

MINUTES OF THE MEETING OF THE CHAIRPERSONS OF COSAC
Copenhagen, Denmark, 30 January 2012

AGENDA:

- 1. Opening address by Mr Mogens LYKKETOFT, Speaker of the Danish *Folketing***
- 2. Adoption of agenda and procedural questions.**
- 3. Priorities for Climate and Energy policies 2020 – guest speaker: Ms Connie HEDEGAARD, Commissioner for Climate Action**
- 4. The sovereign debt crisis, European Economic Governance and democratic accountability - guest speaker: Mr Maroš ŠEFČOVIČ, Commissioner for Inter-Institutional Relations and Administration**

PROCEEDINGS

IN THE CHAIR: Ms Eva KJER HANSEN, Chairman of the European Affairs Committee (*Folketinget*, Denmark).

Ms KJER HANSEN welcomed the following new Chairpersons: Ms Zanda KALNINA - LUKAŠEVICA, Latvian *Saeima*, Ms Agnieszka POMASKA, Polish *Sejm*, Mr Averof NEOFYTOU, Cypriot *Vouli ton Antiprosopon*, and Mr Dominic HANNIGAN, Irish *Houses of the Oireachtas*.

1. Opening address by Mr Mogens LYKKETOFT, Speaker of the Danish Parliament

Mr LYKKETOFT opened the meeting by highlighting the opportunity for national Parliaments to play a bigger role in the EU after the entry into force of the Treaty of Lisbon. Thereby hopefully enhancing democracy, as support from the European citizens is more important than ever. He stated that COSAC is a forum for meaningful dialogue between national Parliaments and the EU institutions and that the Danish Parliament is committed to ensuring the necessary coordination and cooperation to foster this dialogue. He went on to talk about the parliamentary dimension of the Danish presidency and said that the *Folketing* would host a number of interparliamentary meetings focusing on the most pressing issues facing the EU. He announced that Baroness Ashton, High Representative of the Union for Foreign Affairs and Security Policy, and Mr Anders FOGH RASMUSSEN, NATO Secretary General, would attend the COFACC meeting in March. Mr LYKKETOFT also mentioned other topics that would be dealt with during the Danish presidency; the financial crisis, the CAP-reform, energy efficiency, the environmental action plan and the re-launch of the Single Market. Lastly, he thanked the EU institutions for their commitment to these interparliamentary meetings.

In her welcome address, Ms KJER HANSEN said that the Danish Presidency would work tirelessly to get Europe back on track through the promotion of economic stability, budget discipline, sustainable growth and creating jobs. She hoped that the agreement to be reached at the EU summit on the new budget pact would help restore confidence in the European economy, but would also respect national Parliaments' budgetary powers. Ms KJER HANSEN stressed the need to strengthen the political dialogue with the European Commission ensuring that national Parliaments are adequately and timely consulted on different relevant issues.

2. Adoption of agenda and procedural questions

The agenda was adopted by the Chairpersons without amendments. Ms KJER HANSEN informed the participants that the Troika had discussed the draft agenda for the XLVII COSAC in April and the Presidency had agreed to include a guest speaker from the European Parliament. Ms KJER HANSEN moved on to the consideration of the draft outline of the 17th Bi-annual Report on which a few comments were made including a call from Ms Astrid THORS, Finnish *Eduskunta*, for an analysis of the costs and benefits of the Bi-annual Reports and IPEX.

3. Priorities for Climate and Energy policies 2020 – guest speaker: Ms Connie HEDEGAARD, Commissioner for Climate Action

Ms Connie HEDEGAARD, Commissioner for Climate Action, informed participants of two major international events taking place on 30 January – the informal summit of Heads of states and governments in Brussels and the presentation of the United Nations Global Sustainability Panel report. She said that climate change was impacting more and more people and that climate action should create a more sustainable, more energy- and resource-efficient future. She noted that the growing world population would have to be supported by substantial growth in economic terms to tackle growing demand for food production, water and energy.

Ms HEDEGAARD linked discussions on the economic situation with the climate, environment and resource crises. She said that the EU should stop thinking in silos and seek solutions to all of these challenges in a more holistic manner. She noted that Europe was far from reaching targets, especially in energy efficiency, and said she believed that addressing this made economic sense in the long term. She pointed out that the completion of the 20-20-20 targets (20% reduction of CO₂ emission to 2020, 20% growth in the use of renewable energy sources and 20% increase in energy efficiency) could create many new jobs. The Commissioner added that the world must move to a much more sustainable pathway and this required greater investment and attention from both the public and private sectors. She described that, as money was scarce, the EU needed to create more added value out of each euro spent. According to Commissioner HEDEGAARD, at least 20% of the EU budget should be dedicated to fighting climate-related issues. Effort should be invested into reaching targets which applied to several fields, such as the expansion and renewal of the EU energy infrastructure through the proposed “Connecting Europe Facility”, and creating more intelligent development policy.

The Commissioner underlined that the EU could gain a lot of strategic credit from combining success in the field of climate action linked with other policies to boost the Union's competitiveness. She underscored that it was necessary for politicians to understand the needs of citizens in order to have their support for climate action.

During the ensuing debate, 16 speakers took the floor. Several speakers agreed that climate action, energy policy and economic policy were inter-related. Ms Tineke STRIK, Dutch *Eerste Kamer*, praised the European Commission and the Danish Presidency for their endeavours to link economic policy to environmental policy. Ms HEDEGAARD appealed to politicians to focus not only on obvious short term challenges but also to engage with the longer term climate issues before “others get the economic benefits before us”.

A number of speakers supported actions to encourage growth such as the “Connecting Europe Facility” and the creation of an internal energy market. Members also admitted that various European policies should be adapted to produce a more sustainable model of growth. Responding to a question about the current state of play on the discussion on border carbon tax from Mr Pierre LEQUILLER, French *Assemblée nationale*, Commissioner HEDEGAARD described this type of tax as a tool to be kept in the toolbox as long as there continued to be progress in international negotiations.

Mr Miguel Ángel MARTÍNEZ MARTÍNEZ, European Parliament, along with a number of national parliamentarians, praised Ms HEDEGAARD for the role she had played in the UN Climate Conference in Durban at the end of 2011, where the EU had spoken with one voice and won allies and friends. Many interventions stressed the need for an international climate agreement to be reached and Ms HEDEGAARD agreed, also pointing out that international business was also very interested to see such an agreement.

A number of members emphasised the need for greater mainstreaming of climate action in EU policy and better integration with development and trade policy. Many participants agreed with Ms HEDEGAARD that there needed to be more efficient use of energy. When questioned about binding targets for energy efficiency the Commissioner said that Member States did not, at this time, support their use. She wanted to see more progress and asked national Parliaments to help encourage this. If the voluntary route had not produced results in two years time, binding targets would be proposed by the Commission. Ms THORS asked for subsidiarity to be respected in all proposals for achieving greater energy efficiency. Lord John ROPER, UK *House of Lords*, raised the question of adaptation and innovation, and was told that the White Paper would be published in the first quarter of 2013 and it would aim to spread best practice at all levels.

In response to many that raised questions on the use of renewable energy sources, Ms HEDEGAARD said that the Global Sustainability Panel hoped to deliver agreed targets in this area. Mr Edmund WITTBRODT, Polish *Senat*, asked how the use of nuclear power was viewed by the Commission. Ms HEDEGAARD replied that energy mix was entirely for each Member State to decide upon but that all had agreed the low carbon roadmap.

The Commissioner concluded by saying that the EU must remain competitive and would be helped in this by setting targets. There needed to be a fundamental change in the structure of EU economies to link economic and environmental policies as it was unacceptable that fossil fuels were currently being subsidised seven times more than renewable energy sources.

4. The sovereign debt crisis, European Economic Governance and democratic accountability - guest speaker: Mr Maroš ŠEFČOVIČ, Commissioner for Inter-Institutional Relations and Administration

Ms KJER HANSEN opened the discussion by noting that the draft Treaty on Stability, Coordination and Governance in the Economic and Monetary Union foresees the establishment of a forum for interparliamentary cooperation in the area of budgetary policies. In this context, she stated that each individual national Parliament should be more involved in a dialogue with the European Commission on closer economic cooperation and the European Semester, proposing that the Commissioners could be invited to appear before the Committees of the national Parliaments and written questions could be addressed by the

national Parliaments to the Commission, following a similar practice in the European Parliament.

Vice-President ŠEFČOVIČ opened his speech saying that he thought it was vital to act together and that the Danish Presidency, at this time of unprecedented concern about the future of the euro, took decisive and effective action in order to combat the economic and financial crisis. It was inconceivable that the single currency would fail, however, systemic shortcomings revealed by the crisis meant that the euro governance system had to be improved.

The Vice-President listed actions undertaken by the EU to ensure survival of the Economic and Monetary Union, such as the adoption of the European Economic Recovery Plan, the release of an emergency loan facility for Greece and the creation of the European Financial Stability Facility and the European Financial Stabilisation Mechanism. According to Mr ŠEFČOVIČ, the fundamental lesson of the crisis was that of interdependence and he called for greater integration between national economic and budgetary policies and a more collective approach to European economic governance.

The Vice-President noted that the crisis showed the necessity to act decisively in three key areas: the financial sector, economic growth and public finances. Action included: the creation of a new supervisory structure; ensuring both a rapid recovery and sustainable long-term development across the EU (through the Europe 2020 Strategy, the new European Semester and the Commission's Annual Growth Survey); and the so-called 'six pack' of legislation. Mr ŠEFČOVIČ underlined that the key role of the 'six pack' was "to give the EU a much stronger framework for preventing the economic mistakes". In addition to the 'six pack', the Commission also proposed a 'two pack' designed to further strengthen economic governance in the euro area. The Vice-President said that 'two pack' "would enable the Council and the Commission to examine national draft budgets and take a position before they are adopted by national Parliaments". However, the Vice-President also made it clear that national budgets would continue to be agreed and adopted by national Parliaments.

Then, Mr. ŠEFČOVIČ referred to the issue of democratic oversight over European economic governance, which should not be left to national governments alone. In his opinion, such cooperation had to be complemented by a more effective dialogue between the Commission and national Parliaments. Moreover, he stressed that in the new Europe's economic governance framework the budgetary authority of national Parliaments had to be fully respected and the role of national Parliaments and the European Parliament enhanced.

Speaking on the so-called 'fiscal compact' agreed by the leaders of 26 Member States at the European Summit of 8-9 December 2011, the Vice-President expressed regret that the community method had not been chosen and that the European Council had to resort to the use of an intergovernmental treaty though he broadly welcomed the content of the agreement. Mr ŠEFČOVIČ expressed his hope that agreement would be reached quickly and that provisions would eventually be incorporated within the overall EU legal framework. He highlighted the fact that further steps were needed and underlined the following EU policy priorities: growth-friendly fiscal consolidation; tackling unemployment, and in particular the challenge of youth employment; and promoting competitiveness, in particular for SMEs. He emphasised the benefits of the implementation of proposed reforms in the area of the Single Market, saying that it would add around 3% to the GDP level by 2020. He regretted that the

European Patent was blocked in the Council because three Member States could not agree on the seat.

In conclusion, the Vice-President said that public faith in the national and European institutions would not improve “if we put narrow self-interest above the greater European good”. He reiterated that the crisis revealed a considerable degree of interdependence between the EU Member States and stressed that actions undertaken in order to respond to this crisis would only be successful “if we continue to work together”.

During the debate, 20 speakers took the floor. Several members focused their contributions on Article 13 of the draft Treaty¹ regarding the role of national Parliaments and the European Parliament, including Mr Luděk SEFZIG, Czech *Senát*, and Mr Simon SUTOUR, French *Sénat*, who underlined the importance of COSAC as an appropriate forum for discussion and parliamentary oversight in relation to the Treaty provisions. However, Mr Enrico FARINONE, Italian *Camera dei Deputati*, supported the view that the organisation of a forum relating to economic cooperation should be determined together by the national Parliaments and the European Parliament in the framework of the EU Speakers' Conference. Stressing national Parliaments' sovereign right to adopt their own national budget, some national Parliaments' members criticised the wording of Article 13. They underlined the need to allow national Parliaments to specify themselves the relevant committees to participate in the conference that would discuss budgetary policies and other issues covered by this Treaty. Ms Gabriele MOLITOR, German *Bundestag*, quoted the letter of Mr Krichbaum² advocating the COSAC model, and stated, inter alia, that “the size of delegations ensures a balance between national Parliaments and the European Parliament and reflects the political composition of the national Parliaments”. The German position was supported by a number of other members during the debate. Mr LEQUILLER said that the latest version of Article 13 was balanced and well drafted and he called for the Commissioner to support it. A number of speakers said that the Treaty agreement and the monitoring of its implementation needed to be in line with the institutional framework and asked for it to be incorporated in the EU Treaties.

Responding to comments, Mr ŠEFČOVIČ explained that the Treaty was about greater fiscal discipline and improvement of the rules, which were necessary bearing in mind that 24 out of 27 Member States were in excessive deficit procedures. Referring to the cooperation under Article 13 of the draft Treaty, the Vice-President noted that it was necessary to agree upon details of such cooperation. He agreed that COSAC was an appropriate forum to discuss sensitive issues like these. He also said that national Parliaments ought to refer to their governments in order to ensure the exercise of their right of democratic scrutiny over budget. He admitted that the Treaty had its limits as it was an intergovernmental agreement, binding only to its contracting parties. Commissioner ŠEFČOVIČ clarified that the wording of Article 13, as amended in the most recent version of the draft Treaty, enshrined the right of national Parliaments and the European Parliament to determine their representatives and the relevant committees participating in the conference. Moreover, he underlined that the sovereignty of each national Parliament in adopting the national budget remained untouched, explaining that the Commission and the Council were to give an opinion on the sustainability of national budgets assuming collective responsibility. Regarding the incorporation of the Treaty in EU law, he stated that the goal was to operate within EU law and to incorporate the Treaty in EU

¹ Some delegates spoke on the basis of the 19 January version and others on the basis of the most recent version that was distributed in the plenary hall after the coffee break.

² Letter to Mrs Eva Kjer Hansen dated 26 January 2012.

law. He agreed with a number of speakers that solidarity and political consensus regarding measures relating to the euro-zone were very important.

In her closing remarks, Ms KJER HANSEN said that the Presidency would develop proposals about how to strengthen cooperation between the European Commission and national Parliaments in advance of the COSAC plenary meeting in April.