

MINUTES OF THE MEETING OF THE XLV COSAC
Budapest, 30-31 May 2011

IN THE CHAIR: Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs of the Hungarian *Országgyűlés*.

AGENDA:

1. Welcome address and procedural matters

Mr László KÖVÉR, Speaker of the Hungarian *Országgyűlés*,

Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs of the Hungarian *Országgyűlés*.

2. State of play of the Hungarian Presidency of the Council of the European Union

Presentation by Mr Viktor ORBÁN, Prime Minister of Hungary.

3. The way to recovery: Economic governance, Europe 2020 Strategy and European Semester

Introduction by Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs of the Hungarian *Országgyűlés*,

Presentation by Mr Maroš ŠEFČOVIČ, Vice-President of the European Commission responsible for inter-institutional relations and administration.

4. Technical modifications of the Rules of Procedure of COSAC

5. Report on the Proceedings of the Conference of Speakers of EU Parliaments

Introduction by Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs of the Hungarian *Országgyűlés*.

6. General policy debate on the State of the Union

Keynote speaker: Mr György SCHÖPFLIN, Member of the European Parliament, Jean Monnet professor.

7. Debate and adoption of the Contribution and Conclusions of the XLV COSAC.

1. Welcome address and procedural matters

Mr László KÖVÉR, Speaker of the Hungarian *Országgyűlés*

Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs of the Hungarian *Országgyűlés*.

Mr Richárd HÖRCSIK warmly welcomed the participants of the XLV COSAC, particularly the Chairmen of the Committees on European Affairs of the Estonian *Riigikogu* and the Romanian *Senatul* who participated in COSAC for the first time, as well as the Chairperson of the European Consultative Committee of the Norwegian *Storting*, who participated as a special guest.

Mr HÖRCSIK invited COSAC to observe a minute of silence in remembrance of Mr Ferenc MÁDL, former President of the Republic of Hungary, who passed away a day before.

Mr László KÖVÉR, Speaker of the Hungarian *Országgyűlés*, addressed the XLV COSAC meeting, by presenting the most important aspects of the parliamentary dimension of the Hungarian Presidency. He underlined the success and good feedback from the previous interparliamentary meetings. The Speaker recalled that he had participated at the Conference of

Speakers of the Parliaments of the European Union (hereinafter referred to as "the Speakers' Conference") on 4-5 April 2011 in Brussels. He underlined that it was always possible to reach a consensus, as it had been the case of introducing a new language regime of the Speakers' Conference under the Hungarian Presidency in 2005. The Speaker also pointed out the importance of cultural diversity as one of the key objectives of the Hungarian EU Presidency.

Mr HÖRCSIK started his introduction with the priorities of the Hungarian Presidency, underlying the most important challenges still ahead. He went on to present the draft programme of the XLV COSAC meeting, drawing attention to the changes discussed at the meeting of the Presidential Troika of COSAC (hereinafter referred to as "the Troika"), namely the inclusion of the issue of the proposal for a Council directive on a Common Consolidated Corporate Tax Base (hereinafter referred to as "CCCTB") in the agenda and the change in the presentation of the results of the Speakers' Conference in Brussels. The programme of the XLV COSAC meeting, as amended, was adopted by the participants.

Afterwards, the Chairman presented the 15th Bi-Annual Report of COSAC. He introduced the topics of the report on economic governance, the European Semester and the Commission Work Programme 2012.

Mr HÖRCSIK informed the participants of the decisions of the Troika meeting which took place the day before. He underlined that the Troika supported the consolidated proposal of the Presidency on amending the Rules of Procedure of COSAC. He mentioned the discussions on the letters received by the Presidency and thanked the 35 Parliaments/Chambers for their commitment to continue co-financing the COSAC Secretariat in 2012-2013.

2. State of play of the Hungarian Presidency of the Council of the European Union

Presentation by Mr Viktor ORBÁN, Prime Minister of Hungary

Mr Viktor ORBÁN, Prime Minister of Hungary, welcomed the delegations and recalled that for four years he had been the Chairman of the Committee on European Integration of the Hungarian *Országgyűlés*. Mr ORBÁN mentioned that the European Union when he left as Prime Minister in 2002 was an optimistic Union. Europe's reunification and the introduction of the euro gave grounds for optimism, and the competitiveness objectives of the Lisbon Strategy also seemed realistic. He underlined that the Council of the EU in 2010 lacked such optimism. EU Member States are plagued by unprecedentedly high debt levels, the employment rate is extremely low, only 65 %, as compared to 75 % in the United States and 85 % in China and Europe is struggling with serious demographic problems.

Mr ORBÁN underlined that Europe has no time to lose and this was why the Hungarian Presidency incorporated in its programme such challenging issues as the reform of economic governance, the creation of a European energy market, the setting up of a new European financial regulatory system, the maintenance of the enlargement process, the formulation of a uniform Roma strategy and a thorough discussion on demographic issues. On top of that, the Presidency had to deal with unforeseen events, such as the management of the impact of the Japanese earthquake and the popular movements in Northern Africa. The Prime Minister added that family and demographic issues raised heated debates. That is why an informal ministerial summit had been organised in Hungary in order to create a handbook of best practices on policies in family matters that could be useful for governments. Mr ORBÁN thought that the EU was struggling with the dilemma of how to respond properly to the challenges it faced. According to him, these challenges

also applied to the rescue of the euro, to the protection of the free movement of people as a fundamental freedom of the Union, and to the struggle for maintaining the momentum in enlargement.

Mr ORBÁN presented in detail the financial challenges faced by Hungary, elaborating on the economic and financial reforms and including those aimed at reducing the foreign debt from 82 % to 70-75 % in four years. He emphasized that after the elections Hungary decided not to opt for further IMF funding and expressed his opinion that it was not sustainable for a country to financially rely on international organisations instead of the markets.

The Prime Minister stated that the Member States must accept that Europe would never be the Europe it was before the crisis. He believed that after the "warfare society" during the Cold War and the pre-crisis "welfare society", the Union must build, "a workfare society", i.e. a society and economy that are based on employment. The increase of the EU's average employment rate to at least 75 %, the establishment of national self-respect and cultural identity, as well as the fostering of good neighbourly relations were keys to success in the medium term. Mr ORBÁN emphasised that cooperation schemes are also competing in the world, which imposed on Hungary a task to accomplish the best neighbourly relations in Central Europe, i.e. specifically between Slovakia, Serbia, Romania and Croatia, in the next 15 to 20 years.

Mr ORBÁN was convinced that establishing a strategic relationship between Brussels and Moscow in the foreseeable future and promoting Russia's participation in those international organisations that set the rules for all of us are among the most important tasks of the Union. Mr ORBÁN also focused on the interests of Central Europe. In this regard, he pointed out that in the future relations between the EU and Russia, this region must certainly receive economic guarantees. He also highlighted the importance of building north-south energy corridors. The region should have a development institution of its own. He reminded that with the speed of economic development before 2008, Central Europe was the engine of economic growth in Europe and there might be a chance that it would be again in the near future by keeping the industrial capacities within the borders of the EU.

The Members of Parliaments touched upon several issues in the following debate. A majority of them acknowledged the achievements of the Hungarian Presidency. In their comments, they pointed out - among others - the agreement on the Roma strategy, the progress on the package of six proposals on economic governance, Croatia's accession and the integration of the Western Balkans, the importance of energy and progress in the field of human rights, problems related to illegal immigration flows, avoiding harmful overregulation for SMEs, the accession of Romania and Bulgaria to the Schengen area and the promotion of the Eastern Partnership.

Mr ORBÁN replied at length to the questions and comments of the participants highlighting that a Presidency without debates would be a failure (especially considering the controversial debates on the new Hungarian media law at the start of the Hungarian Presidency). He expressed the hope that in the next 2-3 weeks an agreement on the package of six legislative proposals on EU economic governance would be reached even though Members of the European Parliament had submitted more than two thousand amendments to the proposals. The Prime Minister praised Portugal's efforts to stabilise its economy by pointing out that Hungary knows exactly how difficult this is, because the first EU Member State in need of help was not Greece but Hungary. He stressed that Hungary was grateful to the IMF and the EU for their support, but a country should recover on its own as soon as possible. In this context, Mr ORBÁN pointed out that Europe's biggest problem was excessive public debt. According to him, the other factor underlying the current uncertain

economic situation in Europe was the lack of strong states. Mr ORBÁN underlined that if the state is weak, society becomes disintegrated. Thus the state has to prevent problems such as the expansion of grey and black markets.

Mr ORBÁN believed that the EU's trustworthiness depended on the success of the enlargement process: "the European Commission has an enlargement strategy, which is slowly but surely making progress. There is only one point where the results were unexpected: the case of Macedonia." Mr ORBÁN said he would appreciate Member States not to exercise their right to veto, allowing accession negotiations with FYROM to start. The Prime Minister also touched upon Croatia's accession warning that delays in the accession could have serious consequences. The Presidency's objective was to conclude the accession negotiations in June and Hungary would do everything possible to achieve this.

According to Viktor ORBÁN, the accession of Romania and Bulgaria to the Schengen area could not be postponed any longer. He reminded that Hungary had always expressly supported the process. He also stressed that their performance would be on the agenda of the meeting of the Ministers of Justice and Home Affairs on 9 June 2011. The Prime Minister was confident that Bulgaria and Romania would meet the requirements and other political aspects should not influence this decision.

Winding up his reply to the speakers, Mr ORBÁN also evaluated the Danube Strategy, saying that so far, this was merely an intellectual and professional success. In his view the real question was whether the strategy could be backed by financial resources.

3. The way to recovery: Economic governance, Europe 2020 Strategy and European Semester. Introduction by Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs of the Hungarian *Országgyűlés*. Presentation by Mr Maroš ŠEFČOVIČ, Vice-President of the European Commission responsible for inter-institutional relations and administration.

In his introduction, Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs, recalled the package of six legislative proposals aimed at enhancing economic governance and hoped that the European Parliament would be able to vote the whole package by the end of June 2011. This would be an important achievement not only for the Hungarian Presidency but for the entire EU.

Mr Maroš ŠEFČOVIČ, Vice-President of the European Commission (hereinafter referred to as "the Commission"), emphasised the need to cope with the aftermath of the crisis, which broke out three years ago. Although there were first glimpses of improvement, economic recovery was not equal all over Europe, and the global financial system was far from stable. Mr ŠEFČOVIČ noted that the current, unprecedented crisis was often compared to the Great Depression, and added that past mistakes should not be repeated. One of them, unrestrained protectionism, only aggravated the situation. He drew the attention to the fact that the severity of the crisis had eroded the trust of citizens in institutions, and that it had to be gained back.

The Vice-President said that the situation could have been worse, because the climate was very difficult, and media were full of Domsdays' scenarios. Although Europe had not been able to prevent the crisis from happening, the EU had significantly mitigated the impact of the crisis and was developing a toolbox of solutions preventing crises from happening in the future. Mr

ŠEFČOVIČ said that the European Union's response to the crisis, aimed at strengthening coordination and boosting competitiveness, was based on three pillars:

- **Fundamental and comprehensive reforms of the financial system.** Mr ŠEFČOVIČ underlined that three new supervisory bodies¹ controlling the banks, the stock market and the insurers had become operational on 1 January 2011. They were established to monitor potential threats, prevent bubbles and thus provide protection for investors. One of them, the European Banking Authority, has been assessing the latest round of stress-tests, the results of which will be made public. Governments and national regulators will be asked how to cope with the results, which will help restore trust.
- **Increasing European competitiveness,** the conceptual framework and directions of which are defined in the Europe 2020 Strategy. Mr ŠEFČOVIČ thanked national Parliaments for their contribution to the development of National Reform Programmes and Stability and Convergence Programmes that had been received and evaluated by the Commission. The Commission will present country specific recommendations on 7 June 2011. After that the recommendations will be discussed in detail in EPSCO, the meeting of the Ministers of Social Affairs, and in ECOFIN. Finally, the findings will be collectively endorsed by the European Council. Mr ŠEFČOVIČ called on national Parliaments, as the Commission's 'key allies', to continue their active work in that field and to discuss the findings. In his opinion, COSAC should also be involved in this process.
- **Improvement of economic governance.** Mr ŠEFČOVIČ reminded that meetings of ECOFIN and a summit of the heads of the states of the eurozone had secured an agreement defining the Euro Plus Pact. Referring to the package of six legislative proposals aimed at enhancing economic governance at the EU level, he said that it was being intensely negotiated in trilogue meetings, and that solutions to outstanding issues were expected in June. He described the package as a 'toolbox' providing new rules for governing the European economy. Mr ŠEFČOVIČ went on to stress the need to unleash the potential of the Single Market, as there were still 27 markets in sectors such as services or trade in energy resources. That was why the Commission proposed the Single Market Act, composed of 12 initiatives, aimed at fully exploiting the potential of the 500 million citizens' market.

Referring to the proposal for a Council directive on a Common Consolidated Corporate Tax Base (CCCTB) he said that the Commission had received 9 reasoned opinions totalling 13 votes stating that the draft directive does not comply with the principle of subsidiarity, while another 4 opinions were very supportive of the proposal. He went on to explain that the draft directive was a response to calls from big businesses that wanted to have one single market instead of 27. Moreover, in the opinion of the Commission, the measure could encourage cross-border business activity, be beneficial not only to big multinational companies but also to small and medium enterprises that use the Single Market marginally, and finally eliminate double taxation. Mr ŠEFČOVIČ said that by introducing the CCCTB at the EU level, the Commission wanted to exonerate Member States, and that the aim was not to impose harmonised tax rates or to infringe upon the sovereignty of Member States. He added that according to the Commission tax competition among Member States in a healthy framework was helpful to the European economy.

¹ The European Banking Authority, the European Securities and Markets Authority, the European Insurance and the Occupational Pensions Authority.

Regarding the Multiannual Financial Framework (hereinafter referred to as "MFF"), Mr ŠEFČOVIČ noted that Commission President BARROSO received five letters from Member State leaders asking to freeze the EU budget for the period after 2013. He reminded that the EU budget was relatively small – 122.9 billion euro in 2010, representing approximately 1% of the Union's GDP. He added that only 5.7 % of this amount was spent on administration, while the rest, i.e. more than 94 % found its way back to the Member States through various programmes bringing added value to European citizens. Mr ŠEFČOVIČ called on national Parliaments to bear this in mind when discussing the next MFF. He added that in the next MFF should focus more on programmes yielding better results, and directly relating to the goals of the Europe 2020 Strategy. Moreover, initiatives financed within the MFF should not duplicate efforts of Member States which should treat the EU budget as a 'springboard'. He also emphasised the importance of innovative financing, e.g. via project bonds, and of involving the private sector, thus increasing the leverage needed to improve infrastructure.

Mr ŠEFČOVIČ went on to say that the combined efforts of EU institutions and Member States were needed to simplify programs. Commissioners were often told in Member States that more money and fewer rules were needed. The Commission would present a new ambitious proposal to that effect.

On cooperation with COSAC, Mr ŠEFČOVIČ said that he appreciated the new mode of discussion and the fact that highly political and relevant topics were debated in COSAC meetings. He stated that COSAC could be used for discussing cross-cutting European issues such as the Europe 2020 Strategy and the EU budget. He added that the Commission welcomed the discussion on the annual Commission Work Programme and would like to have a discussion on the national Parliaments' priorities for 2012 in the autumn.

During the ensuing debate 31 speakers took the floor. Many brought up the issue of the CCCTB. Some voiced concerns about the draft directive circumventing the Treaties and warned against adopting new legislation too speedily. It was also argued that the EU had no competence in the area of corporate tax. One delegation brought up the 2001 Ernst & Young study on CCCTB which concluded that the proposed tax might translate into higher taxes for companies and undermine small and medium enterprises. While other participants favoured the initiative, they also warned that the measure might infringe upon the tax sovereignty of Member States, thus curbing their economic growth. It was also suggested that the tax favoured larger countries and might be detrimental to the smaller ones. One participant mentioned the possibility of introducing a European Transaction Tax.

Some speakers stressed that the crisis had started outside Europe and that the EU was not to blame for the ensuing financial turmoil, the more so the crisis did not weaken the common currency. It was also suggested that the recent budgetary problems of some Member States that were among the biggest beneficiaries of the cohesion funds, could to some extent have been triggered by considerable financial transfers from the EU. There was a general consensus among participants that in order to overcome the crisis Member States must cooperate, also by promoting necessary, innovative measures approved at the EU level, such as the economic governance package.

It was suggested that the interparliamentary dialogue on economic governance between national Parliaments and the European Parliament should be further reinforced, creating a counterpart for the Council representing intergovernmental dimension.

Other points raised by speakers included the investment in the Danube Strategy, project bonds, Eurobonds, the need to reform direct payments to farmers and the promotion of the Single Market. It was mentioned that new ambitious greenhouse emissions targets could jeopardize the prospects of economic growth.

With respect to the Europe 2020 Strategy, it was widely agreed that appropriate funding was needed to support its targets, as otherwise they were unlikely to be met. Various speakers underlined the need to address the issue of poverty and to give more weight to the social dimension.

As for the European Semester, some participants stressed the need for a more proactive stance of national Parliaments, as for the time being the governments were the dominant players.

Various speakers from Greece talked about the lack of solidarity and cohesion in the European Politics.

In his reply, Mr ŠEFČOVIČ reiterated the need to restore hope, especially in the countries worst afflicted by the crisis. As for crisis management, he pointed out that although the EU was the closest international union, there was a strong need for further cooperation between the Member States. He hoped that the economic governance would become a new stage of European integration such as the Schengen area and the eurozone. He went on to say that one way to cope with the crisis was revitalising the Single Market. He stressed that some challenges such as the economic crisis, demographic problems, and ensuing problems with pension systems as well as illegal immigration could best be dealt with at the EU level. However, some of them such as the European Stability Mechanism understandably entailed long negotiations among Member States, as large sums were involved.

Mr ŠEFČOVIČ warmly welcomed the idea of discussing budgetary issues by national Parliaments and the European Parliament, adding that the Commission sometimes found it difficult to understand why political positions of the very same parties differed considerably depending on the level at which they were voiced: the national or the European.

Referring to the austerity programmes, the Vice-President of the Commission said that no progress could be achieved unless the economies of the Member States were put in order. He went on to say that at present, too much money was being spent on interest rates, and that some Member States were at the mercy of financial markets and speculators. It was remarkable that some countries of the eurozone such as Portugal and Ireland had their ratings compared to that of Egypt. Hence, the Commission deemed it necessary to have a closer look at the ways the rating agencies operated, and would put forward a legislative proposal on the issue.

With regard to cohesion funds, the Vice-President acknowledged that future spending should be better targeted and should not focus exclusively on infrastructure. More specifically, he stressed the importance of investing in high-quality education and in a good environment for business in order to promote competitiveness. As to the latter aspect, Mr ŠEFČOVIČ assured that the Commission was ready to reduce the administrative burden by 30 % by 2012, but stressed that the overall effect depended largely on the reforms to be implemented at the national level.

On the Europe 2020 Strategy, he noted that the targets set by the Commission were often very ambitious, and that its success depended on the contributions of Member States. This being the case, he called on Members of Parliaments to exert more influence on their respective ministers.

As for the MFF, Mr ŠEFČOVIČ informed that the Commission did not plan to increase the budget and intended to use contributions from Member States instead. He indicated that the Commission would put forward a proposal for financing the MFF encompassing innovative financing platforms with such tools as project bonds, and added that the Commission wanted to use the expertise of the private banking sector. As for Eurobonds, he said a better climate was needed. Research and development, common agricultural policy and cohesion policy would remain the three main domains to be financed within the MFF. On common agricultural policy, he commented that historic references in direct payments would have to be addressed and a more just solution would have to be found. He added that payments should be given only to active farmers.

Addressing the issue of the CCCTB, Mr ŠEFČOVIČ said that the Commission had doubts about the 2001 Ernst & Young study and had carried out an impact assessment that yielded different conclusions, especially concerning employment. He added that companies with branches in other countries would not be stripped of their profits by the CCCTB.

With regard to the Danube strategy, Mr ŠEFČOVIČ drew attention to the successful implementation of the Baltic Sea Strategy and pointed out that a better macro-economical strategy was needed in order to identify financial resources that should be mobilised to create synergies.

On energy and environmental issues, the Vice-President said that the Commission would present a legislative proposal for fairer taxation of renewables and clean energy fairer, and acknowledged that the EU was lagging behind as far as the 2020 climate targets were concerned. He said that new binding targets would be introduced.

With reference to the situation in Greece, he underlined that fiscal adjustment achieved so far was unprecedented and amounted to 7 % of GDP in one year. As Greece still fell short of meeting the requirements, the Greek authorities should launch a privatization programme without delay. Mr ŠEFČOVIČ said that a stronger political consensus would help the country resolve the problem and recalled the example of Latvia that had managed to completely turn around the situation in a very short time expecting 3 % growth this year.

4. Technical modifications of the Rules of Procedure of COSAC

The Hungarian Presidency presented a consolidated version of the Rules of Procedure of COSAC which was sent to all national Parliaments and the European Parliament on 26 May 2011. This proposal included only technical amendments, leaving substantive amendments to the incoming Polish Presidency.

Although the Hungarian proposal had been generally supported at the meeting of the Troika of COSAC on 29 May 2011, the delegation of the European Parliament signalled at the start of the debate that it wanted to have Article 9 of Protocol 1 attached to the Treaty of Lisbon mentioned in point 1.2 of the Rules of Procedure, next to Article 10 of Protocol 1. Indeed, whereas Article 10

explicitly deals with the competence of COSAC including the possibility for COSAC to organise interparliamentary conferences on common foreign and security policy, including common security and defence policy, Article 9 deals with the broader issue of interparliamentary cooperation between the European Parliament and national Parliaments. This proposal of the delegation of the European Parliament to have both articles mentioned in point 1.2 of the Rules of Procedures of COSAC was opposed by most of national Parliaments that took the floor, as they considered that mentioning Article 10 was sufficient.

An animated debate followed during which the limited competences given by the Treaties to the European Parliament in the area of common foreign and security policy and common security and defence policy were emphasised by some national Parliaments, suggesting, *inter alia*, that the European Parliament wanted to increase its influence in this area by including a reference to Article 9. In this regard, reference was made to the extensive and non-conclusive debate on the issue held during the Speakers' Conference on 4-5 April 2011 in Brussels. As no consensus on the amended Rules of Procedure of COSAC could be found, the debate was postponed until the following day.

After an additional exchange of views the next morning a compromise was reached based on proposals of the Luxembourg and the Belgian delegations. In order to avoid that only Article 10 of Protocol 1 would be explicitly mentioned, which had been the main point of contention for the European Parliament, it was proposed to refer generally to the Treaty of Lisbon. The proposal, as amended was accepted.

Once translated into all official languages of the EU, the amended Rules of Procedure of COSAC as adopted by the XLV COSAC in Budapest will be published in the Official Journal of the EU. They will come into force on the day of their publication in the Official Journal of the EU.

5. Report on the Proceedings of the Conference of Speakers of EU Parliaments

Introduction by Mr Richárd HÖRCSIK, Chairman of the Committee on European Affairs of the Hungarian *Országgyűlés*.

Mr André FLAHAUT, Speaker of the Belgian *Chambre des représentants*, cancelled his participation on the planned presentation of the outcome of the Conference of Speakers of the Parliaments of the European Union (hereinafter referred to as "the Speakers' Conference") which took place in Brussels on 4-5 April 2011.

Pursuant to the agreement reached during the meeting of the Troika, Mr Richárd HÖRCSIK sketched the outcome of the meeting of the Speakers' Conference. Firstly, Mr HÖRCSIK reminded the participants that the Speakers' Conference is the highest political forum on which the national Parliaments and the European Parliament meet. He recalled that the latest meeting of the Speakers' Conference had been held in the Belgian *Chambre des représentants* on 4-5 April 2011.

Subsequently, he outlined the programme of the Speakers' Conference and the Presidency Conclusions. Regarding the latter, he emphasised that agreements were reached on the role of the Parliaments in the monitoring of the area of freedom, security and justice (i.e. parliamentary oversight of the security and intelligence services and the monitoring of Europol's activities).

Lastly, he informed that agreements were equally reached on a number of points regarding parliamentary scrutiny of the common foreign and security policy, including common security and

defence policy (hereafter referred to as "CFSP/CSDP"). Nonetheless, an overall consensus on this issue had turned out to be impossible. The Speakers' Conference had therefore invited the Polish Presidency of the Conference to take the issue further.

During the ensuing debate, 14 delegates took the floor. Some of them stressed the urgent need for an interparliamentary body, albeit that diverging opinions were expressed on its composition and tasks. However, one delegate reminded of the intergovernmental character of the matter by referring to the Treaty on European Union and to the Declaration (No. 14) concerning the common foreign and security policy. Other delegates reiterated the proposals of their respective Parliaments/Chambers on the numerical composition of delegations to this body.

Several delegates called on the Polish Presidency of the Speakers' Conference not to drop the issue and to organise a conference on CFSP/CSDP. In this framework, a participant warned against confusing the Polish EU Presidency in 2011 with the Polish Presidency of the Speakers' Conference in 2011-2012 and encouraged the Polish EU Presidency to convene the first meeting of the conference in the course of the second semester of 2011.

Other delegates referred to the possible role of COSAC in general and to the Contribution of its XLIV meeting in Brussels on 24-26 October 2010 in particular which states that COSAC wishes that the new mechanism for parliamentary oversight of the CSDP be put in place during 2011.

Mr HÖRCSIK closed the debate by stating that, as shown by the exchange of views, the issue of CFSP/CSDP will definitely resurface in upcoming COSAC meetings.

6. General policy debate on the State of the Union

Keynote speaker: Mr György SCHÖPFLIN, Member of the European Parliament, Jean Monnet professor.

Mr HÖRCSIK welcomed Mr SCHÖPFLIN, whom he considered to be a living example of European integration. He reminded the audience that Mr BARROSO, President of the Commission, had delivered the very first "State of the Union" address before the European Parliament in September 2010 and said that he was looking forward to Mr SCHÖPFLIN'S answer to the question that was also the title of his State of the Union address: "*Quo vadis Europa?*"

Mr SCHÖPFLIN started his analysis of the current situation by stating that Europe seemed to be pulling in two directions. Whereas the Treaty of Lisbon had given the EU institutions a considerable boost, we were also witnessing growing euroscepticism and an increasing focus on the interest of an individual Member State at the expense of the European interest. This dualism could be observed in various fields, and solidarity suffered as a result of national interest overriding the European interest.

He then concentrated on the rise in intergovernmentalism, with Europe countries competing for markets, investment opportunities, prestige and power. One should not ignore warning signs of a weaker common perspective on Europe and a weakening commitment to Europe. According to Mr SCHÖPFLIN the rise of intergovernmentalism was a potential threat to the European integration process as a conflict resolution mechanism. Intergovernmentalism that was not underpinned by the community method would find it difficult to guarantee the stability and democracy that had been the keys to Europe's success, he warned.

It was widely acknowledged that euroscepticism was on the rise. Mr SCHÖPFLIN pointed out that some eurosceptics were straightforward nationalists, while others rather articulated a more anti-bureaucratic commitment. Yet others saw the EU as an obstacle to the ideal of a Europe entirely open to globalisation, without any barriers. While positions of eurosceptics could be miles apart, they could and did make common cause when the need arose.

Mr SCHÖPFLIN also drew attention to the impact of the current economic crisis on attitudes towards Europe. Some people, in particular disenchanted youngsters, would certainly be tempted to radicalise, most probably to the right and far right, as left radicalism was wearing out and losing its attractiveness. He added that radicalism to the right was almost invariably hostile to the European integration project.

Focusing on the role of the media, Mr SCHÖPFLIN was puzzled by the extreme reluctance or inability of the media to recognise the European Union as an autonomous site of power. Political journalism ought to find the EU exciting for its own sake, but this seldom happened. Instead, EU politics was regularly interpreted by journalists as a conflict of interests between the EU and an individual Member State. Mr SCHÖPFLIN insisted that one of the tasks of the media in a democracy was to translate power and the working of institutions to public opinion. Yet, this was hardly ever the case when it came to the European level. Regrettably, there was a strong tendency to describe whatever happens in Brussels as a contest between the Member State involved and the so-called remote and impenetrable bureaucracy in Brussels. This was weakening the image and legitimacy of the European integration process, while the EU itself found it difficult to counteract. The economic crisis and the use of stereotypes compounded the problem.

It was clear that the classical model of democratic politics had changed and that political power was now both fragmented and dispersed. Information was now more readily available thanks to the Internet and party politics had become less relevant, but this also paved the way for more radicalisation and for the EU being an obvious target. However, Mr SCHÖPFLIN also criticised the political class in the Member States for the loss of political significance of the integration process, observing a clear tendency to take the EU and its achievements for granted. In this context it was seldom explained to citizens why a particular competence was transferred to Brussels.

Elaborating on the issue of European citizenship, Mr SCHÖPFLIN highlighted that very few people were conscious of their European political identity. Citizens frequently lacked information on European issues and saw their primary, if not exclusive, political loyalty to the state level. Ironically, in sociological and cultural terms Europeans were today far more alike and had far more in common than 50 years ago. The cement was international English, the "new Esperanto", with Europe coming together in the Eurovision song contest. This cultural Europe, however, lacked political content, consciousness and identity.

As regards migration Mr SCHÖPFLIN stated that resistance had taken on an anti-European, eurosceptic quality. It was clear that a considerable number of voters wanted to see an end to unrestricted immigration, blaming both the EU and the political elites. This might be a populist message, but it had resonance.

Winding up his address, Mr SCHÖPFLIN acknowledged that he had concentrated on the negative trends. However, by identifying the processes that were sapping the commitment to Europe remedies became feasible. In essence it boiled down to the question whether there was political will to recreate a European consciousness and to relaunch the idea of a European interest that is beneficial to Member States. It was not by chance that the Hungarian Presidency had chosen the

slogan "Strong Europe", and the past months had shown that despite the problems building a strong Europe was indeed possible.

During the ensuing debate 22 speakers took the floor. Numerous delegates explicitly praised Mr SCHÖPFLIN for his analysis. A range of issues and concerns were addressed in direct response to points raised by the keynote speaker.

Speakers stressed the need for more cooperation, solidarity and a social Europe. It was important to make Europeans feel more European, and a single European electoral law and pan-European elections were mentioned as ways to achieve this. There was a need to put citizens in the centre, to convince them that there is an integration project that they can relate to and to create a new European identity. One speaker saw an important role for COSAC to reduce the democratic deficit. Issues like high levels of unemployment and immigration were identified as underlying euroscepticism, as they raised doubts in people's minds. Many speakers spoke of the critical phase that Europe found itself in, characterised by a confidence crisis and increasing self-centeredness.

The importance of continuing the European integration process was broadly acknowledged. Some speakers underlined that the enlargement policy had been the most successful policy of the EU. Support was expressed for finalising accession negotiations with Croatia, which would encourage other countries in the region to continue their efforts. Foreign relations should be further boosted, and one speaker insisted on better cooperation between the European External Action Service and the Member States.

Several speakers addressed the issue of migration, underlining, *inter alia*, that the Mediterranean countries were the southern border of the Schengen area, that the problem of migration from Northern Africa should be dealt with by the EU as a whole and that FRONTEX should acquire a more significant role and be more transparent and independent.

Other speakers highlighted the importance of a single European energy market, the need to put renewables more prominently on the European agenda and the necessity of guaranteeing good governance and scrutinising the banking system.

Mr SCHÖPFLIN thanked the speakers for the rich debate. On enlargement he agreed that this had in many ways been a very successful policy and that it was an on-going process. Migration was not a purely economic process in terms of "adding to the labour force", but a much wider, multifaceted phenomenon. Regarding the economic crisis, Mr SCHÖPFLIN reiterated that we should be prepared for the population to become more radical. The gap between the people and the elites was widening and the effort to reconnect was a task for all of us. He concluded by stating that no one had the monopoly of the definition of euroscepticism and that democracy and stability could not be guaranteed without a commitment to Europe.

7. Debate and adoption of the Contribution and Conclusions of the XLV COSAC

On 17 May 2011, two weeks before the XLV COSAC meeting, the Hungarian Presidency of COSAC put forward a text of draft Contribution and Conclusions of the XLV COSAC meeting. The Presidency invited COSAC delegations to table amendments to the two drafts until 24 May 2011. On 26 May 2011, the Presidency informed COSAC delegations about the received amendments which it had grouped in a table that was made available in English and French

versions. Additional proposals to amend the draft Contribution and Conclusions of the XLV COSAC were received after the 24 May 2011 deadline.

After a debate on the amendments received from national Parliaments and the European Parliament, the Conference adopted the Contribution and Conclusions of the XLV COSAC according to Article 10.5 of the Rules of Procedure of COSAC.

Once translated into all official languages of the EU, the Contribution of the XLV COSAC will be published in the Official Journal of the EU.