



**EUROPEAN COUNCIL
THE PRESIDENT**

Brussels, 26 October 2010

PCE 244/10

**"Sharing the responsibility for European decisions"
President Herman Van Rompuy
addresses the representatives of the European Parliament
and 27 national Parliaments (COSAC-meeting)**

It is so nice that you are here in Belgium to appreciate Belgian surrealism. I am of course not referring to Belgian politics, but to your visit of the Magritte Museum on Sunday!

This is the first time I have had the honour of coming to a COSAC meeting, though I have followed its activities closely, both now in my current capacity and in the past when I was president of the House of Representatives of Belgium.

As this is indeed the first time, allow me to begin with some reflections on your role and my role following the entry into force of the Lisbon Treaty, as we approach the first anniversary of its entry into force.

The Lisbon Treaty was an evolution rather than a revolution. It was intended to make the European Union work more effectively and also to improve its democratic accountability.

The creation of a full-time President of the European Council is one of several ways in which the first of these aims was addressed. Without giving this position any more formal powers than it had in the past, it was thought that having a longer-term president, one who is actually chosen by the members of the European Council themselves rather than relying on an automatic rotation, and above all able to devote himself full-time to the task at hand, should make the European Council work better.

The European Council, as you know, is the institution which sets the strategic priorities of the Union. Together, the 27 Heads of State and Government, with the President of the Commission and myself as chairman, define our strategic priorities and interests. My task is to facilitate the finding of consensus in these European Council meetings.

P R E S S

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My role should therefore not be confused with that of the President of the Commission. The Commission has the initiative, it proposes legislative measures; the European Council sets out the strategic directions. These are two different roles and both the Commission president and myself are aware of that.

More importantly for today, there is also a difference in our relationship to the parliaments in the EU. The Commission president is elected by, and is accountable to, the European Parliament. I am not. I am elected by the Heads of State or Government in the European Council; most of them are themselves accountable to their national parliaments, and some (like the French and Cypriot presidents) directly to their electorates.

But the most significant changes to the treaty brought in by Lisbon were the changes to improve democratic accountability, by increasing both the powers of the European Parliament and the role of national parliaments.

It is sometimes thought there is a contradiction between a European democracy, as expressed in the European Parliament, and our national democracies, expressed in national parliaments. That is a misrepresentation. The Union as a whole needs all the parliaments we have. The European Parliament, and all the Lower Houses and Upper Chambers and Assemblies and Diets and Senates from all over the European Union -- as you are assembled here today.

In fact, the Lisbon Treaty states this more clearly than it has ever been said before. Let me quote the first two paragraphs of the new Article 10:

1. The functioning of the Union shall be founded on representative democracy.
2. Citizens are directly represented at Union level in the European Parliament. Member States are represented in the European Council by their Heads of State or Government and in the Council by their governments, *themselves democratically accountable either to their national Parliaments, or to their citizens.*

This double democratic legitimacy is a unique strength. We do not have a better European democracy when decisions are reached more efficiently - we have a better democracy when people in all the Member States feel their concerns have been taken aboard, that they have been part of the decision.

Concerning the European Parliament, the treaty guarantees that virtually all European legislation requires the approval not just of ministers in the Council but also of MEPs in the European Parliament, -- a double check bringing in extra democratic scrutiny. A full-time parliament at European level certainly keeps members of the other institutions on their toes!

Concerning national parliaments, the treaty now spells out explicitly their role in key matters such as participating in the procedures for treaty change and enlargement. It guarantees national parliaments an 8 week period (as opposed to 6 beforehand) to examine legislative proposals before either the Council or the European Parliament can take a position. Above all, it gives national parliaments a particular role in policing subsidiarity through the so-called yellow card and orange card procedures.

Ladies and gentlemen,

European institutions are inevitably more distant from people than are national or local institutions. That is a good reason not to act at European level unless there is a necessity or a significant advantage in doing so. It is incumbent upon all the European institutions to bear this in mind, from the Commission when drafting proposals to the European Parliament and the Council when amending and approving them. And it is worth bearing in mind that no legislation can be approved by the EU without the agreement of a significant majority (and sometimes unanimity) in the Council - a body composed of national ministers, members of national governments accountable to national parliaments.

Empowering national parliaments as well to scrutinise subsidiarity, separately from their own governments (even if it does not very often produce an evaluation that differs from their governments or from the institutions), is an important symbol and an important safeguard.

But over and above that, national parliaments can contribute to ensuring that what we do, even when it is clearly within the bounds of the EU remit, is sensible. The eight-week period can be used by national parliaments to help shape the position taken by the minister representing their country in the Council - and indeed their Prime Minister or President in the European Council. It can also be used to send submissions directly to the European institutions, and I gather some 200 such opinions are now sent each year directly to the Commission from committees in national parliaments.

This all strengthens the links between "Brussels" and the national parliaments. It gives the national Parliamentarians amongst you a bigger say in our common affairs, but it also means that you now share the responsibility for European decisions. The good news: you have more power, the bad news: you can no longer use the excuse that the ministers have decided things behind your back! I trust that you, as the European spokespersons and experts amongst your parliamentary groups, will be able to convince your own colleagues at home to assume this European responsibility.

We thus have a lively parliamentary European Union. Regular contact between MPs and MEPs is also essential. Trust between institutions starts with trust between people.

Ladies & Gentlemen,

Some in Brussels have claimed that the strengthening of the European Council has somehow undermined the traditional "community method" in favour of an "intergovernmental" Europe.

Well there are two answers to that. First, the more "intergovernmental" aspects of the Union are a reality, and for the Union as a whole to work well, that part of it also needs to work well and to work better. But, second, in many ways the European Council is not purely intergovernmental. It is the place that brings together the different aspects of the Union's make up. After all, the President of the Commission is a full Member of the European Council. And the President of the European Council himself does not represent a Member State, but is commonly chosen to work in the overall interest of the Union. The European Council is also the place where you can coordinate both national and European policies, particularly important regarding macroeconomic policy and foreign policy. The European Council is not a summit of sovereign states in the manner of the G8 or the G20, but an institution, acting in the legal framework of the Union with its checks and balances.

Indeed, the EU has always had a range of decision taking procedures, varying according to the subject matter being dealt with. For instance, on competition policy, substantial leeway is given to the Commission to police the single market. When it comes to legislation on the environment, consumer protection and so on, the Commission must propose to the Council, which (with the European Parliament) can adopt its proposals by a qualified majority. In other areas the Commission proposes, but Council needs unanimity to approve. When it comes to foreign and security policy, Council acts, by unanimity, without needing a Commission proposal. We thus have a spectrum of procedures, tailored to the nature of the policy in question.

One reason for the perception of a shift of powers to the European Council is simply because, in recent months, the main preoccupation of the European Union has been to do with macro economic governance. Macroeconomic policy is inevitably a matter of coordinating national policies, given that 98% of public spending in the EU is national or sub-national, while only 2% is carried out through the European budget. It is therefore natural that the European Council plays a significant role.

Indeed, the work of the Task Force that I have had the honour to chair illustrates the need to respect this reality.

We sought to get the right balance between laying down an overall European framework regarding the need to avoid fiscal deficits and allowing national governments freely to choose what they want to tax, and on what they want to spend, in accordance with their national political procedures (and the prerogatives of their national parliaments!). All the steps we take will leave the basic unique situation of the Euro as it is: the responsibility for monetary decisions lies at the European level, and the responsibility for budgetary matters and for economic policy remains essentially for the Member States, albeit in a jointly agreed framework.

Respecting that situation, while also drawing the lessons of the recent crisis, the Task Force report proposes basically actions on two levels: on the one hand, making sure that each Member State fully takes into account the impact of its economic and fiscal decisions on its partners and on the stability of European Union as a whole, and on the other hand, strengthening the capacity of the EU level to react when policies in a Member State present a risk to the rest of the Union.

In particular, we looked at:

- Reviewing and tightening up the Stability and Growth Pact, with more effective sanctions and a greater emphasis on public debt levels, and not just focusing on the current level of deficit
- Broadening the scope of monitoring national economic developments (after all, Spain and Ireland were perfectly within the criteria of the Stability and Growth Pact before the crisis hit) so as to include macroeconomic imbalances, balance of payments developments, asset bubbles and other significant indicators. This surveillance mechanism is in my view the biggest innovation: it will be a macro-economic counterpart to the budget-focused Pact and really make the European economies more crisis-proof.
- Deeper coordination. Already, the so-called "European semester" has been agreed whereby member states will confer at an earlier stage on the assumptions (in terms of growth projections, inflation rates, etc) on which their national budgets based. This will allow you to bring the European consequences of national policy decisions into your national parliamentary debate. This is one of the means by which emphasize how the decisions of each Member State affect all.

I will ask for the political backing of the Heads of State and Government for the final report in the European Council meeting later this week. The European Council will also decide on what form the further work should take, in particular on a future robust crisis resolution mechanism, and whether or not a treaty change is needed in this context.

Before concluding, I would like to underline that the work on the Stability Pact is not simply about being punitive to member states or about rectifying past mistakes. It is important to look at it in a wider context.

After all, we have just been hit by the biggest economic tsunami since the Great Depression. Yet we avoided most of the mistakes that were made in the 1930s:

- We avoided protectionism -- in no small part thanks to the single European market.
- We largely avoided competitive currency devaluations -- in no small part thanks to the euro.
- We agreed on a fiscal stimulus at the depth of the recession which helped turn the corner.

Problems arose when a number of member states could not maintain their fiscal stimulus because their levels of public debt made that impossible. They had been profligate in the good times, meaning that they no longer had a margin of manoeuvre for the bad types.

One of our objectives is to make sure that this does not happen again. It is neither in the interests of the Union, nor in the interest of the member states concerned, that they remain in the vulnerable situation that arises when excessive deficits are maintained for too long.

At the same time as the fiscal reforms that will flow from the work of Task Force, we must not lose sight of the wider challenge of improving Europe's structural growth rate and its general economic performance. This was the focus of the 2020 strategy agreed by the European Council earlier this year. The answer to those who fear that fiscal retrenchment will cut economic growth rates, is to focus better on the underlying structural factors that hinder our economic performance and to remedy them.

This entails an overall approach, drawing on both Union instruments and national instruments. Indeed, the bulk of the instruments needed are national, for instance in terms of improving educational attainment, social inclusion and a large part of boosting research and development. Here too, it is up to you in the national parliaments to play your part in ensuring that all member states join in this effort, which will determine whether we, collectively as Europeans, make a success of a 21st-century or not.

All governments and institutions need to cooperate. We cannot be rivals. We have a common goal: the well-being of our citizens - and not just because they are our voters!

Video coverage of the trips and meetings will be available for download in broadcast quality from the Council TV newsroom <http://tvnewsroom.consilium.europa.eu>

Photos covering the event will be available for download in high resolution from the Council Photo Library <http://www.consilium.europa.eu/photo>