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Fifteenth Bi-annual Report:
Developments in European Union
Procedures and Practices
Relevant to Parliamentary Scrutiny



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BACKGROUND

This is the Fifteenth 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/en/documents/biannual/>

The four parts 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 15th Bi-annual Report was 11 April 2011.

Parts I, II and IV begin with relevant parts of the outline adopted by the meeting of the Chairpersons of COSAC, held on 11 February 2011 in Budapest, with some factual information added.

As a general rule, the Report does not specify all Parliaments or Chambers whose case is relevant for each point. Instead, illustrative examples introduced in the text as "e.g." are used. The COSAC Secretariat is grateful to the contributing Parliaments/Chambers for their cooperation.

Note on Numbers

Of the 27 Member States of the European Union, 14 have a unicameral Parliament and 13 have a bicameral Parliament. Due to this combination of unicameral and bicameral systems, there are 40 national parliamentary Chambers in the 27 Member States of the European Union.

Although they have bicameral systems, the national Parliaments of Austria, Belgium and Spain each submitted a single set of replies to the questionnaire circulated by the COSAC Secretariat.

The COSAC Secretariat received replies from 38 national Parliaments/Chambers of 26 Member States¹ and the European Parliament. These replies are published in a separate Annex to this Bi-annual Report which is also available on the COSAC website at: <http://www.cosac.eu/en/documents/biannual/>.

¹ Following the recent general elections in Ireland, a European Affairs Committee and other parliamentary committees have not yet been established by the *Houses of the Oireachtas*. Consequently, on this occasion, it was not possible for replies to be provided to the questionnaire for the COSAC Bi-annual Report.

PRESIDENCY INTRODUCTION

The initiative of the European Semester, the economic governance package, the Europe 2020 Strategy all aim to create a reliable and stable economic area in the EU. National Parliaments and the European Parliament are seeking to support and complement the efforts made by the national Governments and the EU institutions to create sustainable growth in Europe. The aforementioned initiatives serve as an incentive for Parliaments to find their own ways of scrutinising and influencing the process.

Generally, it is the national Parliaments that decide on the adoption of national budgets. The implementation of the European Semester will complement this with recommendations issued at the EU level. This new situation raises questions on how parliamentary scrutiny can be best ensured throughout the process and on establishing best working practices.

Since the presentation of the new initiatives, interparliamentary debates on the aforementioned issues have taken place, for instance:

- **Meeting of the Chairpersons of the Committees on Budget and Finance**² organised by the Hungarian National Assembly, the *Országgyűlés*, in the framework of its Presidency of the Council, on 24-25 February 2011 in Budapest;
- **Interparliamentary Committee meetings: "Investing in the real economy: A tool kit for growth, innovation and cohesion" and "The European Semester for economic policy coordination"**³, organised by the European Parliament on 14 and 15 March 2011 in the European Parliament in Brussels;
- **Conference of Speakers of European Union Parliaments**⁴, organised by the Belgian Federal Parliament on 4-5 April 2011 in Brussels;
- **Interparliamentary Committee meeting "The European Semester 2011: How to coordinate EU and national budgets?"**⁵, organised by the European Parliament on 13 April 2011 in the European Parliament in Brussels.

COSAC is yet another interparliamentary forum for debating these highly important issues. As COSAC is a conference for exchanging information and best practice, I hope that this report will add value to the ongoing debate.

Dr. Richárd Hörcsik
Chairman of the
Committee on European Affairs

² For more information on the meeting: <http://www.parlament-eu2011.hu/en/event/16>

³ For more information on the meetings: <http://www.europarl.europa.eu/webnp/cms/lang/hu/pid/1551>
<http://www.europarl.europa.eu/webnp/cms/lang/hu/pid/1554>

⁴ For more information on the meeting: <http://www.ipex.eu/ipex/cms/home/EU-Speakers/pid/52935>

⁵ For more information on the meeting: <http://www.europarl.europa.eu/webnp/cms/lang/hu/pid/1596>

ABSTRACT

PART 1: EUROPE 2020 STRATEGY

A majority of Parliaments/Chambers have provided or will give input into their National Reform Programmes and Stability and Convergence Programmes. These documents are submitted by Governments to Parliaments/Chambers and subsequently referred mostly to Committees on European Affairs and/or Committees on Budget. Occasionally, joint committee meetings and hearings are held, and other specialised committees are involved. Government officials are often invited to present the aforementioned Programmes and to exchange views on them. Due to the sensitive nature of the issue, the debate on Stability and Convergence Programme sparked a constitutional reform in one case, and triggered the resignation of a Prime Minister in another one.

With a view to securing the success of the Europe 2020 Strategy Parliaments/Chambers **underscore the need to meet the five headline goals of the Strategy.** According to Parliaments/Chambers, the main stumbling block on the way to success is the lack of sufficient financing of the five headline goals from the debt-ridden public finances of Member States. This is why Parliaments/Chambers call for structural reforms of the public sector. At the EU level, Parliaments/Chambers **emphasise the need to secure sufficient funding to meet the five headline goals** in the next Multiannual Financial Framework starting in 2014. They also underline the necessity to meet and comply with the requirements of the 20-20-20 targets of the Climate Package with some Parliaments/Chambers advocating further cuts in greenhouse gas emission targets. Relaunching the Single Market is also perceived as a step in the right direction.

In the majority of cases, national indicators of the Europe 2020 Strategy have not been scrutinised by Parliaments/Chambers.

PART 2: EUROPEAN SEMESTER AND ANNUAL GROWTH SURVEY

The first European Semester brought about a new situation for both Parliaments and Governments. As a result, as of the time of the drafting of this Report, out of 39 Parliaments/Chambers which submitted replies to the questionnaire for this Report, almost half have **held debates** on the findings of the Annual Growth Survey. Some Parliaments/Chambers **intend to hold** such debates later in spring 2011 or next year. On the other hand, a dozen Parliaments/Chambers **have not held** such debates, although a few have looked at it, have taken note of it or have been informed by their respective Governments about the Annual Growth Survey while deliberating other subjects. Consequently, only a limited number of Parliaments/Chambers have offered comments or suggestions on the **specific findings** of the Annual Growth Survey.

In the majority of cases, parliamentary debates on the findings of the Annual Growth Survey have been held **at the committee level**, primarily in the Committees on European Affairs, but also in a few cases in competent specialised committees. In some instances, Parliaments/Chambers have opted for holding joint committee meetings. Only one Chamber informed about a **plenary** debate on the Annual Growth Survey.

Due to the fact that a number of Parliaments/Chambers have not yet held a debate on the Annual Growth Survey, the replies to the question on the **indicators of the Survey** are relatively **few and brief**. Seven Parliaments/Chambers have found the indicators to be **relevant, coherent** and in line with the national ones. Three Parliaments/Chambers consider that **additional indicators** could be added in order to better reflect the specific situation in each Member State, whereas two other Chambers have found it difficult to align the suggested indicators with the national ones.

The majority of Parliaments/Chambers **do not substantially reflect on the necessity to change future Annual Growth Surveys** or consider it **too early to predict** whether any changes would be necessary. Other Parliaments/Chambers are satisfied with the content of the Annual Growth Survey as it is now, with a **possible adaptation in the framework of the foreseen 2014 mid-term review**. As for the critical voices, some Parliaments/Chambers would expect a **more sound economic justification**, basing the Survey on the actual National Reform Programmes and taking into account such aspects as demographic trends and sustainable growth.

As to the **parliamentary input into government activities** in the context of the European Semester, half of the Parliaments/Chambers have **opted for an active participation** in this new initiative, to a large extent choosing the **traditional means** of parliamentary involvement. Among those, the most prevalent is the regular parliamentary scrutiny of EU documents and government activities, including the pre-Council mandating. In a few cases, Parliaments/Chambers have organised wider debates on the subject. On the other hand, 11 Parliaments/Chambers report **not having given any input** into their governments' activities in the context of the European Semester. The underlying reasons include the lack of specific rules and procedures as well as the possibility to be involved at a later stage.

Parliaments/Chambers mostly use the **existing working methods** for giving their input into the relevant national aspects of the European Semester, with **no special procedures** laid down. However, some Parliaments/Chambers mention that **national budgetary procedures might need to be adapted** in view of the implementation of the European Semester. Some **consider amending their internal rules** and/or changing arrangements as to timing of budgetary procedure.

As regards possible **weaknesses** of the European Semester initiative, **about a dozen** Parliaments/Chambers state that they **have not identified** any weaknesses, whereas **18** do **not** identify weaknesses **at this stage**, for reasons that are mainly related to timing (not yet debated, too early to assess, etc.) In some cases an official position is lacking. While some Parliaments/Chambers voice general concerns over the European Semester, others pinpoint **specific weaknesses** such as insufficient accountability, the excessive length of the Semester and scarce parliamentary involvement.

A large **majority** of Parliaments/Chambers **underscore the need to involve national Parliaments and the European Parliament** in the running of the European Semester, mostly providing details on how this involvement should materialise. While some Parliaments/Chambers call for the highest possible degree of commitment, others point out that the intensity of involvement depends, *inter alia*, on national constitutional arrangements and the EU Treaties, on good will of national governments and the EU institutions and on involvement at an early/earlier stage.

A **significant number** of Parliaments/Chambers hold the view that an **annual (inter)parliamentary conference on budget** would be the **most suitable format** for them to be

involved in the European Semester. They highlight the need to **involve the Committees on Budget** of national Parliaments and the appropriate committee(s) of the European Parliament. Preferences of Parliaments/Chambers on **where and how to organise** such a conference differ. The European Parliament and the Parliament of the country holding the rotating EU Presidency are explicitly mentioned as possible venues, and some Parliaments/Chambers suggest exploring the use of existing fora like COSAC. A number of Parliaments/Chambers that support the idea of an (inter)parliamentary conference provide some detail on the **exact timing**, with suggestions ranging from March to June. Finally, **a few** Parliaments/Chambers are rather **sceptical about new formats** or their added value.

PART 3: ECONOMIC GOVERNANCE AND FINANCIAL REGULATION IN GENERAL

A **majority of Parliaments/Chambers** consider the **financial supervision package** and the package aimed to strengthen **economic governance adequate and sufficient** to help the European economy recover, although most of them emphasise certain specific aspects. A few Parliaments/Chambers **agree on the financial supervision package but not on the full economic governance package**, while others express **reservations about both** the financial supervision and the economic governance package. On the other hand, an important number of Parliaments/Chambers **have not yet expressed a final opinion**.

The **need for a parliamentary debate** on these issues is **generally acknowledged**. Most Parliaments/Chambers have held or intend to hold a debate at the **national parliamentary level**. A number of them suggest holding such a debate at the **interparliamentary level**, either in the European Parliament, or in COSAC or in a special Budget Conference.

As to the legal justification for the three-fold control under the economic governance package, an **important number** of Parliaments/Chambers **have not yet expressed a final opinion**. On the other hand, most Parliaments/Chambers which have done so, consider the **legal justification** for the three-fold control under the economic governance package to be **sufficient**. A **small number** of Parliaments/Chambers believe that the **justification is to be complemented**, mostly by suggesting additional meetings.

When asked about **recommendations regarding the gradual application of the sanctions and incentives of the enforcement mechanisms**, most Parliaments/Chambers have either **not expressed a final opinion** on this issue or do not formulate any recommendations. Parliaments/Chambers which put forward suggestions focus primarily on possible sanctions, criteria for sanctions and voting procedures.

As for the optimal way for national Parliaments and the European Parliament to follow current political developments in the area of **economic and fiscal coordination** and the availability of the right tools, an important number of Parliaments/Chambers either have **not yet come to a final decision** or **do not provide any recommendations**. The other ones focus on different issues such as better and timely **information**, internal **reorganisation**, enhanced **interparliamentary cooperation**, capacity building of stakeholders and administrations and extended use of IPEX.

PART 4: EUROPEAN COMMISSION WORK PROGRAMME 2012

As a rule, Parliaments/Chambers **do not debate** the European Commission Work Programme (hereinafter referred to as "CWP") before its publication. Only a few Parliaments formulate *ex ante* positions on the CWP 2012.

A vast majority of Parliaments/Chambers **discuss the CWP** on a regular basis **after its publication**. Seven Parliaments/Chambers indicate the common practice of defining priorities for scrutiny (in the Committees on EU Affairs and/or specialised committees) during the following year based on the published CWP.

Some Parliaments/Chambers support the **previous practice whereby the European Commission published its Annual Policy Strategy**. They underline the importance of having a background document as a basis for an *ex ante* debate.

Several Parliaments/Chambers suggest holding a coordinated *ex ante* debate on the CWP in the framework of COSAC. Such a debate could take place **during the meeting of the Chairpersons of COSAC in the first semester of the year**. Almost all Parliaments/Chambers comment on the modalities of such *ex ante* debates in COSAC, in particular as regards the selection of subjects.

PART 1: EUROPE 2020 STRATEGY

National Parliaments acquired further competences to influence EU decision-making following the entry into force of the Treaty of Lisbon. However, what is just as significant, an exchange of views with the EU institutions is getting to be more and more frequent and the number of communication channels is growing as well. In addition, both national Parliaments and the European Parliament are working together to develop an effective and regular interparliamentary cooperation.

Based on the Contribution and Conclusions of both the XLIII and XLIV COSAC meetings, it is increasingly important for Parliaments to discuss politically significant issues in the framework of COSAC, which gives them a possibility to seize the aforementioned opportunity.

Analysing the parliamentary views on the implementation of the Europe 2020 Strategy is not only important for the Commission (as expressed by Mr José Manuel BARROSO, President of the Commission in his speech at the XLIV COSAC meeting), but also for COSAC itself. It gives an opportunity to all participants of COSAC to share their views which can have an *ex ante* influence on the economic issues listed below.

The Europe 2020 Strategy, economic governance in the EU and the European Semester are core initiatives to be formulated and implemented properly in order to overcome the present difficult situation in Europe and turn it into a prosperous and sustainable continent of cooperation. The requisite measures were prepared or decided upon throughout the year 2010. The Hungarian Presidency of the Council of the European Union in the first semester of 2011 placed the implementation of those decisions high on its agenda.

The Europe 2020 Strategy⁶ has been created by the European Commission (hereinafter referred to as "the Commission") as a response to the challenges that have arisen in the wake of the financial crisis of 2008 that shook the foundations of many European economies and jeopardized the growth prospects of the EU. The Strategy encompasses the following **three priorities**:

- smart growth;
- sustainable growth;
- inclusive growth;

to be defined by 2020 by **five interrelated headline targets**, i.e.:

- 75% of the population aged 20-64 should be employed;
- 3% of the EU's GDP should be invested in research and development;
- the "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right);
- the share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree;
- 20 million less people should be at risk of poverty.

⁶ EUROPE 2020: A European strategy for smart, sustainable and inclusive growth:
http://europa.eu/press_room/pdf/complet_en_barroso_007_-_europe_2020_-_en_version.pdf

The Commission has also put forward **seven flagship initiatives** underpinning the targets, i.e.:

- "Innovation Union";
- "Youth on the move";
- "A digital agenda for Europe";
- "Resource efficient Europe";
- "An industrial policy for the globalisation era";
- "An agenda for new skills and jobs";
- "European platform against poverty".

1.1. Parliamentary input into the National Reform Programme and the Stability and Convergence Programme

1.1.1. National Reform Programme

As regards the National Reform Programme, **a slight majority** of Parliaments/Chambers (i.e. 22 out of 39) have so far provided **an input**, while another five expect a debate on it (i.e. the Czech *Poslanecká sněmovna*, the French *Sénat*, the Greek *Vouli ton Ellinon*, and the two Chambers of the Spanish *Cortes Generales*⁷).

Most Parliaments/Chambers receive from their respective Governments draft National Reform Programmes, which are subsequently referred to the parliamentary committees. Predominantly, National Reform Programmes are dealt with by the **Committees on European Affairs, and/or the Committees on Budget**. In the case of the Slovakian *Národná rada*, the Committee on European Affairs is the main body responsible for the Europe 2020 Strategy coordinating the cooperation with the following specialised committees: the Committee on Finance and National Budget, the Committee on Education, Youth, Science and Sport, the Committee on Social Affairs, and the Committee on Economy, Construction and Transport.

Occasionally, however, the National Reform Programme is discussed at **joint committee meetings or hearings**. This was the case in the Estonian *Riigikogu*, where the National Reform Programme has been discussed at a joint meeting of the Committee on European Union Affairs, Committee on Finance, Committee on Economic Affairs, Committee on Cultural Affairs, and Committee on Social Affairs, whereas in the Lithuanian *Seimas* a joint hearing of the Committee on European Affairs and the Committee on Economics was held.

In the case of the Austrian *Nationalrat* and *Bundesrat*⁸, the Belgian *Chambre des représentants* and *Sénat* and the Luxembourg *Chambre des Députés* **other specialised committees** have been involved. In the Greek *Vouli ton Ellinon*, the National Reform Program was referred to the Committee on Economy. In the German *Bundestag* it has also been dealt with by the Committee on Labour and Social Affairs and in the Dutch *Tweede Kamer* by the standing Committee on Economic Affairs, Agriculture and Innovation.

⁷ The Joint Committee for the European Union of the *Cortes Generales* is to organise a hearing on the National reform Programme prior to the ECOFIN meeting on 14 June 2011.

⁸ The replies of the Austrian *Nationalrat* and *Bundesrat* mostly reflect opinions of individual political groups.

It is worth noting that the Slovak *Národná rada* has created a **special Commission for Europe 2020 Strategy**⁹ responsible for the implementation of the Strategy at the national level.

A few Parliaments/Chambers have indicated that they **discussed the National Reform Programme with the representatives of their Governments**. For instance, the Hungarian *Országgyűlés* has invited several ministers and state secretaries, presiding over various Council formations, to present their views on the main issues related to the National Reform Programme. Moreover, the Programme was put on the agenda of an *in camera* Consultation Meeting¹⁰ during which the Hungarian Prime Minister summarized the position to be presented by the Hungarian Presidency at the European Council of 24-25 March 2011. Several committees of the Polish *Senat* (i.e. Committee on European Union Affairs, Committee on National Economy and Committee on Budget and Public Finance) have also closely collaborated with the Government in the course of regular and *ad hoc* consultations.

Members of Parliament during such debates often drew attention to specific aspects of the National Reform Programme; e.g. Members of the Lithuanian *Seimas* emphasised the employment policy, financial instruments and more specific measures to stimulate small and medium enterprises.

It should also be noted that the Portuguese *Assembleia da República*, which has not directly contributed to the National Reform Programme due to the dissolution of the Parliament and calling of general elections, has organised an open **seminar** on "Europe 2020 – Strategy for an intelligent, sustainable and inclusive growth and the National Reform Programme". Similarly, the Romanian Parliament held two **conferences**: "Romania and Europe 2020: vision, challenges and strategic priorities" in 2010 as well as "Europe 2020 Strategy: objectives and national reform priorities" organised jointly by the Romanian Parliament and the Government in 2011.

Finally, a noticeable group of 12 Parliaments/Chambers have not given any input into the National Reform Programme.

1.1.2. Stability and Convergence Programme

With reference to the Stability and Convergence Programme, a total of 37 Parliaments/Chambers have replied to the question on parliamentary debates of the Stability and Convergence Programme. **More than half** (i.e. 21) have **provided an input** so far, with three additional Parliaments/Chambers expecting to hold a debate on the Programme in the future.

Whereas most Parliaments/Chambers do not specify their input, four have **debated** the Stability and Convergence Programmes. The Czech *Poslanecká sněmovna* has debated it in its Committee for European Affairs, while the French *Sénat* discussed the Programme within the framework of a debate concerning the public finances for the period 2011-2014. The Italian *Senato della*

⁹ The Commission was established by the Committee on European Affairs as its subcommittee and is chaired by the Chairman of the Committee on European Affairs.

¹⁰ Based on the stipulation of the Act regulating the relations between the Parliament and the Government in Hungary, the Speaker of the Hungarian *Országgyűlés* invites the Prime Minister before each European Council meeting to present the views to be represented during the meeting. The aim of the *in camera* meeting is to reach the widest possible consensus with the Parliament. The participants of the meeting apart the Speaker include the Deputy Speakers, the leaders of political groups, the Members of the Committee on European Affairs, the Chairman of the Committee on Foreign Affairs and the Chairman of the Committee on Constitutional Affairs.

Repubblica has done so in the Committee on Budget, and the Luxembourg *Chambre des Députés* during a **plenary session** on 8 March 2011. The Portuguese *Assembleia da República* debated and approved the Stability and Growth Programme for 2010-2013 at its **plenary sitting** of 25 March 2010, but on 21 March 2011 it rejected the revised version of the Programme for 2011-2014, which led to the resignation of the Prime Minister and calling of elections.

It is noteworthy that the Lithuanian *Seimas* and the UK *House of Lords* debate their Stability and Convergence Programmes **on an annual basis**.

Significantly, the Committee on Constitutional Acts, Legislation and General Administration of the French *Assemblée nationale* amended on 13 April 2011 a draft law on the balance of public finances (amending the Constitution) to the effect that a **plenary debate** should be held before sending the Stability and Convergence Programmes to the EU institutions¹¹.

1.2. Measures for meeting the five EU headline targets by 2020

Out of 39 Parliaments/Chambers that have replied to the question on measures considered necessary to meet the five EU headline targets by 2020, a large majority of 27 Parliaments/Chambers have considered the issue, while 12 Parliaments/Chambers have not debated the measures.

1.2.1. Measures at the national level

A number of Parliaments/Chambers **fear that the Europe 2020 Strategy may fall through**, and consequently mirror the failures of the Lisbon Strategy, unless the five headline targets are earnestly embraced by the Member States and fully embedded in their policies (e.g. the Czech *Senát*, the Bulgarian *Narodno sabranie*). The European Parliament believes that the Europe 2020 Strategy is vague and calls for concrete commitments from Member States to be submitted through their respective National Reform Programmes and for concrete and consistent legislative proposals¹².

National Parliaments have, therefore, a crucial role to play in the implementation and monitoring of the Strategy, as many measures will be translated into legislative acts.

A group of six Parliaments/Chambers underline that **meeting the five EU headline targets by 2020 depends on the level of public financing**, which, in turn, is contingent on the state of public finances. Thus, five Parliaments/Chambers consider it **important to reduce public deficits** by carrying out structural reforms, *inter alia*, of pension systems and by streamlining public administration, as only sustainable budget policies may contribute to the success of the Strategy (e.g. the Polish *Sejm*, the Italian *Camera dei Deputati*, the Austrian *Nationalrat* and *Bundesrat*). The Greek *Vouli ton Ellinon* asserts that unless similar actions are taken, the dire state of public finances of some Member States afflicted by the economic crisis is likely to make it difficult to meet the five EU headline targets, especially the unemployment target.

¹¹ <http://www.assemblee-nationale.fr/13/projets/pl3253.asp>

¹² Resolution of 17 February 2011 on Europe 2020, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0068+0+DOC+XML+V0//EN&language=EN>

A few Parliaments/Chambers stress the need to **focus on research and development** as a way of boosting growth. For instance, the Italian *Camera dei Deputati* states that research "is the real engine of growth and a fundamental requisite for competitiveness", while the Lithuanian *Seimas* sees a need to implement joint research programs and research that benefits all EU Member States in order to reach 3% of EU's GDP to be invested in research and development.

The Bulgarian *Narodno sabranie* is convinced that each Member State should elaborate an Action plan for the implementation of the Strategy.

Two Chambers have expressed concerns on certain aspects of the Europe 2020 Strategy. Thus, the Polish *Senat* warns against replacing old targets by the new criteria and methods promoted by the European Commission that could jeopardise the solidarity principle of the European Union. The German *Bundesrat* takes a critical stance in respect of quantitative national goals for the key objectives of the Europe 2020 Strategy, and is opposed to establishing national goals in the sphere of education as they are incompatible with provisions of the EU Treaties on the attribution of competences.

1.2.2. Measures at the EU level

There is a strong conviction among Parliaments/Chambers that some objectives are better addressed at the EU level due to their complexity and possible synergies.

Five Parliaments/Chambers¹³ emphasise the importance of the transition to the low carbon economy and of meeting the Europe 2020 climate targets, with the Belgian *Chambre des représentants* and *Sénat* and the Swedish *Riksdag*¹⁴ advocating stepping up the target of curbing carbon dioxide emissions by 30% by 2020. Moreover, the Committee on Public Health and Environment of the Belgian *Chambre des représentants* suggests that, after an in-depth analysis, the Government contribute to creating a European fiscal "carbon inclusion mechanism" aimed at third countries that do not contribute to the reduction of greenhouse gas emissions.

Four Parliaments/Chambers stress the **need of allocating appropriate financial resources to the five headline goals in the Multiannual Financial Framework starting in 2014** (e.g. the Hungarian *Országgyűlés*, the European Parliament). The Italian *Camera dei Deputati* and *Senato della Repubblica* believe that growth may be stimulated by issuing Eurobonds, whereas the Greek *Vouli ton Ellinon* considers this a possible solution. Furthermore, the latter believes that closer coordination could solve problems deriving from a sovereign debt crunch.

Three Parliaments/Chambers believe that the five headline goals could be best met by **strengthening the Single Market**. Thus, the Czech *Senát* underlines the importance of the Single Market by ensuring that the measures contained in the Commission's Communication "Towards a Single Market Act"¹⁵ are implemented. In this context, the Italian *Camera dei Deputati* calls for harmonisation of tax regulations, while the European Parliament believes that relaunching the Single Market and Small Business Act may reduce unemployment.

¹³ i.e. the Belgian *Chambre des représentants* and *Sénat*, the Italian *Camera dei Deputati*, the Portuguese *Assembleia da República* and the Swedish *Riksdag*.

¹⁴ The replies of the Swedish *Riksdag* to this Bi-annual Report have been prepared by officials and must not be understood in any way to represent an official view of the *Riksdag*.

¹⁵ http://ec.europa.eu/internal_market/smact/docs/single-market-act_en.pdf

The UK *House of Commons* stresses the positive consequences of the Digital Agenda for Europe. Moreover, the European Parliament calls on the Commission to speed up the adoption of particular digital single market measures such as e-commerce, intellectual property, online trust and security, roaming and e-authentication.

Finally, the Italian *Camera dei Deputati*, the Lithuanian *Seimas* and the European Parliament also draw special attention to the need of reducing poverty and social exclusion. The latter suggests doing so under the aegis of one of the flagship initiatives, i.e. European platform against Poverty.

1.2.3. Coordination and cooperation between the national and the EU levels

Some Parliaments/Chambers believe that **more cooperation between Member States and the EU is needed** to make the Europe 2020 Strategy feasible. The French *Assemblée nationale* believes that national and EU budgets ought to become more integrated, and consequently strengthened by internal synergies, in order to be able to pursue actions involving at least a group of Member States. An example of such cooperation could be the incipient French-German cooperation in energy, transport and digital networks.

The Bulgarian *Narodno sabranie* considers it essential to have an interparliamentary forum for coordination and striking balance between national interests in the context of the EU 2020 Strategy. It believes that COSAC is a possible venue for discussing such issues.

1.3. Parliamentary input into national indicators for measuring the condition of economies

A slight majority of Parliaments/Chambers (i.e. 21 out of 39) report having **considered the national indicators** for measuring the condition of economies. The most elaborate set of indicators has been endorsed by the Lithuanian *Seimas* while implementing the Europe 2020 Strategy. Those eight indicators are aimed at:

- increasing the level of investment in research and development to 1.9% of GDP;
- limiting the share of population with basic education in the 18-24 age group to 9%;
- increasing the share of population aged 30-34 with higher education to 40%;
- increasing the use of renewables to 23%;
- reducing final energy consumption by 17% compared to 2009 levels;
- curbing greenhouse gas emissions by 15% compared to 2005 levels;
- increasing employment of those aged 20-64 to 72.8%;
- reducing the number of people under risk of poverty, financial difficulties, unemployment or very low employment to 825,000.

Three Parliaments/Chambers have debated the indicators, but without giving any input on the issue (i.e. the Cypriot *Vouli ton Antiprosopon*, the Italian *Senato della Repubblica* and the Estonian *Riigikogu*).

On the other hand, although the French *Assemblée nationale* has not specifically debated those indicators, they have come under scrutiny, *inter alia*, during debates concerning the Stability and Convergence Programme and the National Reform Programme.

In Romania, the national indicators have been agreed upon informally. Similarly, the Portuguese *Assembleia da República* has not taken an official position, but organised meetings of the European Affairs Committee with the member of the Government responsible for the National Reform Programme.

Opposing the adoption of the rigid benchmarks indicated by the Commission, the Polish *Senat* believes that the Member States should be entitled to reach the targets at their own pace, as the benchmarks might provoke adverse effects.

On the other hand, 18 Parliaments/Chambers have not yet debated the indicators. Four of them (i.e. the Austrian *Nationalrat* and *Bundesrat* and the Spanish *Cortes Generales*) intend to do so in the nearest future.

PART 2: EUROPEAN SEMESTER AND THE ANNUAL GROWTH SURVEY

The Commission published its first Annual Growth Survey on 12 January 2011¹⁶. The publication marked the launch of the first European Semester of *ex ante* policy coordination and initiated a new cycle of economic governance in the EU. The European Semester changes the way governments shape their economic and fiscal policies. Once agreed by the European Council, Member States will reflect these recommendations in both their policies and national budgets.

The Annual Growth Survey is drawn up by the Commission each year following a thorough analysis and assessment of the main economic challenges facing the EU. The Survey charts the direction where Europe should be heading in the next year with **ten priority actions** (hereinafter referred to as "indicators") focusing on the following **three main areas**:

- The need for rigorous fiscal consolidation for enhancing macro-economic stability;
- Labour market reforms for higher employment;
- Growth-enhancing measures.

The Annual Growth Survey brings together various policy recommendations required to strengthen recovery in the short term, to help the EU maintain its international competitiveness and to achieve the objectives of the Europe 2020 Strategy.

The **ten indicators** of the Annual Growth Survey, grouped under the three main areas, are as follows:

I. Macro-economic pre-requisites for growth:

1. Implementing a rigorous fiscal consolidation;
2. Correcting macro-economic imbalances;
3. Ensuring stability of the financial sector.

II. Mobilising labour markets, creating job opportunities:

4. Making work more attractive;
5. Reforming pensions systems;
6. Getting the unemployed back to work;
7. Balancing security and flexibility.

III. Frontloading growth-enhancing measures:

8. Tapping the potential of the Single Market;
9. Attracting private capital to finance growth;
10. Creating cost-effective access to energy.

¹⁶ See the Communication of the European Commission on Annual Growth Survey: advancing the EU's comprehensive response to the crisis (COM(2011) 11, 12 January 2011 at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0011:FIN:EN:PDF>

Decision-making bodies of the EU at all levels, including Parliaments, now have the first opportunity to assess whether the measures taken are pointing in the right direction and whether those measures have the right emphasis. As a matter of fact, in accordance with the principle of subsidiarity, the European level policy-making and actions – like those of Member States – can and must have real influence in helping citizens anticipate and react to rapidly changing social and economic circumstances.

This Bi-annual Report collects and analyses the first opinions of national Parliaments and the European Parliament on the objectives of these measures and their implementation in order to provide input by the Parliaments into their further development. The objective is also to verify whether the proposals for the European Semester and the economic governance package provide sufficient room for national level democratic scrutiny and for a strong parliamentary involvement.

2.1. Parliamentary debates on the findings of the Annual Growth Survey

Out of 39 Parliaments/Chambers which provide answers to the question on parliamentary debates on the findings of the Annual Growth Survey, 16 have already **held such debates**. Some Parliaments/Chambers **intend to hold** debates primarily in spring 2011 or next year. On the other hand, a dozen Parliaments/Chambers **have not held** special debates on the Annual Growth Survey. Among the latter group, there are those Parliaments/Chambers which have looked at, have taken note of or have been informed (by their Governments) about the Survey while deliberating other subjects. Only a few Parliaments/Chambers provide their comments or suggestions on the **findings** of the Annual Growth Survey.

2.1.1. Procedure

In the majority of cases, parliamentary debates on the findings of the Annual Growth Survey have been held **at the committee level**, notably in the Committees on European Affairs. Thus, at the beginning of the Presidency the Committee on European Affairs of the Hungarian *Országgyűlés* invited ministers and state secretaries presiding over the ECOFIN and Competitiveness Councils for an oral briefing on the main issues related to the Annual Growth Survey. Likewise, the European Affairs Committee of the Danish *Folketing* discussed the Annual Growth Survey on several occasions prior to debates in various Council formations. The European Semester was the subject of the meeting of the European Union Affairs Committee of the Polish *Sejm* on 3 February 2011. The Committee discussed the operating rules of the new mechanism of coordinating budgetary policies within the EU, including the new system defined by the Commission in its Communication on the Annual Growth Survey. The UK *House of Commons*, too, held a debate on the Survey on 29 March 2011 in European Committee B with the participation of the Economic Secretary to the Treasury¹⁷. The UK *House of Lords*' Internal Market Sub-Committee of the European Union Committee has considered the Annual Growth Survey as part of its routine scrutiny of EU documents.

In some cases, Parliaments/Chambers have opted for holding **joint committee meetings** to debate the Annual Growth Survey. For instance, the Bulgarian *Narodno sabranie* held a joint meeting of the Committee on European Affairs and Oversight of European Funds and the

¹⁷ <http://www.publications.parliament.uk/pa/cm201011/cmgeneral/euro/110329/110329s01.htm>

Committee on Budget and Finance on 30 March 2011. Also, the Polish *Senat* held two joint meetings (in mid-2010 and at the beginning of 2011) of its Committee on European Union Affairs, the Committee on National Economy and the Committee on Budget and Public Finance. The debate in the French Parliament, held on 30 March 2011, encompassed the Committees on European Affairs of the *Assemblée nationale* and the *Sénat* as well as the French Members of the European Parliament. The Portuguese *Assembleia da República*, for its part, first scrutinised the Survey in its competent specialised committees: the Committee on Budget and Finance, the Committee on Economic Affairs, Innovation and Energy and the Committee on Labour, Social Security and Public Administration and then finalised the debate in the European Affairs Committee which discussed the contributions of the three committees and produced a final written opinion. The Committee on European Affairs concluded that the procedure regarding the European Semester should be followed in strict tandem with the competent parliamentary committees and that the *Assembleia* should perform a continuous oversight of the Government.

The German *Bundesrat* seems to be the only Chamber which has held a debate on the Annual Growth Survey at the **plenary** level. The plenary debate took place on 18 March 2011. As a result, the *Bundesrat* adopted a Resolution based on the recommendations of the Committee on European Union Questions, the lead committee, which, in turn, took into consideration the opinions of the following five specialised committees: the Committee on Labour and Social Policy, the Committee on Women and Youth, the Committee on Finance, the Committee on Culture and the Committee on Economic Affairs. Also, the Czech *Senát*, after a debate in the Committee on National Economy, Agriculture and Transport and subsequently in the Committee on European Union Affairs, might hold a plenary discussion.

In the case of the Italian *Camera dei Deputati*, the Annual Growth Survey has been debated solely by its **specialised committees**. Thus, the Committee on Budget scrutinised the Annual Growth Survey having the benefit of the opinions of other specialised committees. In the framework of a fact-finding inquiry, the Committee also organised some hearings of stakeholders, i.e. the Minister of Economy and representatives of economic and social partners. On 7 April 2011, the Committee on Budget approved a final document including guidelines addressed to the Italian Government for setting the National Reform Programme. Likewise, in the Belgian *Chambre des représentants* and *Sénat*, the Annual Growth Survey has been discussed by a number of specialised committees and the Federal Advisory Committee on European Affairs in the context of debates on the National Reform Programme and the Stability and Convergence Programme.

Furthermore, at the time of the drafting of this Report, some Parliaments/Chambers have indicated that they **intend to hold** such debates primarily in April or May 2011, but also next year. Thus, the Czech *Senát* plans a debate on 19 April 2011 in the Committee on National Economy, Agriculture and Transport and subsequently in the Committee on European Union Affairs. Also, the Dutch *Eerste Kamer*, discussed the subject at the annual 'State of the Union' debate at 19 April 2011. The European Union Affairs Committee of the Polish *Sejm*, for its part, plans to scrutinise the Commission Communication on the Annual Growth Survey in April 2011 based on the procedure stipulated in the Act of 8 October 2010 on the cooperation of the Council of Ministers with the *Sejm* and the *Senat* in matters relating to the Republic of Poland's membership of the European Union. The Maltese *Kamra tad-Deputati* will consider the document following the ordinary scrutiny procedure once the Government's position thereon is received by the Parliament. Also, the Romanian *Camera Deputaţilor* is to hold a thorough debate on the Annual Growth Survey in April or May when new procedures regarding the scrutiny system in the Chamber will enter into force. By the same token, in the Slovak *Národná rada* and

the UK *House of Lords*, the Annual Growth Survey will form part of a debate on the National Reform Programme and the Convergence Programme during the European Semester.

As to **deferring the debate until next year**, two Parliaments/Chambers provide information. The French *Sénat* will probably hold such a debate in 2012. The European Parliament recalls that the only role foreseen for it by the Council conclusions of 7 September 2010 establishing the European Semester is to hold a debate and give orientations for the Annual Growth Survey provided by the Commission in January of each year. The European Parliament is of the opinion that the first European Semester in 2011 is very much a 'pilot' exercise and calls on the Commission "to present a Communication bringing together the broad guidelines of the economic policies (Article 121(2) TFEU) as well as the guidelines on employment policies (Article 148(2) TFEU) for consideration in the debate on the 'European Semester' to reduce meaningless and endless discussions"¹⁸. Moreover, it considers that "it will take a few years before the process is fully in place, since the first year of the European Semester (i.e. 2011) can only be evaluated in 2012, when recommendations would be given for 2013". Consequently, the reaction of the European Parliament to the Annual Growth Survey can be expected only in subsequent years "within a more structured framework, which will be decided during 2011".

By the same token, a dozen of national Parliaments/Chambers **have not held any debates** on the Annual Growth Survey (e.g. the Austrian *Nationalrat* and *Bundesrat*, the Cypriot *Vouli ton Antiprosopon*, the French *Sénat*, the Slovenian *Državni svet*, the Spanish *Cortes Generales*).

Among the latter group, several Parliaments/Chambers have looked at, have taken note of¹⁹ or have been informed about the Annual Growth Survey as part of deliberations on other, albeit related subjects, such as the Europe 2020 Strategy (the German *Bundestag*), within the framework of discussions on economic governance (the Latvian *Saeima*), in preparation for the participation in the meetings of the Competitiveness or the General Affairs Councils (the Slovenian *Državni zbor*) or as a part of information provided by the Minister for Finance to the Committee on Finance (the Swedish *Riksdag*).

Finally, the Committee on Budget of the Italian *Senato della Repubblica* has decided not to place the document on its agenda until the National Reform Programme and the Stability Programme updates are tabled by the Government. In this context, it is worth noting that on 7 April 2010, the Italian Parliament amended the Law on Accounting and Public Finance²⁰ which, following the new rules adopted by the EU on coordination of economic policies by Member States, established wide-ranging obligations for the Italian Government to inform the Parliament. The Law, *inter alia*, has a new article on the coordination of the national financial policy with the European Semester and includes the following instruments of economic planning: the Economy and Finance Document (hereinafter referred to as "DEF") to be submitted to the Parliament by 10 April each year, the DEF update (by 20 September), the stability bill (15 October), the Budget (by 15 October), adjustment measures (30 June) and sectoral budget measures (Art. 7).

¹⁸ European Parliament resolution of 16 December 2010 on establishing a permanent crisis mechanism to safeguard the financial stability of the euro area: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0491+0+DOC+XML+V0//EN&language=EN>

¹⁹ E.g., the Committee for European Affairs of the Czech *Poslanecká sněmovna* only took note of the Annual Growth Survey without deliberating it.

²⁰ For more information on the 31 December 2009 Law No. 196 (Atto Camera 3921, Atto Senato 2555) see Annex to this Report.

2.1.2. Findings

Only a few Parliaments/Chambers **comment or put forward suggestions** on the findings of the Annual Growth Survey. Thus, in the UK *House of Lords*, the Chairman of the European Union Committee in his letter to the responsible UK Minister has expressed the Committee's view that it "was disappointing that the targets appear unlikely to be met". The Committee on European Affairs of the Portuguese *Assembleia da República* in its opinion has reiterated the need for the Government to work alongside the Parliament, so that the best solutions for some of the structural difficulties could be found and the outlined objectives could be met. The Bulgarian *Narodno sabranie* finds that the National Reform Programme has incorporated the 10 priority actions of the Annual Growth Survey and, given the opportunity to assess whether the measures taken are pointing in the right direction and whether those measures have the right emphasis, intends to monitor the process of their implementation.

The two Chambers which have formulated more detailed **opinions on the findings** of the Annual Growth Survey are the German *Bundesrat* and the Italian *Camera dei Deputati*. Thus, in its 18 March 2011 Resolution, the *Bundesrat* emphasises that "the Annual Growth Survey must be used as the point of departure for a new culture of stability in Europe, which must also be given practical expression". In the view of the *Bundesrat* the report "sets the right priorities by focussing on consistent budgetary consolidation, promoting employment and fostering growth" and "agrees with the Commission's appraisal that budgetary consolidation is a central political priority for the Member States". However, the *Bundesrat* also "draws attention to the fact that decisions on the volume of state expenditure impinge on the core realm of the budgetary autonomy of Parliaments in Member States" and notes that the Survey also contains "demands that extend beyond the scope of the Europe 2020 Strategy. Where this is the case, the *Bundesrat* rejects the inclusion of specific requirements for the Member States in the Annual Growth Survey and is opposed to the proposal that two percent of GDP should be invested in higher education".

In the Italian *Camera dei Deputati*, the final document of 7 April 2011 of its Committee on Budget sets guidelines for the Italian Government on the National Reform Programme, stating, *inter alia*, that "the Annual Growth Survey has confirmed the main weakness of the new economic governance: a strong imbalance between the strict rules of the Stability and Growth Pact and the weak mechanism for the coordination of the policies for growth and employment as well as of the social policies". Such an imbalance affects both the goals of the Europe 2020 Strategy and the sustainability of public finance. According to the Committee, only a high growth rate will allow a timely reduction of public debt. In view of the Italian National Reform Programme, the Committee sets out the following priorities:

- to reduce macroeconomic imbalances and relaunch growth in Italy which requires structural reforms, in particular by further liberalizing the services markets, simplifying public administration and regulations and improving civil justice system;
- to significantly increase investments in the fields of innovation and education, notably in such strategic areas for Italy, as digital agenda, innovation and energy;
- to ensure security of energy supply, to reduce energy dependency and to cut the cost of energy for businesses. To this end, renewable resources should be increased and carbon-free technologies should be further developed.

2.2. Opinions on the indicators of the Annual Growth Survey

As a number of Parliaments/Chambers have not yet held a debate on the Annual Growth Survey, the **replies** to the question on the indicators of the Annual Growth Survey are relatively **few and brief**. Seven Parliaments/Chambers have found the indicators to be in line with the national ones. A further six Parliaments/Chambers consider that additional indicators could be added in order to better reflect the specific situation in each Member State, whereas two Chambers have found it difficult to align the suggested indicators with the national ones.

Thus, seven Parliaments/Chambers (e.g. the Bulgarian *Narodno sabranie*, the Finnish *Eduskunta*, the Hungarian *Országgyűlés*, the Latvian *Saeima*) have **found the indicators to be relevant, coherent and in line with the national ones**. Among these Parliaments/Chambers, the Polish *Senat* agrees that in principle the indicators are in line with the national ones. However, it is concerned about the timing proposed by the Commission "as it should be adequate to the external circumstances and capabilities of each Member State".

Six Parliaments/Chambers (i.e. the Austrian *Nationalrat* and *Bundesrat*, the Belgian *Chambre des représentants* and *Sénat*, the Portuguese *Assembleia da República* and the Romanian *Camera Deputaţilor*) consider that **additional indicators** could be added to the suggested ones in order to better reflect the specific situation of each Member State. The Portuguese *Assembleia da República* is of the opinion that although this first Annual Growth Survey has been conceived to be applicable in the EU as a whole, it should be adapted to the specific situation of each Member State. Although the indicators used are not much different from those used internally, they should take into consideration other suitable multidisciplinary indicators, which reflect the national reality (apart from the usual macroeconomic indicators), such as indicators in the areas of education, higher education, health, the labour market, innovation, as well as indicators with regard to the evolution of rates of saving. In addition, during the debates in the Belgian *Chambre des représentants* and *Sénat*, some Members have called for taking into account other indicators, in particular social and environmental ones.

By the same token, the Romanian *Camera Deputaţilor* considers the issue of indicators to be quite controversial, in particular "those for microeconomic imbalances (e.g. the real effective exchange rate) and financial markets (e.g. the lack of indicators as the bank exposure on euro denomination credits for non-euro zone Member States)". The *Camera Deputaţilor*, therefore, suggests adding new indicators and tailoring their weights to individual Member States in order to reflect specific situations and to reliably anticipate the future.

On the other hand, two Chambers (i.e. the Italian *Camera dei Deputati* and the UK *House of Lords*) **express doubts** as to the indicators of the Annual Growth Survey. For instance, the UK *House of Lords* draws attention to the fact that the UK Government has adopted a different approach in the production of the National Reform Programme. The Government has not set national targets, but has provided a list of key indicators against which the UK's progress can be monitored. In the opinion of the *House of Lords* "it would appear to be difficult to compare these to the EU-wide targets".

Furthermore, the German *Bundesrat* in its Resolutions concerning the Communication on the Europe 2020 Strategy has questioned the choice of indicators and related parameters, for instance, asking whether the number of higher education diplomas obtained is a meaningful indicator, both in terms of the pace of growth and in terms of very different educational systems. Moreover, the *Bundesrat* takes the view that a benchmark relating to a tertiary education diploma

would not serve as a meaningful indicator for quality of the educational system, especially in Germany which has a highly differentiated system of vocational education.

2.3. Changes in subsequent Annual Growth Surveys

As reflected in the aforementioned paragraphs, more than half of Parliaments/Chambers have not yet held a debate on the Annual Growth Survey. As a consequence, 24 of them **do not reflect substantially on the necessity of changes in future Annual Growth Surveys**. Three Parliaments/Chambers (i.e. the Polish *Senat*, the Portuguese *Assembleia da República* and the Bulgarian *Narodno sabranie*) consider that given the fact that the practice of issuing the Annual Growth Survey has just started, it would be too early at this stage to predict whether or not changes are required. The European Parliament considers that the Annual Growth Survey should become a review tool of past European Semesters in future European Semesters and underlines that it will take a few years before the process is fully in place.

Nevertheless, two Parliaments (i.e. the Latvian *Saeima* and the Slovak *Národná rada*) **agree with the present format and content of the Annual Growth Survey**.

In this context, the Hungarian *Országgyűlés* points out that **according to the Synthesis Report** regarding the Implementation of the European Semester²¹, **a mid-term review should be made in 2014**. The Hungarian *Országgyűlés* considers that this gives enough opportunity to determine whether any adaptations are necessary and underlines that it would be beneficial to have a thorough evaluation of the National Reform Programmes and progress reports on the implementation of the Europe 2020 Strategy.

The Romanian *Camera Deputaţilor* mentions that even though the European Semester brought about a long needed *ex ante* coordination of budgetary affairs a **more sound economic justification might be needed**. The UK *House of Lords* underscores that in future Annual Growth Surveys will be based more on actual National Reform Programmes and not on interim ones.

A few Parliaments/Chambers **highlight specific aspects that should be better taken into consideration** in subsequent Annual Growth Surveys. Further to the aforementioned remarks of the German *Bundesrat*, the Latvian *Saeima* is of the opinion that more weight should be given to the negative demographic trends, while the Slovenian *Državni zbor* calls for attaching more importance to innovation, research and sustainable growth.

2.4. Parliamentary input into governmental activities on the European Semester

19 Parliaments/Chambers indicate that they **have provided input into their governments' activities** in the context of the European Semester. Most of them have either held committee meetings (in some cases, joint committee meetings) with the participation of members of government or organised wider debates dedicated to the subject. Furthermore, a number of Parliaments/Chambers²² **plan to provide** their input into the National Reform Programmes and Stability and Convergence Programmes in the future. On the other hand, 11

²¹ Council document 7745/11, 16 March 2011; <http://register.consilium.europa.eu/pdf/en/11/st07/st07745.en11.pdf>

²² e.g. the Estonian *Riigikogu*, the French *Sénat*, the Romanian *Camera Deputaţilor*, the UK *House of Lords*.

Parliaments/Chambers²³ indicate that they have given **no input** into government activities in the absence of specific rules or procedures for such parliamentary involvement.

As a general rule, the Parliaments/Chambers which have opted for an active participation in the European Semester initiative chose to a large extent **traditional means of parliamentary involvement**. Among those, the most prevalent is the regular parliamentary scrutiny of EU documents and government activities, including pre-Council mandating. Thus, the European Affairs Committee of the Danish *Folketing* already mandated the Government to sign up to the European Semester at its meeting of 9 July 2010. The Committee has discussed the European Semester at a number of subsequent meetings, underlining that the European Semester should not undermine the *Folketing's* right to adopt the annual national budget. Similarly, the Cypriot *Vouli ton Antiprosopon*, the Dutch *Tweede Kamer*, the Finnish *Eduskunta*, the Latvian *Saeima*, the Polish *Sejm* and others have used the meetings of their Committees on European Affairs to debate and present the Parliament's opinion to their respective Government.

A few Parliaments/Chambers have opted for debates on the European Semester in their **specialised committees**. Thus, in the Luxembourg *Chambre des Députés*, it was the Committee on Finance and Budget that held such a debate at its meeting on 17 February 2011 in which the Minister of Finance informed about the implications of the European Semester.

In the context of the European Semester, the Portuguese *Assembleia da República* recalls a provision of the Communication of the Commission on Reinforcing economic policy coordination²⁴, i.e. that **Member States are encouraged in total respect for national rules and procedures to involve their national Parliaments in this process prior to presenting their Stability and Growth Programmes and National Reform Programmes for multilateral surveillance at the EU level**. This proposal was subsequently seconded in the orientations issued by the European Council of June 2010 to the Member States, in particular on the presentation to the Commission, in the spring, of the Programme of Stability and Convergence for the coming years, taking into account the national budget procedures. In addition, the *Assembleia da República* underlines that within the scope of the Portuguese legal and constitutional framework, the Parliament always has the last word with respect to solutions set out in the State Budget.

In the UK *House of Commons*, the European Scrutiny Committee²⁵ held a discussion on economic policy coordination, including the economic governance package on 27 October 2010 and recommended a debate on the Floor of the House. The **plenary debate**, with the participation of the Financial Secretary to the Treasury, took place on 10 November 2010²⁶.

It is noteworthy that the French *Assemblée nationale* has been fully involved in the debates on the European Semester and has initiated a proposal to hold a regular debate on related issues. The proposal sets out the following timeframe:

²³ i.e. the Austrian *Nationalrat* and *Bundesrat*, the Czech *Poslanecká sněmovna* and *Sénat*, the Greek *Vouli ton Ellinon*, the Maltese *Kamra tad-Deputati*, the Dutch *Eerste Kamer*, the Romanian *Senatul*, the Slovenian *Državni svet* and the Spanish *Cortes Generales*.

²⁴ COM (2010) 250, 12 May 2010:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0250:FIN:EN:DOC>

²⁵ <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmeuleg/428-v/428v03.htm>;

<http://www.publications.parliament.uk/pa/cm201011/cmselect/cmeuleg/428-v/428v04.htm>

²⁶ <http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm101110/debtext/101110-0003.htm#10111043000001>.

- end of April/beginning of May - a debate with a subsequent vote on the drafts of the French National Reform Programme and the Stability and Convergence Programme;
- beginning of June - a resolution adopted by the *Assemblée nationale* on the recommendations of the Commission on the two aforementioned Programmes;
- May/June - an interparliamentary conference of Members of the Committees on Finance of all national Parliaments and Members of the appropriate committee of the European Parliament to discuss in detail the Member States' Programmes.

The Bulgarian *Narodno sabranie* has given its input into the EU-wide debate on the coordination of national economic and fiscal policies by conducting a number of **debates**, making reports and statements on topical issues, including the European Semester. Thus, on 29 March 2011, the third Council for Public Consultations to the Committee on European Affairs and Oversight of the European Funds held a debate with all stakeholders on the topic: "From European Semester to the Single Market Act – financial stability and sustainable development of the EU". This discussion on the Bulgarian priorities in the context of the European Semester resulted in a national position on the new economic governance and the Single Market Act which reflects, *inter alia*, the interests of civil society and business. The joint meeting on 30 March 2011 of the Committee on European Affairs and the Committee on Budget and Finance has come as a logical continuation of parliamentary action on the European Semester.

The Maltese *Kamra tad-Deputati* indicates that this is the first European Semester cycle, which brings about a new situation for both the Government and the Parliament, and as such both have still been at the beginning of a learning curve. With regard to the involvement of the Maltese *Kamra tad-Deputati* in the European Semester, the Maltese Minister of Finance, the Economy and Investment has proposed to hold a debate in the Standing Committee on Foreign and European Affairs on both the Stability Programme and the National Reform Programme.

As to the input of the **European Parliament**, in its Resolution of 17 February 2011 on Europe 2020²⁷, it supports the Annual Growth Survey and the European Semester as tools for enhanced coordination of economic policies. However, the European Parliament is of the opinion that the existing tools of Member States' broad economic policy guidelines and employment guidelines (which are based on the Treaty) should not be replaced nor should their importance be diminished. On these tools, the European Parliament is strongly involved and consulted. It fears that the Europe 2020 Strategy will not be able to meet its targets due to its weak governance structure. Therefore, it asks the Council to strengthen the Community method and to integrate the goals of the Europe 2020 Strategy and the European Semester into the legislative package of the economic governance framework.

On the other hand, 11 Parliaments/Chambers²⁸ **have not given any input** into their Governments' activities concerning the European Semester. The underlying reasons include the lack of specific rules and procedures as well as the possibility to be involved at a later stage. Regardless of the lack of their input so far, an additional two Chambers, i.e. the Czech *Poslanecká sněmovna* and the Slovenian *Državni zbor*, inform that they keep examining the activities of their Governments concerning the European Semester with care, ensuring the steady flow of related information to their Chambers.

²⁷ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2011-0068+0+DOC+XML+V0//EN&language=EN>

²⁸ i.e. the Austrian *Nationalrat* and *Bundesrat*, the Czech *Poslanecká sněmovna* and *Sénat*, the Greek *Vouli ton Ellinon*, the Maltese *Kamra tad-Deputati*, the Dutch *Eerste Kamer*, the Romanian *Senatul*, the Slovenian *Državni svet* and the Spanish *Cortes Generales*.

2.5. Special parliamentary procedures for implementing the European Semester

A majority of Parliaments/Chambers (i.e. 26 out of 39) use their existing working methods to give their input into relevant national aspects of the European Semester, having no special procedures laid down. In some cases (e.g. the French *Sénat*), due to the fact that the implementation of the European Semester is still in its initial phase, no decision has been taken yet.

However, many Parliaments/Chambers mention that the **national budgetary procedures might need to be adapted** in future for better coherence with the implementation of the European Semester. In various cases some changes have already been decided and adopted. In the Luxembourg *Chambre des Députés*, for instance, certain steps in the budgetary procedure in the Parliament now have to be taken earlier than usual. In the Portuguese *Assembleia da República*, the Budgetary Framework Law is currently under revision. Its initial draft contains a new chapter dedicated to the budgetary procedure. It is important to note that the discussion on the Stability and Growth Programme in plenary is mandatory. Similarly, in Italy, according to the reflection of the Italian *Camera dei Deputati*, changes in the Law on Accounting and Public Finance comprehensively reform the national economic and financial planning cycle, bringing it in line with the rules adopted by the EU on the coordination of economic policies of the Member States.

In some Parliaments/Chambers, **internal rules will be amended** (e.g. the Italian *Senato della Repubblica*) or parliamentary decisions will be adopted with regard to the implementation of the European Semester (e.g. the Lithuanian *Seimas*). Furthermore, the Greek *Vouli ton Ellinon* has established the so called Budget Office in order to give independent advice on fiscal scrutiny. In the Swedish *Riksdag*, the Committee on Finance held a hearing on 26 April 2011 regarding the National Reform Programme and the Convergence Programme. The *Riksdag* insists on being the first to whom the draft national budget is presented in future as it is responsible for the actual decision on the budget. The French *Assemblée nationale* has set up a timetable for the parliamentary dimension of the European Semester which includes a yearly interparliamentary budgetary conference, an idea²⁹ that has been presented to the Conference of the Speakers of the Parliaments of the EU³⁰ at the beginning of April 2011 in Brussels.

Meanwhile, the European Parliament, being an EU institution, underlines that relevant provisions on the European Semester have been incorporated in the economic governance package. It calls for an interinstitutional procedural agreement on the European Semester that is to be reviewed every three years, aiming to provide a legal base for cooperation. In parallel, the European Parliament is working on an own initiative report which deals not only with its role in the European Semester, but also includes proposals on how to ensure the most effective collaboration between the European Parliament and national Parliaments.

²⁹ Letter from Mr Bernard ACCOYER, Speaker of the French *Assemblée nationale*, to Mr André FLAHAUT, Speaker of the Belgian *Chambre des représentants*, dated 30 November 2010. Please see the IPEX website at: <http://www.ipex.eu/ipex/webdav/site/myjahiasite/groups/CentralSupport/public/Speakers/Belgium%202011/Sec%20Gen/semestre%20europ%C3%A9en%20-%20lettre%20M.%20ACCOYER.pdf>

³⁰ <http://www.ipex.eu/ipex/webdav/site/myjahiasite/groups/CentralSupport/public/Speakers/PRESIDENCY%20CONCLUSIONS.pdf>

2.6. Possible weaknesses of the European Semester

About a dozen Parliaments/Chambers state that they have **not identified any weaknesses** in the European Semester initiative. **18 more do not identify weaknesses at this stage**, indicating that no debate allowing to do so has taken place (i.e. the Dutch *Eerste Kamer* and *Tweede Kamer*, the Romanian *Senatul*), that no debate has yet taken place (i.e. the Maltese *Kamra tad-Deputati* and the Luxembourg *Chambre des Députés*), that a debate allowing to identify possible weaknesses is planned (i.e. the Italian *Senato della Repubblica*), that more detailed comments on this require the completion of the scrutiny of this year's Annual Growth Survey (i.e. the Czech *Senát*), that the matter has not been dealt with in a way that would make it possible to answer the question (i.e. the Swedish *Riksdag*), that the debate is ongoing (i.e. the French *Sénat*), that it is too early to assess (i.e. the Bulgarian *Narodno sabranie*, the French *Assemblée nationale*, the Greek *Vouli ton Ellinon* and the Polish *Sejm*) or that no official position has been expressed (i.e. the Belgian *Chambre des représentants* and *Sénat*, the Danish *Folketing*, the German *Bundesrat* and the UK *House of Commons*).

The Austrian *Nationalrat* and *Bundesrat*, whilst not identifying any particular weaknesses, warn against "procedures which envisage a high level of automatism" and point to the major task of aligning national budgetary processes with the deadlines of the European Semester. The Latvian *Saeima*, for its part, insists that all EU Member States should assume equal responsibility for the economic and financial conduct of the EU. The Portuguese *Assembleia da República* voices its concern about "a dominant attention on the public finances of the Member States, with subordinate concerns centered on economic growth, trade balance or territorial cohesion".

Specific weaknesses are identified in a jointly approved opinion of the Committee on Budget and the Committee on EU Policies of the Italian *Camera dei Deputati*. It explicitly mentions "the lack of binding mechanisms for the coordination of the policies for growth and employment as well as of the social policies" and regrets "the lack of an obligation for the EU institutions to designate specific European financial resources to pursue the common objectives set out in the Semester". Moreover, in its final document on the Annual Growth Survey the Committee on Budget also holds the view that the European Semester 2011 is not sufficiently focused on growth. According to the Polish *Senat* the European Semester is stretching over too long a period of time, from which it concludes that in case of any turmoil there is no guarantee that the necessary adjustment of action plans would be possible.

The European Parliament regrets that the Commission and Council have granted the European Parliament only a very marginal role in the European Semester, adding that it would be more beneficial, if it were to have a more solid legislative basis rather than that of an intergovernmental agreement. It states that it will come up with relevant proposals.

2.7. Parliamentary involvement in the European Semester

A large majority of Parliaments/Chambers **underscore the need to involve national Parliaments and the European Parliament** in the running of the European Semester, mostly providing details on how this involvement should materialise.

No Parliament/Chamber has answered the question in a **negative** way. The Swedish *Riksdag* informs that it has not dealt with the issue in a way that would make it possible to answer the question. The UK *House of Lords*, for its part, states that it has not taken a view on the issue.

While the Danish *Folketing* highlights that it has not discussed a possible involvement of the European Parliament in the European Semester, the German *Bundesrat* indicates that it has not commented on this question. On the other hand, the Estonian *Riigikogu* has not yet discussed the issue in its new composition. The same goes for the Romanian *Senatul*.

2.7.1. Involvement of national Parliaments and the European Parliament

Amongst the **Parliaments/Chambers that favour the involvement** of national Parliaments and the European Parliament in the European Semester, the French *Assemblée nationale* details its **full involvement** in the European Semester, indicating e.g. that a debate and vote on the French draft Stability and Convergence Programme has already taken place. It should be followed early June by a resolution on the Commission's feedback. The Italian *Senato della Repubblica* holds the view that it will be necessary to involve national Parliaments in the highest possible degree. In the same vein, the Portuguese *Assembleia da República* considers it to be fundamental that national Parliaments are involved in the European Semester.

The European Union Affairs Committee of the Polish *Sejm* takes the view that all national Parliaments should commit themselves to the functioning of the European Semester. The Polish *Senat* sees "room for participation of the national Parliaments" adding that "the effectiveness (...) depends on good will of national governments and the European institutions, including the European Parliament". According to the Czech *Senát* all Parliaments should be involved in the European Semester in accordance with their constitutional duties of overseeing the Government's activities. Similarly, the Finnish *Eduskunta* points out that "the **intensity of involvement** (...) depends first and foremost on various national constitutional arrangements and the competences given in the EU Treaties". The Greek *Vouli ton Ellinon* is of the opinion that "the intensity of cooperation is constrained by the uneven distribution of budgetary competences among the Parliaments of the Member States and the consequent divergence of initial positions in terms of interparliamentary institutional capabilities".

According to the Slovak *Národná rada* "the contribution of national Parliaments must lead onwards to an extensive **dialogue** with the European Parliament". The European Parliament, for its part, insists that national Parliaments are crucial to the success of the European Semester, as they should act as the watchdogs of the EU level commitments of their governments. It goes on to say that it is important to find the appropriate level of engagement for cooperation between national Parliaments and the European Parliament.

The Maltese *Kamra tad-Deputati* pleads for increased effectiveness by involving national Parliaments **at an earlier stage**. This view is shared by the Austrian *Nationalrat* and *Bundesrat* which argues that "the transparency and effectiveness of the Commission's recommendations could benefit from an early involvement of the national Parliaments in the run-up to these recommendations".

2.7.2. Format

2.7.2.1. Proposed formats

As regards the possible format of parliamentary involvement in the European Semester, a **significant number** of Parliaments/Chambers **approve of an annual (inter)parliamentary conference on budget**, highlighting the need to involve the Committees on Budget of national Parliaments and the appropriate committee(s) of the European Parliament.

Specific preferences of Parliaments/Chambers include:

- **meetings in the European Parliament.** The French *Assemblée nationale* highlights that its President had proposed the very idea of organising a "Budget Conference"³¹. The German *Bundestag* states that its Committee on EU Affairs has on several occasions given support to the proposal of the French *Assemblée nationale* to organise annual/regular meetings of the Committees on Budget of the European Parliament and national Parliaments on the European Semester. Similarly, the Italian *Camera dei Deputati* mentions a jointly approved opinion of its Committee on Budget and its Committee on EU Policies supporting "the initiative, suggested by the European Parliament and the French *Assemblée nationale*, to organise an annual interparliamentary conference within the framework of the European Semester". The Romanian *Camera Deputaţilor*, for its part, supports, *inter alia*, the format of "the current meetings organised by the specialised committees in the European Parliament".
- **meetings in the country that holds the rotating EU Presidency.** According to the Hungarian *Országgyűlés*, "the Conference of Chairpersons of Committees on Budget and Finance to be organised by the national Parliament holding the EU Presidency during the first semester would be an excellent framework". The Romanian *Camera Deputaţilor*, in addition to its support for meetings in the European Parliament, subscribes to the idea of meetings organised by the specialised committees of the national Parliaments whose countries hold the EU Presidency. The Greek *Vouli ton Ellinon*, too, indicates that delegations from competent committees could meet in the Parliament of the Member State holding the rotating EU Presidency. The Danish *Folketing* mentions the meeting of the Chairmen of Committees on Budget as one possible format.
- **meetings without specification of the venue.** The European Parliament, whilst referring to recent meetings on its premises (in March and April 2011), does not state where future meetings could take place. The Latvian *Saeima* "supports the initiative to arrange annual meetings for the budget committees of the national Parliaments and the European Parliament" and the Luxembourg *Chambre des Députés* thinks it is a good idea to organise an annual meeting between representatives of Committees on Budget.
- **the possible use of existing bodies such as COSAC.** The Danish *Folketing* does not only make reference to meetings of the Chairmen of Committees on Budget, but also states that it should be explored how to use other existing bodies such as COSAC. The Slovenian *Državni zbor*, too, raises the possibility to discuss the topic in COSAC. According to the Greek *Vouli ton Ellinon* "the model of COSAC could perhaps provide a useful guide". The Dutch *Eerste Kamer* does not explicitly mention COSAC, but it

³¹ Letter from Mr Bernard ACCOYER, Speaker of the French *Assemblée nationale*, to Mr André FLAHAUT, Speaker of the Belgian *Chambre des représentants*, dated 30 November 2010. Please see the IPEX website at: <http://www.ipex.eu/ipex/webdav/site/myjahiasite/groups/CentralSupport/public/Speakers/Belgium%202011/Sec%20Gen/semestre%20europ%C3%A9en%20-%20lettre%20M.%20ACCOYER.pdf>

indicates that it is reluctant about the creation of new interparliamentary conferences, without prior discussion as to how existing fora could be utilised.

- **ad hoc meetings under the auspices of the Parliaments of the troika countries.** This idea has been formulated by the Dutch *Tweede Kamer*.

The Belgian *Chambre des représentants* and *Sénat*, the Estonian *Riigikogu*, the French *Assemblée nationale*, the Hungarian *Országgyűlés* and the Italian *Camera dei Deputati* explicitly refer to the Presidency Conclusions of **the Conference of the Speakers of the Parliaments of the EU** on 4-5 April 2011³² regarding an annual interparliamentary "Budget Conference".

The Italian *Camera dei Deputati*, for its part, also strongly supports the idea in par. 19 of the aforementioned Conclusions to add a section to the **IPEX** database for the exchange of information on the European Semester and economic governance.

Some Parliaments/Chambers are sceptical about new formats and/or their added value. Thus, the Czech *Senát* does not see any substantial added value in holding an annual parliamentary conference on budget. The Dutch *Eerste Kamer*, too, is reluctant about the creation of new interparliamentary conferences, without prior discussion as to how existing fora could be utilised. The Romanian *Camera Deputaţilor* takes the view that "a new parliamentary structure is not likely to enhance the efficiency of the debate". The Danish *Folketing* states that "generally the *Folketing* is against establishing new interparliamentary bodies". According to the Luxembourg *Chambre des Députés*, annual meetings may be useful, but no new body or interparliamentary institution should be set up.

2.7.2.2. Periodicity / timing

A clear majority of Parliaments/Chambers that support the idea of an (inter)parliamentary conference seem to prefer **annual meetings**. Some provide further detail on the timing. The French *Assemblée nationale* holds the view that the best timing would be **in May or June**. This is echoed by the French *Sénat*, where there is broad support for a conference in May. The Greek *Vouli ton Ellinon*, too, considers May the most probable timing, insisting that the interparliamentary meeting should in any case take place before the presentation of the Commission's country specific proposals in June.

As mentioned before, the Hungarian *Országgyűlés* bases its approach on the **first semester**. According to the Italian *Camera dei Deputati* an annual conference should take place **before the spring European Council**. The Portuguese *Assembleia da República* holds the view that such conferences should be organised at a relevant date, for instance after the presentation of the Annual Growth Survey "and **certainly before April**".

The European Parliament suggests that **national Parliaments are asked "for their ideas as regards the best timing** for interparliamentary meetings in future years". It holds the view that meetings should be based on a commonly agreed and strategic timing.

³² In particular its paragraph 17. For the full text, please see the IPEX website at: <http://www.ipex.eu/ipex/webdav/site/myjahiasite/groups/CentralSupport/public/Speakers/PRESIDENCY%20CONCLUSIONS.pdf>

PART 3: ECONOMIC GOVERNANCE AND FINANCIAL REGULATION IN GENERAL

3.1. Parliamentary debates on financial supervision package and economic governance package

3.1.1. Results

A total of 39 Parliaments/Chambers have replied to the question on the adequacy and sufficiency of the financial supervision package and the package of proposals to strengthen the tools of economic governance, presented by the Commission on 29 September 2010³³ to allow for a healthy recovery of the European economy. Nine of them report not having reached a final opinion on the aforementioned packages yet³⁴.

Among the remaining respondents, **22 consider these packages adequate and sufficient** to help the European economy recover, although most of them add a specific emphasis: for instance, the majority in the Austrian *Nationalrat* and *Bundesrat* as well as the Romanian *Camera Deputaților* want financial supervision to be taken further. The Bulgarian *Narodno sabranie* warns against a "two-speed Europe". Both the Cypriot *Vouli ton Antiprosopon* and the UK *House of Lords* stress the need for an effective implementation of the envisaged measures. The French *Assemblée nationale* regrets the lack of integration of the Europe 2020 Strategy and emphasises the need to inform the citizens, whereas the Czech *Poslanecká snemovna* foresees problems regarding transmission of data from regions and municipalities.

Three other Parliaments/Chambers agree on the financial supervision package but not on the full economic governance package:

- The Danish *Folketing* explains that "two of the proposals were not applicable to Denmark because of the Euro opt-out";
- the Polish *Sejm* explicitly states that it has given a negative opinion on the proposal for a Council Regulation on speeding up and clarifying the implementation of the excessive deficit procedure³⁵;
- The European Parliament, while considering the financial supervision package to be an adequate tool, also mentions that "any shortcomings of the current package will be examined in a review procedure". As for the economic governance package, this will be improved by the co-legislators, i.e. the European Parliament and the Council. The latter has already adopted a general position, whereas the European Parliament planned to have its Committee position adopted in mid-April 2011.

³³ COM(2010)0522, COM(2010)0523, COM(2010)0524, COM(2010)0525, COM(2010)0526, COM(2010)0527 of 29 September 2010.

³⁴ i.e. the German *Bundestag*, the French *Sénat*, the Dutch *Eerste Kamer* and *Tweede Kamer*, the Maltese *Kamra tad-Deputati* and the Swedish *Riksdag* the Slovenian *Državni svet* and the Belgian *Chambre des représentants* and *Sénat*.

³⁵ i.e. COM(2010)522 Proposal for a Council regulation amending regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure
http://www.ipex.eu/ipex/cms/home/Documents/doc_COM20100522FIN

Three more Chambers, the Czech *Senát*, the German *Bundesrat* and the Luxembourg *Chambre des Députés*, **express reservations** about both the financial supervision package and the economic governance package:

- regarding the financial supervision package, the Czech *Senát* "takes a reserved stand on comparing the pace of expenditure growth with the so called prudent medium-term rate of growth of GDP". It "believes that requirements for national fiscal frameworks should be set, rather than by a directive, in the form of a recommendation or a codex of standards" and "disagrees strongly with the application of symmetric approach to certain indicators" regarding the financial supervision package. Regarding the economic governance package, it expresses "its reserved stand on creating new supervisory bodies in its political dialogue with the Commission";
- the German *Bundesrat* "has requested the Federal Government to address certain aspects in negotiations at the EU level" regarding the financial supervision package. Indeed, in this context it fears that the "scope envisaged for the Commission and the aforementioned supervisory authorities to take individual decisions directly vis-à-vis financial institutions would amount to excessive encroachment on the powers and responsibilities of national supervisory authorities". As far as the economic governance package is concerned, the *Bundesrat* "expressed its opposition to various points, such as appraisal of Member States' budgetary policy based on expenditure trends for each Member State or the notion of penalties linked to a stringently rule-based evaluation of increases in expenditure by individual Member States";
- the Luxembourg *Chambre des Députés* in its opinion unanimously approved on 30 November 2010, although agreeing on the global approach, expressed a number of reservations mainly relating to the need to clarify and adjust the concerned proposals and to strike a just and effective balance between the different partners within the budgetary procedure, fully taking into account their respective prerogatives.

The Portuguese *Assembleia da República* regrets "the deeply insufficient way" the economic governance package came about. It also stresses the need for alternative financing measures, the need for reinforcement of the mechanisms of supervision and correction and, at the EU level, for budgetary and fiscal instruments. Finally, it states that "the reality of all countries" should be kept in mind and that one should strive for "real economic coordination and not just economic control".

3.1.2. Need for a parliamentary debate

34 Parliaments/Chambers have replied to the question on the need to have parliamentary debates on the financial supervision package and the package of proposals to strengthen the tools of economic governance, whereas the remaining five have not³⁶.

As many as 24 Parliaments/Chambers report having followed or intending to follow their respective **standard scrutiny procedures** without adding any specific observation.

³⁶ i.e. the Maltese *Kamra tad-Deputati*, the Portuguese *Assembleia da República*, the Romanian *Camera Deputaţilor*, the Swedish *Riksdag* and the Slovenian *Državni svet*.

Five Chambers, i.e. the Czech *Senát*, the French *Assemblée nationale*, the Italian *Camera dei Deputati* and *Senato della Repubblica* and the Luxembourg *Chambre des Députés*, refer to a parliamentary document at the end of their parliamentary proceedings³⁷.

Four Chambers suggest holding the **debate at the interparliamentary level**. Among these, the Polish *Senat* considers that the European Parliament should play a key part in organising an interparliamentary debate on the financial supervision package and the proposals to strengthen the tools of economic governance, the Czech *Poslanecká sněmovna* suggests this debate to be part of the agenda of a COSAC meeting and the Romanian *Senatul* calls for a Budget Conference on which the European Parliament and the national Parliaments are represented.

Finally, the Greek *Vouli ton Ellinon* states that parliamentary debates on these topics "could be useful, but only in a sense of reviewing the implementation of the foreseen procedures".

3.2. Legal justification for the three-fold control under the economic governance package

37 Parliaments/Chambers have reacted to the question on the adequacy of the legal justification for the three-fold control under the economic governance package. 17 of them report not having reached a final opinion on this yet³⁸. 13 Parliaments/Chambers are of the opinion that the aforementioned legal justification needs no further complement³⁹.

The seven remaining Parliaments/Chambers believe that the **justification is to be complemented** by:

- "the national response to the new economic reality in the EU" (the Bulgarian *Narodno sabranie*);
- meetings of the Committees on Budget of the European Parliament and the national Parliaments (the German *Bundestag*);
- an annual meeting of Members of the national Parliaments and the European Parliament (the French *Assemblée nationale*);
- the European Parliament (the Polish *Senat*);
- a Budgetary Conference (the Romanian *Senatul*);
- respect of national competences by the EU institutions (the Belgian *Chambre des représentants* and *Sénat*).

3.3. Recommendations for gradual application of sanctions and incentives

39 Parliaments/Chambers have answered the question on whether they have any recommendations on the gradual application of the sanctions and incentives of the enforcement

³⁷ only the Italian *Senato della Repubblica* clearly defines the document it refers to, i.e. its Committee on Budget resolution on the governance package, 14 December 2010, Doc. XVIII, n. 71.

³⁸ i.e. the Danish *Folketing*, the Dutch *Eerste Kamer* and *Tweede Kamer*, the Estonian *Riigikogu*, the French *Sénat*, the German *Bundesrat*, the Greek *Vouli ton Ellinon*, the Italian *Camera dei Deputati* and *Senato della Repubblica*, the Lithuanian *Seimas*, the Maltese *Kamra tad-Deputati*, the Portuguese *Assembleia da República*, the Romanian *Camera Deputaţilor*, the Slovak *Národná rada*, the Slovenian *Državni zbor* and the Swedish *Riksdag*.

³⁹ i.e. the majority in the Austrian *Nationalrat* and *Bundesrat*, the Cypriot *Vouli ton Antiprosopon*, the Czech *Poslanecká sněmovna* and *Senát*, the Finnish *Eduskunta*, the Hungarian *Országgyűlés*, the Latvian *Saeima*, the Polish *Sejm*, the Spanish *Cortes Generales* and the UK *House of Commons* and *House of Lords*.

mechanisms, designed to ensure the functioning of the economic surveillance framework. 12 of them report not having reached a final opinion on the issue yet⁴⁰. 14 Parliaments/Chambers make no recommendations⁴¹.

The remaining 13 Parliaments/Chambers **suggest the following**:

- a "two-speed Europe" should be avoided (the Bulgarian *Narodno sabranie*);
- a permanent crisis management mechanism should be established (the French *Assemblée nationale*);
- sanctions as proposed by the European Council should "at least be quasi-automatic" (the German *Bundestag*) or automatic by applying a specific procedure, fixed in advance (the Luxembourg *Chambre des Députés*);
- not only quantitative criteria should be taken into account (the Greek *Vouli ton Ellinon*);
- "funds from Member States that transgress against budgetary discipline" should be withheld although this is not likely to happen in practice (the Finnish *Eduskunta*);
- the voting procedure should be replaced with the ordinary qualified majority procedure (the Italian *Camera dei Deputati*);
- sanctions or financial incentives for the implementation of the Europe 2020 Strategy should be introduced (the Italian *Camera dei Deputati*);
- "sanctions should be applied with respect for the principles of transparency, inevitability and non-discretion" (the Polish *Senat*);
- possible structural problems preventing the fulfilment of the objectives should be detected (the Portuguese *Assembleia da República*);
- a Budgetary Conference should be established (the Romanian *Senatul*);
- the concept of "excessive imbalance" should be clearly defined (UK *House of Lords*);
- voting rights in the Council should not be withdrawn (UK *House of Lords*);
- no incentives should be foreseen (the UK *House of Lords*);
- more incentives than sanctions should be foreseen (the Belgian *Chambre des représentants* and *Sénat*);
- the proposed measures should also focus on income and not only on expenses (the Belgian *Chambre des représentants* and *Sénat*).

3.4. Ways for Parliaments to follow political developments in the area of economic and fiscal coordination

38 Parliaments/Chambers have replied to the question on ways for national Parliaments and the European Parliament to follow current political developments in the area of economic and fiscal coordination and the tools at their disposal to respond rapidly to these developments. Two of

⁴⁰ i.e. the Danish *Folketing*, the Dutch *Eerste Kamer* and *Tweede Kamer*, the French *Sénat*, the Italian *Senato della Repubblica*, the Lithuanian *Seimas*, the Maltese *Kamra tad-Deputati*, the Romanian *Camera Deputaţilor*, the Slovenian *Državni zbor* and *Državni svet*, the Swedish *Riksdag* and the European Parliament.

⁴¹ i.e. the majority in the Austrian *Nationalrat* and *Bundesrat*, the Cypriot *Vouli ton Antiprosopon*, the Czech *Poslanecká snemovna* and *Senát*, the Estonian *Riigikogu*, the German *Bundesrat*, the Hungarian *Országgyűlés*, the Latvian *Saeima*, the Polish *Sejm*, the Slovak *Národná rada*, the Spanish *Cortes Generales* and the UK *House of Commons*.

them, the Swedish *Riksdag* and the Maltese *Kamra tad-Deputati*, have not come to a final decision yet. 13 other Parliaments/Chambers do not make any specific comment on the matter⁴².

On the other hand, 23 Parliaments/Chambers **make the following recommendations**:

- **information**: Parliaments should be better (the majority in the Austrian *Nationalrat* and *Bundesrat*) or timely (the Cypriot *Vouli ton Antiprosopon* and the European Parliament) informed;
- **internal reorganisation** (the Greek *Vouli ton Ellinon*);
- **enhanced interparliamentary cooperation**: suggested forms include
 - a Budgetary Conference (the French *Sénat*, the Italian *Camera dei Deputati*, the Romanian *Senatul*);
 - an annual meeting of Members of national Parliaments and the European Parliament (the French *Assemblée nationale*);
 - interparliamentary meetings of the national Parliaments' Committees on Budget (the German *Bundestag* and the Hungarian *Országgyűlés*) or other specialised committees (the Czech *Senát*, the Slovak *Národná rada*);
 - a permanent point on the COSAC agenda (the German *Bundestag*);
- **capacity building** of stakeholders and administrations (the Bulgarian *Narodno sabranie*); enhancing the informal connections between Members and officials of national Parliaments (the Romanian *Camera Deputaţilor*);
- stepping up the **European Parliament's** role in general (the Cypriot *Vouli ton Antiprosopon*) or more specifically by:
 - an annual interparliamentary conference in the European Parliament (the Italian *Senato della Repubblica*);
 - enhancing cooperation between the European Parliament and national Parliaments (the Polish *Senat* suggests that such consultations should always end with the adoption of joint declarations);
- enhancing the **national Parliaments'** role in contributing to the preparation of the budget (the Latvian *Saeima*);
- intensifying the use of **IPEX** (the German *Bundestag* and the Italian *Camera dei Deputati*);
- following the **decision-making methods/procedures** as established in the **Treaties** (the Finnish *Eduskunta* and the Portuguese *Assembleia da República*);
- use of analysis and evaluation instruments from **external national institutions**, such as the National Bank, the Central Council for the Economy and the Federal Planning Bureau (the Belgian *Chambre des représentants* and *Sénat*);
- **explanations and timely information** of further developments given by the **national ministers** in charge of economical and fiscal policies (the Luxembourg *Chambre des Députés*).

⁴² i.e.: the Czech *Poslanecká snemovna*, the Danish *Folketing*, the Dutch *Eerste Kamer* and *Tweede Kamer*, the Estonian *Riigikogu*, the Lithuanian *Seimas*, the Polish *Sejm*, the Spanish *Cortes Generales*, the Slovenian *Državni zbor* and *Državni svet*, the UK *House of Commons* and *House of Lords*.

PART 4: EUROPEAN COMMISSION WORK PROGRAMME 2012

The Report also focuses on the Commission Work Programme for 2012 in order to provide parliamentary input into its preparation as early as possible. This would enable the Commission to form its further initiatives in accordance with the early opinions of Parliaments. This cooperation would contribute to a more coherent and executable decision-making in the EU.

The conclusions of the 15th Bi-annual Report could serve as a basis for the Commission and other EU institutions to assess whether their actions are supported at the parliamentary level. By involving Parliaments, the voice of citizens will be better heard in the EU decision-making process.

4.1. Parliamentary input into the Commission Work Programme 2012

Out of 39 Parliaments/Chambers, 38 have answered the question on parliamentary debates aimed to give input into the CWP for 2012 before its publication.

4.1.1. *Ex ante* debate

As a rule, Parliaments/Chambers do not debate the CWP before its publication. Only three Parliaments (i.e. the Finnish *Eduskunta*, the Slovak *Národná rada* and the European Parliament) formulate *ex ante* positions on CWP 2012. Three other Parliaments/Chambers consider a possibility of holding such a debate. The Bulgarian *Narodno sabranie* and the Polish *Sejm* intend to start giving their input into CWP 2012 this year, the Portuguese *Assembleia da República* foresees such a debate in the future. In addition, the Cypriot *Vouli ton Antiprosopon* notes that this issue is under consideration. The Italian *Camera dei Deputati* considers a possibility of formulating its opinion on future EU policy priorities in the framework of the scrutiny of the CWP 2011 and the Council Trio Presidency Programme⁴³.

In the Finnish *Eduskunta*, the Slovak *Národná rada* and the European Parliament the ***ex ante* debate on the CWP is organised** as follows:

- the Finnish *Eduskunta* applies a general rule to the CWP and scrutinises the national *ex ante* position on the CWP the same way as any other government activity, i.e. as soon as the Government informs the *Eduskunta* about its position on the CWP;
- the Slovak *Národná rada* organised on 24 and 29 March 2011 a debate on the CWP on the occasion of the visit of the Vice-President of the Commission Mr Maroš ŠEFČOVIČ to the Parliament and also in the joint meeting of its Committee on European Affairs and the Committee on Foreign Affairs. The Committee on European Affairs selected legislative acts that could be sensitive and strategic (in view of political priorities of the Slovak Republic and of the principle of subsidiarity) and then adopted a resolution;

⁴³ These documents have not been scrutinised so far as they should be considered jointly with the Government priorities for 2011 which have not been transmitted to the Parliament yet.

- the European Parliament gives input into the CWP 2012 according to the procedure defined in Annex IV to the Framework Agreement on relations between the European Parliament and the Commission⁴⁴. The dialogue between the committees of the European Parliament and corresponding Members of the Commission takes place in the first semester of the year. The committees then report to the Conference of Committee Chairs, which compiles the priorities in a so called "Summary Report" in June, on the basis of which political groups can prepare a resolution for the July plenary session. In early September, the European Parliament organises a "State of the Union" debate in which the President of the Commission looks ahead to the priorities for the following year. From the beginning of September, the parliamentary committees and the Members of the Commission may meet for a more detailed exchange of views on future priorities. In early October, the Conference of Committee Chairs meets with the College of Commissioners before the Commission adopts its CWP for the next year. The Conference of Presidents of political groups, too, can meet with the President of the Commission. After the adoption of the CWP the European Parliament may hold a debate in December.

4.1.2. *Ex post* debate

A vast majority of Parliaments/Chambers **discuss the CWP on a regular basis after its publication**. Seven Parliaments/Chambers follow the common practice of defining priorities for scrutiny (in the Committees on EU Affairs or specialised committees) during the following year based on the published CWP.

Some Parliaments/Chambers underline the **cooperation** in this field with the respective **Governments**. These practices vary, e.g. the Austrian *Nationalrat* and *Bundesrat* receive reports from every ministry on the CWP and the programme of the Presidencies. These reports are discussed in the respective parliamentary committees. In the Italian *Camera dei Deputati*, the CWP and the Council Trio Presidency documents are scrutinised in accordance with a new procedure, together with the Government priorities for the coming year (although priorities for 2011 have not been transmitted to the Parliament yet). The Dutch *Tweede Kamer* places CWP on the agenda after its publication to identify the priorities for future scrutiny of selected Commission proposals. All standing committees are involved in the selection process. The Committee on European Affairs exchanges views with the Government about its planned priorities.

The Swedish *Riksdag* regards the **parliamentary opinion on the published CWP as an input into the future CWP**. It indicates that the statements of its committees on their examination of the Commission documents often include opinions that should be taken into consideration also in forthcoming CWPs. In addition, a translation into English of the **summaries** of all statements is published on the **IPEX** website to inform other Parliaments on their findings.

The Portuguese *Assembleia da República*, despite its dissolution on 7 April 2011 and the general elections to be held in June, notes the will to maintain the traditional debate on the CWP with the Government, the Commission, the Portuguese Members of the European Parliament and Members of the Regional Legislative Assemblies of the Azores and Madeira.

⁴⁴ Framework Agreement on relations between the European Parliament and the Commission, OJ 2010 L 304, p. 47, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:304:0047:0062:EN:PDF>

The European Parliament may hold a debate in December after the adoption of the CWP⁴⁵.

In the French *Assemblée nationale*, debates on the CWP have not been organised since 2006. Instead, the Chairman of the Committee on European Affairs has proposed an annual "State of the Union" meeting, with the participation of Members of all national Parliaments and the European Parliament, as well as the President of the Commission and the High Representative of the Union for Foreign Affairs and Security Policy. The composition of the meeting would follow the model of the 2002 Convention on the Future of Europe. The "State of the Union" meeting would take place in the European Parliament in Strasbourg.

Some of the Parliaments/Chambers (e.g. the Czech *Senát*, the Lithuanian *Seimas*) are of the opinion that the previous practice to debate the Annual Policy Strategy of the Commission had added value. The Lithuanian *Seimas* considers that it was useful and important as a preparatory exercise for further consideration of the annual Legislative and Work Programme of the Commission. The Czech *Senát* states that there is **no possibility** for such an *ex ante* debate in the Chamber "**without any background document** from the Commission".

4.2. Coordinated *ex ante* debate in COSAC

Out of 35 Parliaments/Chambers, 32 have answered the question on a future *ex ante* debate on the CWP in the framework of COSAC in order to use the possibility to influence the EU strategic planning process at the earliest possible stage.

A vast majority of Parliaments/Chambers **comment on the *ex ante* debate** in COSAC. For instance, the Finnish *Eduskunta* considers every new form (on an *ad hoc* or experimental basis) of exchange of information and views on topical EU affairs, as beneficial to all.

Several Parliaments/Chambers express **concerns about the timeframe for such a debate** (e.g. the Finnish *Eduskunta*, the Czech *Senát* and the Slovak *Národná rada*). The Czech *Senát* notes that the idea of presenting the CWP during the ordinary meeting of COSAC in the second semester of the year will be hardly feasible. Instead, the *Senat* supports the idea of debating the CWP at the meeting of the Chairpersons of COSAC in the first semester of the year.

The Slovak *Národná rada* stresses that national Parliaments must be given enough time to discuss the CWP and that the debate should take place not only in the respective committees but also in the plenary. National Parliaments should select the most sensitive/problematic legislative proposals, including those that may breach the principle of subsidiarity, and subsequently discuss them together at COSAC meetings.

4.2.1. Subjects

Almost all Parliaments/Chambers propose some **general options** for the selection of subjects for future coordinated *ex ante* debates on the CWP in COSAC.

⁴⁵ For more information on the procedure in the European Parliament, please see Annex to this Report.

A few Parliaments/Chambers make specific suggestions. For instance, the Cypriot *Vouli ton Antiprosopon*) proposes to use the following selection criteria:

- long term policy issues and/or strategic priorities (e.g. priorities/objectives with regard to the Europe 2020 Strategy) of the Commission;
- issues which are considered to be of great interest for a certain number of Parliaments;
- issues which constitute priorities of a given Presidency trio.

Furthermore, the Danish *Folketing* suggests selecting topics from the legislative initiatives presented in the CWP 2011 "which provides a very helpful overview of what the Commission sees as likely initiatives until 2014", whereas the Bulgarian *Narodno sabranie* presents the following list of specific subjects:

- the Single Market,
- the future of the EU Cohesion Policy,
- the Danube Strategy,
- the future development of common security and defence policy.

4.2.2. Procedure

The idea, expressed by several Parliaments/Chambers, is to hold a coordinated ***ex ante* debate in the framework of COSAC during the meeting of the Chairpersons of COSAC in the first semester of the year**⁴⁶. The German *Bundestag* suggests that the debate should be prepared by the COSAC Secretariat. The Polish *Sejm* defines further steps following the submission of proposed issues by the national Parliaments/Chambers to the meeting of the Chairpersons of COSAC. According to the Polish *Sejm*, between this meeting and the ordinary meeting in the first semester of the year, national Parliaments would have an opportunity to express their reservations about the compiled list. Then, during the ordinary meeting in the first semester participants would be able to adopt the list as a COSAC document. That way all Parliaments would have an input into the EU strategic planning process. The Danish *Folketing* states that the debate in COSAC should take place in the presence of the relevant Member of the Commission.

In this context, the **question of the lack of a basis for the discussion** of the Commission proposals arises. The Swedish *Riksdag* explains that there cannot be a meaningful *ex ante* debate without a common point of reference (such as the aforementioned Commission Annual Policy Strategy). The Slovenian *Državni zbor* also poses a question on what basis a debate in COSAC prior to the publication of the CWP could take place. More suitable solution, according to the *Državni zbor*, would be a debate on the CWP in COSAC following its publication. Otherwise the Parliaments' opinions could be coordinated through other channels, such as national Parliaments' representatives in Brussels.

⁴⁶ e.g. the Czech *Senát*, the German *Bundestag*, the Hungarian *Országgyűlés*, the Latvian *Saeima*, the Maltese *Kamra tad-Deputati* and the Polish *Sejm*.

The Austrian *Nationalrat* and *Bundesrat* suggest that the CWP is presented to COSAC by the President or Vice-President of the Commission as soon as possible following its publication in order to discuss the implementation of the Programme.

The Polish *Senat* points out that the scrutiny of the Commission's white and green papers gives the Parliaments/Chambers an opportunity to obtain first-hand, inside knowledge on the Commission's future legislative proposals as well as an opportunity to influence them. Otherwise, the *Senat* is quite sceptical about other possibilities for national Parliaments to have a real impact on the Commission's legislative plans.