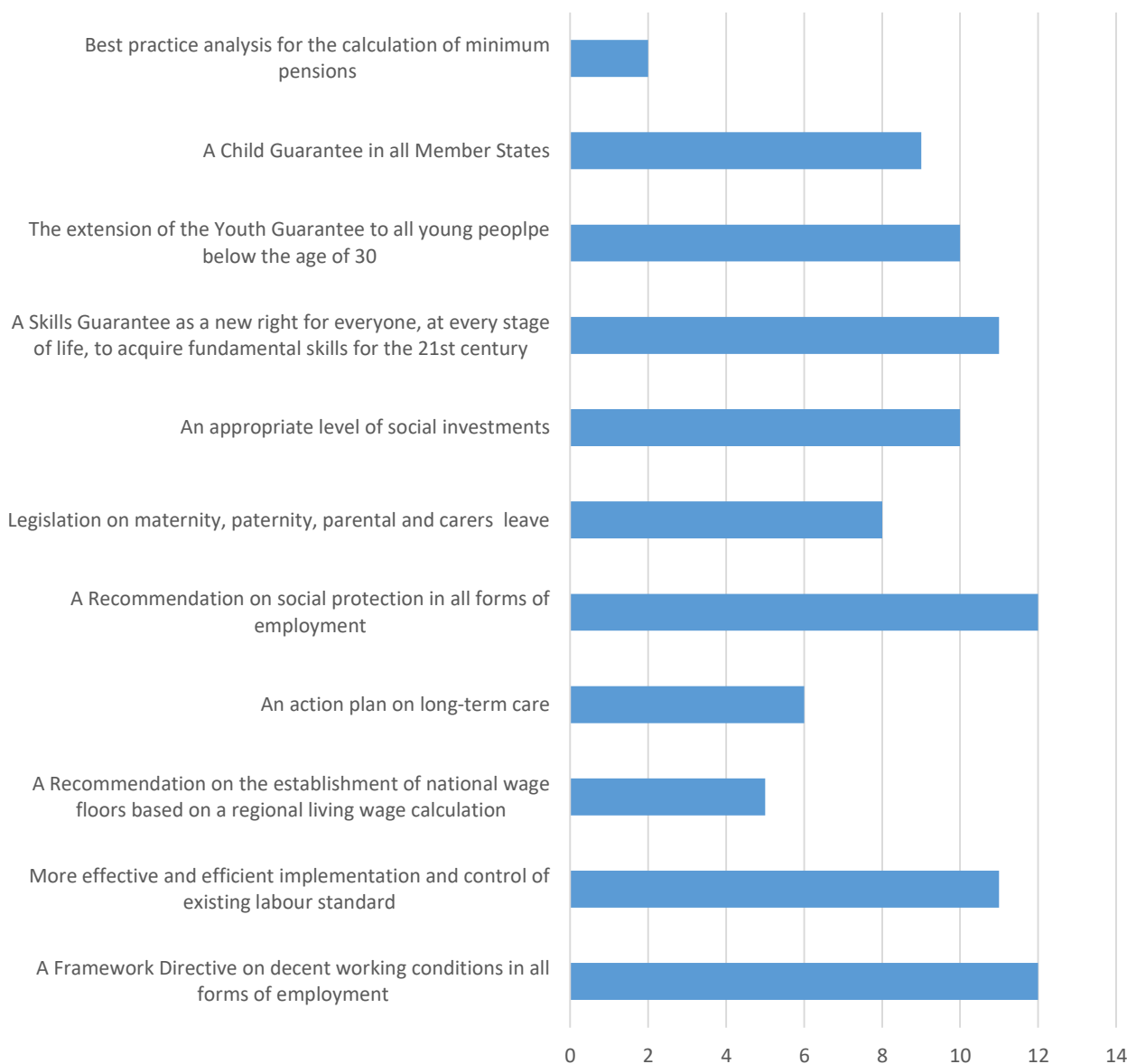
The Cyprus Citizens' Alliance noted it was in favour of full harmonisation.

## **ii. Support from Parliaments/Chambers on social affairs topics**

According to the results of the report, the following suggestions contained in the resolution on the European Pillar of Social Rights have the most support from Parliaments/Chambers: a Framework Directive on decent working conditions in all forms of employment (12 respondents); a recommendation on social protection in all forms of employment (12 respondents); a more effective and efficient implementation and control of existing labour standards (11 respondents); a skills guarantee as a new right for everyone, at every stage of life, to acquire fundamental skills for the 21st century (11 respondents); an appropriate level of social investments (10 respondents); the extension of the Youth Guarantee to all young people below the age of 30 (10 respondents). Best practice analysis garnered the least support, with only two respondents identifying this choice.

The Cyprus Citizens' Alliance and the Parliamentary Group of AKEL-Left New Forces parties noted they were also in favour of "A framework Directive on decent working conditions in all forms of employment" and "Best practice analysis for the calculation of minimum pensions".

## Support for suggestions contained in the European Pillar of Social Rights



The Finnish *Eduskunta* noted that the EP resolution had not been debated in Parliament. Neither had it been debated in the Czech *Senát* nor in the Romanian *Camera Deputaţilor*, though the latter also noted that, on several occasions, while scrutinizing European Commission communications, it had made recommendations concerning the family life, maternity and children education and care.

Less than half of Parliaments/Chambers supported clear and binding targets to reduce the gender gap (15 out of 36 respondents). The majority (19 respondents) had no opinion. Only two Parliaments/Chambers did not support such targets.<sup>10</sup>

Once again, the majority of respondents (22 out of 37 respondents) had no opinion to express when asked whether they supported the initiative for European Labour Authority, proposed by the European Commission President Jean-Claude Juncker in his 2017 State of the Union Speech. Thirteen Parliaments/Chambers supported the initiative, whereas only two did not.

<sup>10</sup> The Cypriot Parliamentary Group of AKEL-Left New Forces also did not support these targets.

When it came to naming three social topics debated by Parliaments/Chambers, matters related to employment featured the most, with ten respondents out of the 32 that answered this question referring to posted workers. Eleven respondents had debated topics related to unemployment, with eight of these specifically addressing the Youth Guarantee. Seven Parliaments/Chambers had discussed pensions, and another six had debated topics related to work-life balance. Three respondents mentioned the minimum age; another three referred to social security; and another three indicated that gender pay gaps had been debated.

Amongst the other, less popular topics that were mentioned by respondents were debates related to childcare, European policies on sports, the role of the regions in the process of Europeanisation, health care and domestic violence.

As a general point of information on the chapter, the Hungarian *Országgyűlés* noted that the representatives of the Visegrád Countries Parliamentary Committees responsible for family policy issues met in Budapest in December 2017 and had also discussed the proposal of the European Commission for regulation on the coordination of social security systems.<sup>11</sup>

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<sup>11</sup> The adopted Conclusions are accessible at: <http://v4.parlament.hu/en/social-welfare-committees>.



29<sup>th</sup>

Bi-annual Report

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