

MAROŠ ŠEĎČOVIČ

VICE-PRESIDENT OF THE EUROPEAN COMMISSION

Brussels, 16 October 2013  
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*Dear President,*

*On behalf of the Commission, I am very pleased to send you in attachment our official reply to the Contribution of the XLIX COSAC.*

*The Commission is looking forward to continuing the dialogue with national Parliaments and the European Parliament on issues of particular importance, such as the completion of Economic and Monetary Union, the European Semester, or wider governance matters.*

*I trust that we will continue our exchange of views on these and other political priorities at the upcoming COSAC Plenary meeting in Vilnius, which I am looking forward to attending on behalf of the Commission.*

*Yours faithfully,*



Maroš Šefčovič  
Vice-President

Cc: Mr Dominic Hannigan

Mr Gediminas KIRKILAS

Chair of the Committee on European Affairs

Seimas

Gedimino pr. 53

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# **Reply of the European Commission to the Contribution of the XLIX COSAC**

**Dublin, 23 – 25 June 2013**

## **1. Economic Governance, Democratic Accountability and Legitimacy**

On the issue of economic governance, the Commission welcomes the strong support expressed by COSAC for the phased completion of the Economic and Monetary Union (EMU). The Commission fully agrees with COSAC's assessment that significant steps have been taken to strengthen EMU, e.g. by the adoption of the two pack and as regards progress made in the area of banking union in recent months. The overall set of measures taken so far amounts to a strong and appropriate response to the crisis. This overhaul has made EMU much more robust than it was at the onset of the crisis. In this regard and as COSAC emphasises, the future adoption of the Euro on 1 January 2014 by Latvia can be seen as an important sign of confidence in the euro.

As the Commission has set out in its Blueprint for a deep and genuine EMU, ensuring commensurate steps towards greater democratic accountability and legitimacy is an integral and essential part of the process of completing EMU. In general, the deepening of EMU will require parallel steps towards a political union with reinforced democratic legitimacy and accountability. The Commission's blueprint set out the issues at stake and identified options for optimising accountability and governance.

Any work on democratic legitimacy as a cornerstone of a genuine EMU needs to be based on two basic principles: First, accountability should be ensured at the level where the respective executive decision is taken, whilst taking due account of the level where the decision has an impact. Second, in developing EMU, the level of democratic legitimacy always needs to remain commensurate with the degree of transfer of powers from Member States to the European level.

In situations not implying Treaty change, the fundamental accountability arrangements are now in place and the further discussion should focus on practical measures, in particular those designed to foster parliamentary debate in the European Semester. This particularly involves the political dialogue with the European Parliament, which first and foremost needs to ensure democratic accountability of decisions taken at EU level, as well as the involvement and ownership of national Parliaments.

Part of this ongoing dialogue with Parliaments is the Economic Dialogue with the European Parliament. The Economic Dialogue was introduced by the six-pack legislation, with the aim of ensuring democratic accountability in the area of economic policy coordination. It encompasses different occasions for dialogue with the European Parliament along the annual surveillance cycle. In the same spirit, the two-pack legislation provides for an Economic Dialogue, for the Euro area Member States, regarding Commission opinions on draft budgetary plans, the overall assessment of the budgetary situation and prospects in the euro area as a whole by the Commission, the Council opinions on economic partnership programmes, and the Commission recommendation in case of risks of non-compliance with the deadline for correcting an excessive deficit.

In the context of integrated budgetary and economic policy frameworks, national Parliaments should be further involved in the national decision-making process in line with the European Semester process and according to the national constitutional rules. One concrete example for



this would be the involvement of Parliaments in the discussions on the Commission's Annual Growth Survey. Indeed, national Parliaments will always remain crucial in ensuring the legitimacy of Member States' action in the European Council and the Council, as well as of the conduct of national fiscal and economic policies – particularly given the current process of closer coordination within the EU. To facilitate the task of national Parliaments, the Commission has committed to engaging in an intensified dialogue on the Annual Growth Survey and Country-Specific Recommendations with national Parliaments.

In addition to that, the two-pack legislation further strengthened democratic accountability and transparency by giving the European Parliament and national Parliaments the opportunity for increased involvement. It provides for an enhancement of the involvement of national Parliaments stating that the Commission's opinion on the draft budgetary plans should be made public and should be presented by the Commission to the relevant national Parliament if so requested (art 7(3) of regulation 473/2013)). The Two-pack legislation (regulation 472/2013) also foresees that a representative of the Commission may be invited by the Parliament of the Member State concerned to participate in an exchange of views following a Council recommendation to adopt precautionary measures or to prepare a draft macroeconomic adjustment programme.

In this context, the Council Presidency and the Commission sent a letter to national Parliaments encouraging their participation in the European Semester, both via inter-parliamentary cooperation involving the European Parliament and via national debates on Country Specific Recommendations (CSR). This letter also supported a suggestion to organise "Europe days", with the involvement of national and European MPs to debate European issues, and expresses the willingness of the Commission to provide input for such "Europe days".

Given the interdependencies of the decisions of Parliaments in the EU, inter-parliamentary co-operation is and remains equally important. The Commission supports further efforts to reinforce the democratic legitimacy of the European Semester process and supports increased involvement of national Parliaments in order to enhance their ownership. However, it is a matter ultimately pertaining to national Parliaments and the European Parliament to determine jointly the precise organisation and modalities of further inter-parliamentary cooperation.

In its wider efforts to support the general discussion process about the EU and its benefits and also as an attempt to bridge the perceived gap with the general public, the Commission has initiated a series of "Citizens' Dialogues" in each Member State that bring together European citizens and members of the European Commission as well as Members of the European Parliament and national/regional politicians. These "Citizens' Dialogues" are one of several initiatives taken during the European Year of Citizens 2013 and complement the daily outreach work of the European Commission's Representation Offices and the network of over 500 Europe Direct Information Centres, which bring the EU closer to European citizens every day.

A further more general step to strengthen democratic legitimacy and accountability would be possible with the rapid adoption of the Commission proposal for a statute for European political parties in view of the European Parliament elections in May 2014. The European Commission is convinced that European political parties have an important role to play in bridging the gap between national and EU politics. Indeed, a greater and more effective involvement of European political parties could usefully contribute to a better understanding of the connection between the political processes at the national and European levels. For this reason, the Commission adopted a draft Regulation on the statute and funding of European political parties (COM(2012)499) in September 2012 which aims precisely at creating



conditions that will allow European political parties to reach out to European citizens, to represent and express their views and to provide a stronger link between European civil society and the European institutions.

The Commission Recommendation for further enhancing the democratic and efficient conduct of the European elections of 12 March 2013 calls upon Member States and national political parties to ensure that citizens are informed of the links between national and European political parties. National political parties should notably prominently display their affiliation to European political parties in all campaign materials. Making the affiliation between national and European political parties clear will considerably improve the transparency and the European dimension of the elections. The Recommendation also calls on political parties to announce the candidate they support for the function of President of the European Commission. In this context they should ensure that their political broadcast informs citizens about this candidate.

In his State of the Union 2013 address, President Barroso announced that the Commission will continue work on the implementation of the Commission's Blueprint for a deep and genuine Economic and Monetary Union, not only its economic and monetary features, but also the deepening of the Union's institutional set-up. He confirmed the Commission's intention to present, before the European Parliament elections in 2014, further ideas on the future of our Union and how best to consolidate and deepen the community method and community approach in the longer term as an input for a real European debate. These ideas will set out the principles and orientations necessary for a true political union.

## **2. Youth Employment**

The Commission fully shares the concerns of COSAC with regard to youth unemployment. It believes that the current extremely high levels of youth unemployment are not sustainable in social or economic terms and that urgent action is needed. That is why the Commission adopted the Youth Employment Package (YEP – COM(2012) 727 final) in December 2012. The YEP proposed a Council Recommendation on a Youth Guarantee, as well as the launch of a European Alliance for Apprenticeships, a Quality Framework for Traineeships, and actions to enhance youth mobility. Furthermore, following the agreement of the February European Council on the Youth Employment Initiative (YEI), the Commission acted swiftly with a proposal for changing the respective regulations. Most recently, the Commission adopted a Communication "Call to Action on Youth Unemployment" (COM(2013) 447 final) as input to the June European Council. In this communication, the Commission calls for urgent action to tackle youth unemployment and presents a series of measures to speed up the implementation of the YEI. The Call to Action was supported by the June 2013 European Council.

The network of European Employment Services (EURES) and Your First EURES job (YfEj) are key tools at the service of Member States to boost mobility. A proposal to develop EURES into a true pan-European job placement and recruitment network is currently in the legislative process. In this respect, a new EURES Decision was adopted in November 2012. The Commission has launched a reform of EURES to improve this network and make mobility easier. The reform aims in particular to help jobseekers to contact employers looking for particular skills, to focus on sectors and occupations with skills shortages and to support targeted mobility schemes for young people.

The new YfEj scheme aims at helping young people to find their first job in any of the 28 Member States as well as companies to recruit from another EU country. YfEj is a small-scale

initiative with a budget of EUR 12 million over three years. Under the future EU Programme for Employment and Social Innovation (EaSI), Yfēj and other targeted labour mobility schemes will be strengthened. Small-scale initiatives will be developed to deal with vacancies in certain occupations, sectors or Member States through tailor-made recruitment campaigns, facilitating intra-EU job matching.

The Commission fully agrees with COSAC regarding the importance of supporting entrepreneurship, especially at a time of very high youth unemployment. Already in 2010 the European Progress Microfinance Facility (Progress Microfinance) was established with EUR 205 million of funding from the EU and the European Investment Bank. Progress Microfinance increases access to finance for micro-entrepreneurs, including the self-employed. It has a particular focus on, but is not restricted to, groups with limited access to the conventional credit market. Examples include female entrepreneurs, young entrepreneurs, entrepreneurs belonging to a minority group, entrepreneurs with a disability, sole traders, etc. Loans of up to EUR 25,000 are made available through eligible intermediaries participating in the facility. The EaSI Programme will follow-up on Progress Microfinance activities from 2014 and will also provide funding for capacity-building for microfinance providers; it will extend its coverage to support social enterprises, including those helping young people, women and other disadvantaged groups to find a path to employment.

### 3. Enlargement

The Commission agrees with COSAC that enlargement policy is one of the driving forces for reforms leading to deep democratic and economic transformation in the countries seeking to join the European Union. It therefore significantly contributes to stability and improved standards of living in enlargement countries, which is in their interest as well as in the interest of the European Union. The enlargement countries, on their side, will have to deliver on the reform efforts required. On its side, the EU must further ensure the credibility of its enlargement policy by continuing to support the enlargement countries and their European perspective.

On 28 June 2013, the European Council endorsed the Council's conclusions of 25 June 2013 to open accession negotiations with Serbia. The Commission was invited by the Council to submit a proposal for a negotiating framework without delay and to carry out the analytical examination of the *acquis* ("screening"). The European Council also agreed that the first intergovernmental conference is to be convened in "January 2014 at the very latest" once the negotiating framework is adopted by the Council and confirmed by the European Council at its "usual session on enlargement".

The Commission sent the draft negotiating framework to the Council on 22 July and made a general presentation of it to the Member States on 23 July in the Council Working Group which started its detailed examination of the document on 3 September.

Based on the new approach, the screening will begin in the end of September with Chapter 23 (Judiciary and Fundamental Rights) and in early October with Chapter 24 (Justice, Freedom and Security). All 35 negotiating chapters will subsequently be screened. The Commission will then prepare and submit a "screening report" to the Member States setting out for each issue 1) the state of play in Serbia and 2) the measures to be taken to comply with the *acquis* and, as necessary, opening and closing benchmarks. The opening of negotiating chapters is due to start before the end of the whole screening process, with priority given to chapters 23 and 24.



In the meantime, there were several meetings between Belgrade and Pristina at the level of the two Prime Ministers which discussed the implementation of the April 2013 "First agreement of principles governing the normalisation of relations" and its implementation plan. The meeting on 8 September resulted in agreements on the outstanding issues of telecommunications and energy, as well as a progress on the issue of municipal elections in the north of Kosovo on 3 November 2013.

Following the completion of the necessary procedures, the Council authorised the opening of negotiations on a Stabilisation and Association Agreement between the EU and Kosovo in June 2013. The Commission has started to prepare the negotiations. The Commission expects that the negotiations will be formally opened in autumn 2013.

#### 4. Development

The Commission fully shares COSAC's concerns regarding the fight against poverty and marginalisation in Europe and globally.

As to the situation in the European Union, the Europe 2020 Strategy as the European Union's growth strategy for smart, sustainable and inclusive growth, sets the target to lift at least 20 million people out of poverty and social exclusion. The Commission gave a new impetus to this European commitment against poverty and social exclusion with the Social Investment Package published in February 2013.

The Package provides orientations to Member States on how to adapt their social models and modernise their social policies. It further provides orientations to Member States on using their social budgets more efficiently and more effectively, with a view to ensuring appropriate living standards, raising people's opportunities for development, and facilitating their participation in the society and in the labour market.

Concerning the global context, and with its Communication "A Decent Life for All" of February 2013, the Commission took an important step towards forging a new consensus on the fundamental objective of eradicating poverty in the context of sustainable development.<sup>1</sup> The Communication emphasizes that "poverty eradication and ensuring that prosperity and well-being are sustainable remain the most pressing challenges for the future".

In June 2013, the EU Member States backed the Commission's communication and stressed that a future development framework should "work towards sustainable development to eradicate poverty in all its dimensions, including ending extreme poverty in a single generation, and to ensure sustainable prosperity and well-being of all people within planetary boundaries".<sup>2</sup>

The Commission fully shares COSAC's view that working towards continuous strengthening of the EU's and Member States' development cooperation programmes is needed. To make this happen, the Commission was the key driving force behind the EU Common Position for Busan, adopted by the Foreign Affairs Council in November 2011. The Busan outcome

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<sup>1</sup>[http://ec.europa.eu/europeaid/documents/2013-02-22\\_communication\\_a\\_decent\\_life\\_for\\_all\\_post\\_2015\\_en.pdf](http://ec.europa.eu/europeaid/documents/2013-02-22_communication_a_decent_life_for_all_post_2015_en.pdf)

<sup>2</sup>[http://www.pbsbdialogue.org/newsandevents/2013/Council%20Conclusions%20adopted%20on%2025%20%20June%202013%20on%20Post-2015%20Agenda%20\(3\).pdf](http://www.pbsbdialogue.org/newsandevents/2013/Council%20Conclusions%20adopted%20on%2025%20%20June%202013%20on%20Post-2015%20Agenda%20(3).pdf)

reflects EU priorities to a large extent: the implementation of the Transparency Guarantee and Joint Programming. In its Agenda for Change, the EU has undertaken to make its Official Development Aid (ODA) more effective inter alia through (1) differentiation, (ii) joint programming and (iii) sector concentration.

The EU Transparency Guarantee means a clear EU commitment to disclosing a wide variety of aid information in a timely manner and in an easily accessible and internationally comparable format. EU Joint Programming is a coherent approach to planning EU donors' cooperation programmes in a partner country. It will increase the impact and visibility of EU aid delivery and reduce proliferation, fragmentation and transaction costs. EU programming instructions for the next Multiannual Financial Framework are designed to bring about sector concentration in the EU country programmes. As a general rule, bilateral country programmes will be limited to three priority sectors as of 2014.

With regards to aid untying, the Commission has untied aid to the poorest developing countries to a large extent. The Commission is now working to fulfil the Busan commitments on untying. As a member of the Steering Committee of the Global Partnership on Effective Development Cooperation, including on behalf of the Member States, the European Commission is a strong voice providing political input and leadership to the implementation of the aid and development effectiveness commitments entered into in Busan.

## **5. Subsidiarity**

The Commission welcomes national Parliaments' commitment to play a positive and constructive role in the European policy-making process, in full respect of the roles and prerogatives of all national and European actors including the European institutions.

As regards the subsidiarity control mechanism, in cases where national Parliaments issue reasoned opinions without reaching the threshold for a yellow or orange card, there is no formal requirement to respond to these reasoned opinions. However, since the introduction of the subsidiarity control mechanism, the Commission has replied to such reasoned opinions in the wider framework of the political dialogue.

In this context, the Commission's replies will always attempt to address all the issues raised in the document submitted by the national Parliament in question. Particular attention will, of course, be paid to the subsidiarity issues raised. Both for replies to opinions as well as to reasoned opinions much effort is put into providing the necessary explanations to the concerns and possible criticism made.

It should further be noted that national Parliaments always have the possibility to revert to the Commission if they have further comments or would like to receive further explanations from the Commission on the subject in question. The Commission would also like to underline that the political dialogue between the Commission and national Parliaments goes further than an exchange of opinions and replies and that it may very well continue also after the Commission's written reply, for instance through personal meetings and exchanges.

The Commission recognises and regrets that it has not always been able to respond within the agreed three months deadline. However, in view of the increasing number of Opinions, it has made a great effort to improve its performance. Improvements can already be seen at this stage, and the Commission is confident that in general it will be able to respond within the three months deadline.

In the Commission's view, the control of subsidiarity as introduced by the Lisbon Treaty



works well in practice and allows national Parliaments to formulate reasoned opinions on subsidiarity issues. Even if only one "yellow card" procedure has been launched so far, the tool is always at the disposal of national Parliaments should they see a need to use it.

The Commission considers that the practical arrangements concerning subsidiarity control, including yellow and orange card procedures as set out in the Annex to President Barroso's letter of 1 December 2009, are still valid. Each yellow or orange card procedure will have its particularities which will have to be taken into account in the Commission's handling of the file. Nevertheless, the Commission will take full account of the experience gained in dealing with the first yellow card on the "Monti II" proposal, in its response to any future yellow or orange card procedures. In this context, the Commission confirms its firm commitment to communicating directly with national Parliaments on such procedures in the interest of all parties involved and having regard to the high importance of the matter.

## **6. Political dialogue**

The Commission highly appreciates the contributions made by national Parliaments to its public consultations for the preparation of possible future legislation. It considers that the early involvement of national Parliaments is very useful and of mutual and common interest. In this context, the Commission would also be interested in national Parliaments' views concerning possible subjects for legislation or review of legislation. In such cases and in full respect of the roles and prerogatives of all national and European actors including the European institutions, the Commission will be ready to consider whether there is a need for new or modified rules in the related policy field.

The political dialogue with national Parliaments is of high importance to the Commission which always takes careful note of the opinions expressed by national Parliaments. It naturally takes particular note of comments or concerns widely shared among national Parliaments and takes them into account for the purposes of the legislative process. In this context, the Commission would like to underline that it is always willing to attend, upon invitation, meetings of national Parliaments to comment on its proposals and to address questions that national Parliaments may have in that regard.

As to the alerts in relation to public consultations, the Commission has examined the technical and financial implications of setting-up a system ensuring that national Parliaments are informed about the launch of Commission public consultations. The Commission is very pleased to confirm that the necessary funds have been allocated and that the related technical work is currently on-going. The aim is to have the system in operation before the end of the year. National Parliaments will be informed about the related practical arrangements shortly.



