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# REPORT

on constitutional problems of a multitier governance in the European Union  
(2012/2078(INI))

Committee on Constitutional Affairs

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**CONTENTS**

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3
OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS .....	18
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS.....	26
RESULT OF FINAL VOTE IN COMMITTEE .....	31

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on constitutional problems of a multitier governance in the European Union

(2012/2078(INI))

*The European Parliament,*

- having regard to the Treaty on the European Union and the Treaty on the Functioning of the European Union,
- having regard to the Treaty on the European Stability Mechanism (ESM)<sup>1</sup>,
- having regard to the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG)<sup>2</sup>,
- having regard to the ‘six-pack’<sup>3</sup>,
- having regard to the ‘two-pack’<sup>4</sup>,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>5</sup>,
- having regard to its resolution of 22 May 2013 on the proposal for a Council regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions<sup>6</sup>,
- having regard to the report of 5 December 2012 of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup entitled ‘Towards a genuine Economic and Monetary Union’<sup>7</sup>,
- having regard to the Commission communication entitled ‘A blueprint for a deep and genuine economic and monetary union - Launching a European debate’<sup>8</sup>,
- having regard to its resolution of 20 November 2012 with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup entitled ‘Towards a genuine Economic and Monetary Union’<sup>9</sup>,

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<sup>1</sup> [Treaty Establishing the European Stability Mechanism \(ESM\)](#)

<sup>2</sup> [Treaty on Stability, Coordination and Governance in the Economic and Monetary Union](#)

<sup>3</sup> OJ L 306, 23.11.2011.

<sup>4</sup> OJ L 140, 27.5.2013.

<sup>5</sup> OJ L 298, 26.10.2012, p. 1.

<sup>6</sup> Texts adopted, P7\_TA(2013)0213.

<sup>7</sup> <https://www.ecb.europa.eu/ssm/pdf/4preport/fourpresidentsreport2012-12-05EN.pdf>

<sup>8</sup> COM(2012)0777, 28. November 2012.

<sup>9</sup> Texts adopted, P7\_TA(2012)0430.

- having regard to its resolution of 23 May 2013 on future legislative proposals on EMU,<sup>1</sup>
  - having regard to its resolution of 12 June 2013 on strengthening European democracy in the future EMU,<sup>2</sup>
  - having regard to Rule 48 of its Rules of Procedure,
  - having regard to the report of the Committee on Constitutional Affairs and the opinions of the Committee on Economic and Monetary Affairs and the Committee on Employment and Social Affairs (A7-0372/2013),
- A. whereas differentiation is a constitutive feature of the process of European integration and a means to allow its progress and guarantee substantial respect for the principle of equality, understood as the equal treatment of equal situations and the unequal treatment of unequal situations;
  - B. whereas differentiated integration should continue to act as a forerunner for deepening European integration, as it is started by a subgroup of Member States, remains open to all Member States and aims at complete integration into the Treaties;
  - C. whereas differentiated integration takes two forms: ‘multi-speed’, in which states seek to achieve the same goals according to different timeframes, and ‘multi-tier’, in which states agree to differ in their goals;
  - D. whereas differentiation must not undermine Union citizenship, which is the fundamental status of Member States’ nationals, enabling those who find themselves in the same situation to enjoy, within the scope of the Treaty, the same treatment in law, irrespective of their nationality;
  - E. whereas any differentiation will respect and thus reinforce the unity of the European legal order and its effectiveness and coherence, the principle of non-discrimination on grounds of nationality, the establishment of the area of freedom, security and justice without internal frontiers and the functioning of the internal market;
  - F. whereas differentiation may be resorted to where common action at any given time is not possible or feasible;
  - G. whereas differentiation is and should always be embedded in the single institutional framework of the European Union;
  - H. whereas differentiated integration has to respect the principle of subsidiarity according to Article 5 TUE and Protocol 2 on the application of the principles of subsidiarity and proportionality;
  - I. whereas the Treaties provide for several options and instruments for differentiated integration, including limitation of the territorial scope of application, safeguard clauses,

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<sup>1</sup> Text adopted, P7-TA(2013)0222.

<sup>2</sup> Text adopted, P7-TA(2013)0269.

derogations, opt-outs, opt-ins, enhanced cooperation, and provisions specific to Member States whose currency is the euro, provided such instruments respect the unity, effectiveness and coherence of the European legal order and are embedded in the single institutional framework (the Community method);

- J. whereas some Member States have obtained an opt out from different EU policies – as laid down in different Protocols to the Treaties – which may jeopardise the unity, effectiveness and coherence of the European legal order;
- K. whereas derogations under Article 27(2) TFEU allow differentiation between certain Member States within a legal act that is addressed to all Member States, still with the aim of progressively establishing and ensuring the functionality of the internal market;
- L. whereas the Treaty on the Functioning of the European Union contains, in its Articles 114(4) and (5), 153(4), 168(4), 169(4) and 193, safeguard clauses that enable Member States to maintain or introduce more stringent protective measures within the scope of application of a legal act that is addressed to all Member States;
- M. whereas enhanced cooperation requires the participation of at least nine Member States in a field covered by a non-exclusive Union competence, allows non-participating Member States to participate in deliberations but not in voting, and is open at any time to all Member States;
- N. whereas the enhanced cooperation procedure allows, as a last resort, for the adoption of measures binding a subgroup of Member States after an authorisation granted by the Council by a qualified majority and within the field of the CFSP after an authorisation granted by unanimity;
- O. whereas this mechanism is already being used for trans-EU divorce law and for European patent law, and was approved by the European Parliament and the Council in the context of taxation for the establishment of a financial transaction tax;
- P. whereas in the field of common foreign and security policy, clusters of states are enabled to tackle specific tasks or missions, and in the field of common security and defence policy, the establishment of a permanent core group of militarily-capable states is envisaged;
- Q. whereas historically, the Schengen Agreement of 1986 and the Schengen Convention of 1990, signed by a subgroup of Member States which replaced frontier controls among themselves; the Agreement on Social Policy of 1991 between a subgroup of Member States, which extended former EC competences in the field of employment and social rights allowing for qualified majority voting; and the Prüm Convention of 2005 between a subgroup of Member States and Norway on exchange of data and cooperation against terrorism, represent forms of differentiated integration;
- R. whereas the Schengen acquis was integrated into the Treaties by the Amsterdam Treaty, with opt-outs for the UK, Ireland and Denmark;
- S. whereas the UK and Ireland may at any time request to take part in some or all of the

provisions of the Schengen acquis, and whereas Denmark remains bound by the original Schengen Agreement and Convention;

- T. whereas the Prüm Convention has been partially integrated into the EU legal framework;
- U. whereas the Agreement on Social Policy was integrated into the Treaties by the Treaty of Amsterdam without any opt-out;
- V. whereas the Treaties provide several ways forward regarding employment and social policies, the potential of which has not been fully exploited in particular with regard to Article 9 TFEU, Article 151 TFEU and Article 153 TFEU, but also more generally with regard to Article 329 TFEU; whereas greater social convergence can therefore be attained without Treaty change and without prejudice to the subsidiarity principle;
- W. whereas the European Stability Mechanism (ESM) and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (the ‘Fiscal Compact’) were concluded in an intergovernmental setting outside the Treaties;
- X. whereas the European Financial Stability Facility (EFSF) and the ESM are agreements under international law concluded by the Member States whose currency is the euro;
- Y. whereas the necessary steps must be taken, in accordance with the TEU and the TFEU, to incorporate the substance of the TSCG, concluded under international law by all the Member States except for the United Kingdom and the Czech Republic, into the legal framework of the Union within five years, at most, of the date of entry into force of the TSCG, on the basis of an assessment of the experience of its implementation;
- Z. whereas the Euro Plus Pact, the Europe 2020 strategy and the Compact for Growth and Jobs should be integrated into Union law and pave the way for the introduction of a convergence code for Member States’ economies;
- AA. whereas international agreements outside the legal framework of the EU which aim at realising the objectives of the Treaties have been used as an absolute ultima ratio instrument for differentiated integration, providing for an obligation to integrate the content of the international agreement concerned into the Treaties;
- AB. whereas the establishment of the EMU represented a qualitative step in integration, defining a model of multi-tier governance which affects both institutions and procedures;
- AC. whereas one Member State has, if it so wishes, a permanent derogation from joining the euro (Protocol No 15) and another has a constitutional exemption (Protocol No 16)
- AD. whereas in the area of monetary policy the provisions concerning the ECB foresee a differentiation in the institutional structure, with the Governing Council as the main decision-making body with members only from Member States whose currency is the euro and the General Council associating the non-euro Member States, as well as in the financial structure, with the national central banks of all Member States as subscribers to the capital of the ECB (Article 28.1 of the ECB Statute), but with only the national central banks of the Member States whose currency is the euro paying up their

subscribed share of the capital of the ECB (Article 48.1 of the ECB Statute);

- AE. whereas Article 127(6) TFEU empowers the Council to confer specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions and other financial institutions, with the exception of insurance undertakings, and has been used as the legal basis for a regulation which establishes the Single Supervisory Mechanism (SSM) for the eurozone and foresees a voluntary participation of non-euro Member States by establishing close cooperation with the ECB;
- AF. whereas Article 139 TFEU exempts Member States with derogations from the application of specific treaty provisions and from the related voting rights;
- AG. whereas Articles 136 and 138 TFEU foresee a specific form for adopting measures applicable to Member States whose currency is the euro, with a Council vote limited to the representatives of those Member States and, where required by the procedure, a vote of the entire European Parliament;
- AH. whereas Article 136 TFEU has already been used in conjunction with Article 121.6 for adopting regulations;
- AI. whereas, in the area of research, technology development and space, Article 184 TFEU provides for supplementary programmes to the multiannual framework programme which may involve only a subgroup of Member States who finance them subject to possible Union participation, but which are adopted in accordance with the ordinary legislative procedure involving the entire Council and the entire European Parliament, subject to the agreement of the Member States concerned by these supplementary programmes;
- AJ. whereas, according to Article 21 of Council Regulation 966/2012, the principle of the universality of the budget does not prevent a group of Member States from assigning a financial contribution to the EU budget or a specific revenue to a specific item of expenditure, as is already happening, for instance, in the case of the high flux reactor under Decision 2012/709/Euratom;
- AK. whereas Article 137 TFEU and Protocol 14 establish the Eurogroup as an informal body;
- AL. whereas the smooth functioning of the EMU requires full and swift implementation of the measures already agreed upon under the reinforced economic governance framework, such as the reinforced Stability and Growth Pact (SGP) and the European semester, complemented with growth-enhancing policies;
- AM. whereas a deeper EMU requires stronger competences, financial resources and democratic accountability, and whereas its establishment should follow a two-step approach based on, firstly, the immediate full use of the potentialities of the existing Treaties and, secondly, a Treaty change to be defined by a Convention;
- AN. whereas, in order to be effective, legitimate and democratic, the governance of the EMU should be based on the institutional and legal framework of the Union;

AO. whereas democratic legitimacy and accountability must be assured at the level at which decisions are taken;

AP. whereas the EMU is established by the Union, whose citizens are directly represented at Union level by the European Parliament;

## **A. PRINCIPLES**

1. Reiterates its call for a genuine EMU enhancing the Union's competences, in particular in the field of economic policy, and strengthening its budgetary capacity and the role and democratic accountability of the Commission and the prerogatives of Parliament;
2. Is of the opinion that such an increased budgetary capacity should be based on specific own-resources (including an FTT) and a budgetary capacity which should, in the framework of the Union budget, support growth and social cohesion, addressing imbalances, structural divergences and financial emergencies which are directly connected to the monetary union, without undermining its traditional functions to finance common policies;
3. Welcomes the Commission's 'Blueprint'; calls on the Commission to make legislative proposals as soon as possible, under codecision where legally possible, for its implementation without delay, including further budgetary coordination, the extension of deeper policy coordination in the field of taxation and employment, and the creation of a proper fiscal capacity for the EMU to support the implementation of the policy choices; stresses that some of these elements will require amending the Treaties;
4. Believes that rapid action is required within each of the four building blocks contained in the report entitled 'Towards a Genuine Economic and Monetary Union', as presented by Presidents Van Rompuy, Juncker, Barroso and Draghi, in particular:
  - (a) an integrated financial framework to ensure financial stability, in particular in the euro area, and minimise the cost of bank failures to European citizens; such a framework elevates responsibility for supervision to the European level, and provides for common mechanisms to resolve banks and guarantee customer deposits;
  - (b) an integrated economic policy framework which has sufficient mechanisms to ensure that national and European policies are in place that promote sustainable growth, employment and competitiveness, and are compatible with the smooth functioning of EMU;
  - (c) ensuring the necessary democratic legitimacy and accountability of decision-making within the EMU, based on the joint exercise of sovereignty for common policies and solidarity;
5. Is of the opinion that a better and clearer division of competences and resources between the EU and the Member States can and must go hand in hand with a stronger parliamentary ownership and accountability with regard to national competences;
6. Reiterates that to be effectively legitimate and democratic, the governance of a genuine



EMU must be placed within the institutional framework of the Union;

7. Considers differentiation to be a useful and appropriate tool to promote deeper integration, which, to the extent that it safeguards the integrity of the EU, can prove essential to achieving a genuine EMU within the Union;
8. Stresses that the existing differentiated integration procedures under the Treaties allow taking a first step in the establishment of a genuine EMU which is fully consistent with the requirements of stronger democratic accountability, increased financial resources and better decision-making capacity and calls on all institutions to proceed swiftly by maximising the possibilities afforded by the existing Treaties and their elements of flexibility and at the same time to prepare for the necessary Treaty changes in order to guarantee legal certainty and democratic legitimacy; reiterates that the option of a new intergovernmental agreement should be excluded;
9. Stresses that the treaty changes necessary for the completion of a genuine EMU and the establishment of a Union of citizens and states can build on the existing instruments, procedures, practices and philosophy of differentiated integration while improving their effectiveness and coherence and confirms that it will make full use of its prerogative to submit to the Council proposals for the amendment of the Treaties, which subsequently need to be examined by a Convention, in order to complete the framing of a genuine EMU;
10. Recalls that the debate on multi-tier governance does not overlap with the issue of multi-level governance, which relates to the balance of powers and the involvement of national, regional and local authorities;
11. Emphasises that to be consistent with its nature of a means to promote integration, safeguard the unity of the EU and guarantee substantial respect of the principle of equality, differentiation must remain open and has to aim at finally including all Member States;
12. Stresses that a balance between employment policy and economic policy pursuant to Article 121 TFEU and Article 148 TFEU is necessary for a positive development of the EU;

## **B. PROCEDURES**

13. Is of the opinion that differentiation should preferably be done, wherever possible, within a legal act addressed to all Member States by means of derogations and safeguard clauses, instead of a priori excluding some Member States from the territorial scope of application of a legal act; underlines nevertheless that a high number of derogations and safeguard clauses undermine the unity of the EU as well as the consistency and effectiveness of its legal framework;
14. Takes the view that the coordination of economic, employment and social policies belongs to the category of shared competences, which according to Article 4(1) TFEU comprises all the areas which are not included into the exhaustive lists of exclusive or supporting

competences;

15. Is of the opinion that, as a consequence, the specificity of measures adopted under Article 136 TFEU does not relate only to the fact that those measures are specific to Member States whose currency is the euro, but also implies that they can have greater binding force; and that Article 136 TFEU allows the Council, on a recommendation from the Commission and with the vote of only the Member States whose currency is the euro, to adopt binding economic policy guidelines for the euro area countries in the framework of the European Semester;
16. Stresses that, where some Member States want not to take part in the adoption of a legal act in the field of the Union's non-exclusive competences, an enhanced cooperation in accordance with the relevant Treaty provision should be established instead of concluding international agreements outside the framework of the EU legal order;
17. Considers that Article 352 TFEU, which empowers the Council to adopt appropriate measures to attain one of the objectives set out in the Treaties if the Treaties have not provided the necessary powers, can be used in conjunction with Article 20 TEU, thus allowing the activation of the flexibility clause, where unanimous consensus cannot be achieved in the Council through the mechanism of enhanced cooperation;
18. Calls on the Member States, in circumstances where there is a divergence in political direction between Member States preventing progress, to expand the principle of enhanced cooperation to social and employment policies;
19. Considers that the inclusion of expenditure resulting from implementation of enhanced cooperation in the EU budget as other revenue or as a specific own resource is necessary in order to ensure compliance with the principles of EU budget law and to safeguard the pivotal position of the European Parliament as budgetary authority;
20. Calls for a systematic use of Article 333(2) TFEU when establishing an enhanced cooperation within a field covered by a non-exclusive Union competence that refers to a special legislative procedure, and calls on the Council to adopt a decision by unanimous vote of the participating Member States stipulating that, for the purpose of the enhanced cooperation, they intend to act under the ordinary legislative procedure;
21. Calls, where possible, for a systematic use of the bridging clause of Article 48(7) TEU in procedures other than enhanced cooperation in order to strengthen the democratic legitimacy and the effectiveness of the EMU governance;
22. Considers that, when the use of the bridging clause is not possible, as for instance in the case of the adoption of the economic policy and employment guidelines or the Annual Growth Survey, the possibility of concluding interinstitutional agreements of a binding nature should be fully made use of;
23. Recalls that the purpose of Article 48 TEU is also to guarantee the democratic legitimacy of any treaty change by the requirement of the mandatory involvement of the European Parliament in the amendment procedure and of the national parliaments in the subsequent ratification procedure;

24. Disagrees with the term ‘contractual arrangements’ and encourages a search for better ways to formally link the funds made available under the competitiveness and convergence instrument (CCI) and the structural reforms, and reiterates that the lack of Union competences and of Union powers can be overcome, where necessary, by using the appropriate procedures laid down in the Treaties or, in the absence of an appropriate legal basis, by amending the Treaties;

### **C. DEMOCRACY AND INSTITUTIONS**

25. Recalls that, according to article 3.4 TEU, the EMU is established by the Union and its functioning must be founded on representative democracy;

26. Stresses that the European Parliament is the only EU institution in which citizens are directly represented at Union level and is the parliamentary body of the EMU, and that its appropriate involvement is essential for ensuring the democratic legitimacy and functioning of the EMU and is a precondition for any further step towards a banking union, a fiscal union and an economic union;

27. Stresses that proper legitimacy and accountability must be ensured at national and EU levels by national parliaments and the European Parliament respectively; recalls the principle set out in the conclusions of the December 2012 European Council meeting that ‘throughout the process, the general objective remains to ensure democratic legitimacy and accountability at the level at which decisions are taken and implemented’;

28. Regrets therefore the lack of parliamentary scrutiny of the Troika, the EFSF and the ESM;

29. Takes the view that any formal differentiation of parliamentary participation rights with regard to the origin of Members of the European Parliament represents discrimination on grounds of nationality, the prohibition of which is a founding principle of the European Union, and violates the principle of equality of Union citizens as enshrined in Article 9 TEU;

30. Considers that, in the case of measures adopted in accordance with Article 136 TFEU or of the establishment of an enhanced cooperation, the asymmetry deriving from the involvement, on the one hand, of the representatives of the Member States whose currency is the euro in Council (or of the representatives of the participating countries) and, on the other hand, of the European Parliament and the Commission as representing all the Union’s citizens and promoting its general interest, is fully coherent with the principles of differentiation and does not reduce but, on the contrary, enhances the legitimacy of those measures;

31. Stresses that the internal rules of the European Parliament offer a sufficient margin of manoeuvre to organise specific forms of differentiation on the basis of political agreement within and among the political groups in order to provide for appropriate scrutiny of the EMU, and calls for the establishment of a subcommittee to provide such scrutiny and enhance the coherence of Parliament’s approach to EMU;

32. Considers it important to intensify cooperation with national parliaments, on the basis of

Article 9 of Protocol No 1 annexed to the Treaties, and welcomes the agreement on the establishment of an interparliamentary conference in discussing budgetary and economic policies; stresses nevertheless that this cooperation should not be seen as establishing a new joint parliamentary body, which would be both ineffective and illegitimate from a democratic and constitutional point of view, and reaffirms that there is no substitute for a formal strengthening of the full legitimacy of the European Parliament, as a parliamentary body at Union level, with a view to reinforcing the democratic governance of the EMU;

33. Stresses that the Euro Summit and the Eurogroup are informal bodies for discussion and not institutions for decision-making in the governance of the Economic and Monetary Union;
34. Emphasises the pivotal role of the Commission in EMU governance, as also confirmed by the Fiscal Compact and the ESM treaties, in guaranteeing the legal order of the EU treaties and in serving the common interest of the Union as a whole;

#### **D. DIFFERENTIATED INTEGRATION WITHIN THE EXISTING TREATIES: TOWARDS A GENUINE EMU**

35. Believes that the Community method should be used for all measures aimed at strengthening the EMU; recalls Article 16 of the TSCG, which states that, within five years, at most, of the date of entry into force of that Treaty, on the basis of an assessment of the experience with its implementation, the necessary steps must be taken, in accordance with the Treaty on the European Union and the Treaty on the Functioning of the European Union, with the aim of incorporating the substance of the Treaty into the legal framework of the European Union;
36. Stresses that Member States whose currency is the euro and those committed to adopting it need to redouble their efforts to strengthen stability and compliance with the Treaty, and to increase competitiveness, efficiency, transparency and democratic accountability; recalls that the euro is the currency of the European Union, and that all Member States except those with a derogation are expected to adopt the euro in due course;
37. Notes that, to mitigate the crisis and respond to structural shortcomings in the architecture of the economic and monetary union, national governments and European institutions have implemented a wide range of measures to safeguard financial stability and improve economic governance; notes that these decisions, such as certain provisions of the six-pack and the creation of the ESM, only concern the euro area members;
38. Welcomes the creation of a single supervisory mechanism covering the euro area and open to all other EU Member States; stresses that establishing a single resolution mechanism for banks is an indispensable step in setting up a genuine banking union; considers that, to overcome the structural deficiencies inherent in the economic and monetary union and to effectively curb the pervasive moral hazard, the proposed 'banking union' should draw on the earlier reform of the Union financial services sector, as well as the strengthened economic governance, especially in the euro area, and the new budgetary framework of the European Semester, to ensure greater resilience and competitiveness of the Union banking sector, increased confidence in it, and enhanced capital reserves to prevent Member States' public budgets having to bear the costs of banks' bail-outs in the

future;

39. Is extremely worried about the delays in setting up the banking union and the practical modalities of direct banking recapitalisation by the ESM; is alarmed, in particular, by the ongoing fragmentation of the EU banking system; emphasises that a robust and ambitious banking union is a key component of a deeper and genuine EMU and a key policy on which Parliament has been insisting for more than three years, in particular since the adoption of its positions on the European Banking Authority regulation;
40. Considers the provision of the SSM regulation which requires the consent of the European Parliament for the appointment of the chair and the vice-chair of the Supervisory Board to be an important precedent for an enhanced role of the EP in an EMU governance based on differentiation;
41. Supports new solidarity instruments, such as the ‘convergence and competitiveness instrument’ (CCI); considers that the CCI concept could enhance the ownership and effectiveness of economic policy; stresses that such instruments must be drafted in such a way as to avoid any legal uncertainty and a widening of the Union’s democratic deficit;
42. Calls on the Commission to bring forward, under the European Semester, a proposal to adopt a convergence code based on the Europe 2020 strategy and establishing a strong social pillar; insists that national implementation programmes must ensure that the convergence code is implemented by all Member States, supported by an incentive-based mechanism;
43. Stresses that an incentive mechanism would reinforce the binding nature of economic policy coordination;
44. Points out that the creation of an incentive-based enforcement mechanism aimed at increasing solidarity, cohesion and competitiveness must go hand in hand with additional layers of economic policy coordination, as stated in the Commission declaration accompanying the ‘two-pack’, so as to comply with the principle that ‘steps towards more responsibility and economic discipline are combined with more solidarity’;
45. Stresses that the mechanisms for ex-ante coordination, and convergence and competitiveness instruments, should apply to all Member States which have adopted the euro as their currency, with the possibility for other Member States to join on a permanent basis; calls on the Commission to provide for such compulsory validation by national parliaments in forthcoming legislative proposals, as well as to ensure greater involvement of the two sides of industry in economic coordination;
46. Is of the opinion that any proposed new CCI should be based on conditionality, solidarity and convergence; believes that such an instrument should only be launched after social imbalances and the need for major long-term and sustainable growth-enhancing structural reforms have been identified on the basis of an assessment of the coherence between the convergence code and national implementation plans, with the proper formal involvement of the European Parliament, the Council and national parliaments;
47. Stresses that the new CCI to be put in place should apply to all euro area members and be

open to all Member States of the Union, while taking into account the stronger interdependence of euro area members; is of the opinion that the Member States in the programme should be allowed to participate on a voluntary basis;

48. Is of the opinion that the CCI should be a vehicle for increased budgetary capacity and be geared towards conditional support for structural reforms, with the aim of enhancing competitiveness, growth and social cohesion, ensuring closer coordination of economic policies and sustained convergence of the economic performance of the Member States, and addressing imbalances and structural divergences; considers such instruments to be building blocks towards a genuine fiscal capacity;
49. Considers the establishment of this instrument to be an initial phase in strengthening the fiscal capacity of the EMU and stresses that the financial resources of the CCI must be an integral part of the EU budget, but outside the MFF ceilings, so as to respect the EU Treaties and EU law and ensure that the European Parliament is fully involved as the budgetary authority by, inter alia, allowing a case-by-case adoption of the relevant budgetary appropriations;
50. Calls for the inclusion of a new own resource financed by contributions paid by Member States participating in the CCI under a modified Own Resources Decision and by assigning the revenue of this new own resource to the expenditure of the CCI, and calls for an amendment of the Own Resources Decisions or, if this is not possible, for the use of the revenue of the Financial Transaction Tax as other revenue in order to compensate such direct contributions;
51. Insists that at the spring European Council the President of Parliament should present Parliament's views on the annual growth survey; takes the view that an interinstitutional agreement should be negotiated in order to involve Parliament in the approval of the annual growth survey and of the economic policy and employment guidelines;
52. Reiterates its call for strengthening the social dimension of EMU through a social pact and the building-up of a social pillar, while reaffirming that employment policy and social policy are Union policies;
53. Reiterates that, according to the Treaties, the promotion of high employment and guarantee of adequate social protection have to be taken into account in defining and implementing the policies and activities of the Union; calls for the establishment of employment and social benchmarks to complement fiscal and macroeconomic indicators, as well as progress reports on structural reforms, the aim being to ensure an appropriate and efficient level of social investment and, therefore, the sustainability of a social European Union in a long-term perspective.
54. Recalls that the 'fiscal compact' should be integrated into EU law within five years at the latest, on the basis of an assessment of the experience with its implementation, as stipulated in Article 16 of the Treaty on Stability, Coordination and Governance in the EMU;
55. Considers that there should be a gradual roll-over of excessive debt into a redemption fund, based on the proposal of the German Economic Council of Experts, which foresees

the temporary creation of a fund that would be fed with all the debt over 60 % of Member States which fulfil certain criteria, the debt being redeemed over a period of about 25 years, thus creating a fund which, together with the enforcement of all existing mechanisms, would help to keep the total debt of Member States below 60 % in the future;

56. Welcomes the fact that, on 2 July 2013, the Commission, following the two-pack agreements, set up an expert group under the chairmanship of Ms Gertrude Tumpel-Gugerell, tasked with thoroughly assessing the main features of a potential redemption fund and eurobills, including any legal provisions, financial architecture and complementary budgetary frameworks, and intends to position itself on these matters after the expert group's report has been submitted.
57. Considers the harmonisation of the bases of direct taxes under Article 115 TFEU and indirect taxes under Article 113 TFEU as an important step towards establishing a genuine economic union, so that an enhanced cooperation can be established if the required unanimity in the Council cannot be achieved;
58. Considers that the operations of the EFSF/ESM and any future similar structure should be subject to regular democratic control and oversight by the European Parliament; takes the view that the ESM should be fully incorporated within the framework of the Union;
59. Points out that the troika determines some Member States' economic policies in return for the requisite funds to keep them afloat and to regain access to the money markets; adds that this does not, however, change the fact that they must be held properly accountable; is of the opinion that the Commission should report regularly on behalf of the Troika to the European Parliament, by means of regular reporting; recalls that EU participation in the 'troika' system should be subject to democratic scrutiny by, and accountability to, Parliament;
60. Reiterates its repeated demands that the European Stability Mechanism (ESM) be integrated into the Community acquis so that it can be managed in accordance with the Community method, and that it be made accountable to Parliament; asks the Commission to put forward a proposal to that end; reminds the Eurogroup that Parliament has received written assurances that the ESM will be subject to the scrutiny of Parliament;

## **E. DIFFERENTIATED INTEGRATION AND TREATY CHANGES**

61. Considers that any future treaty change should affirm differentiated integration as a tool for achieving further integration while safeguarding the unity of the Union;
62. Takes the view that a future treaty change may introduce a new tier of associate membership, including a partial integration into specific Union policy areas, as a means to strengthen the European Neighbourhood Policy;
63. Calls for full openness and transparency in the convening of a Convention in accordance with Article 48(3) TEU and urges that civil society be given the right to contribute to consultations at all stages of the Convention;

64. Considers that a future treaty change should affirm the Eurosummit as an informal configuration of the European Council, as provided for in Title V of the TSCG;
65. Suggests making the Eurogroup an informal configuration of the Economic and Financial Affairs Council;
66. Calls for the Commissioner for Economic and Financial Affairs to be a Treasury Minister and a permanent Vice-President of the Commission;
67. Calls for a switch, with limited exceptions, of the voting procedures in the Council which require unanimity to qualified majority, and for the existing special legislative procedures to be converted into ordinary legislative procedures;
68. Calls for the introduction of a legal basis in order to establish Union agencies which may carry out specific executive and implementing functions conferred upon them by the European Parliament and the Council in accordance with the ordinary legislative procedure;
69. Considers the reversed qualified majority voting in the Fiscal Compact more as a political declaration than an effective decision making instrument, and calls therefore for the integration of the RQM into the Treaties, especially in Article 121, 126 and 136, in such a way that the proposals or recommendations submitted by the Commission may enter into force if no objection has been expressed by Parliament or the Council within a certain predefined period, in order to ensure fully-fledged legal certainty;
70. Advocates the introduction of the ordinary legislative procedure for the adoption of the broad guidelines of the economic policies of the Member States and of the Union under Article 121(2) TFEU and of the employment guidelines under Article 148(2) TFEU.
71. Favours inclusion in the decision-making procedures under Article 121(4) TFEU and Article 148(4) TFEU of the right of Parliament to propose amendments to a Commission proposal for a recommendation before its adoption by the Commission, while acknowledging that the multilateral surveillance procedure requires quick decision-making;
72. Calls for the inclusion of Parliament in the budgetary surveillance procedure under Article 126 TFEU, with the right to amend a Commission proposal for a recommendation which can be rejected by a qualified majority of the Council if the Commission delivers a negative opinion;
73. Calls for the amendment of Article 136 TFEU in order to open its scope to voluntary participation by non-euro Member States, providing for full voting rights in line with the enhanced cooperation procedure, and calls for the dropping of the restrictions under Article 136 TFEU and for the upgrading of this article into a general clause for the adoption of legal acts concerning the coordination and setting of legally-binding minimum standards with regard to economic, employment and social policy;
74. Calls for the extension of the legal base in Art. 127(6) TFEU to all financial institutions including insurance undertakings that are established within the internal market;



75. Calls for the inclusion of Parliament in the appointment procedure of the President, Vice-President and other members of the Executive Board of the ECB in Article 283 TFEU, by requiring that it consents to the recommendations of the Council;
76. Calls on the next Convention to examine the possibility of introducing a special legislative procedure requiring four fifths of the votes in the Council and a majority of Parliament's component members under Article 312 TFEU for the adoption of the regulation laying down the multiannual financial framework;
77. Calls on the next Convention to examine the possibility of introducing a special legislative procedure requiring four fifths of the votes in Council and a majority of Parliament's component members under Article 311(3) TFEU for the adoption of the Own Resources Decision;
78. Calls on the next Convention to allow for the possibility for the Union to budget for a deficit which shall not exceed reference values to be specified in the Treaties, together with the establishment of proper mechanisms ensuring the avoidance of an excessive deficit at European level;
79. Calls on the next Convention to examine the possibility for Member States whose currency is the euro and for all Member States who wish to participate in new common policies to provide for specific own resources in the framework of the EU budget;
80. Takes the view that the financial means of Union agencies should be an integral part of the budget of the Union;
81. Calls for the European Parliament's consent to be required for Treaty amendments, with a majority of two thirds of its component members;
82. Insists that the future Convention should have the greatest possible democratic legitimacy by also involving social partners, civil society and other stakeholders; reach its decisions in plenum according to full democratic rules; have adequate time for serious and thorough deliberation; operate with full transparency and have all its meetings open to the public;
83. Calls on the next Convention to examine the possibility of future treaty amendments entering into force throughout the Union following their ratification by four fifths of the Member States representing a majority of the population of the Union, in accordance with their respective constitutional requirements;
84. Advocates the extension of the bridging clause in Article 48(7) TEU to the Treaties as a whole;
85. Instructs its President to forward this resolution to the Council, the Commission, and the President of the European Council.

30.10.2013

## **OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS**

for the Committee on Constitutional Affairs

on constitutional problems of a multitier governance in the European Union  
(2012/2078(INI))

Rapporteur: Sylvie Goulard

### **SUGGESTIONS**

The Committee on Economic and Monetary Affairs calls on the Committee on Constitutional Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas the Euro Plus Pact, the Europe 2020 strategy and the Compact for Growth and Jobs should be integrated into Union law and pave the way for the introduction of a convergence code for Member States' economies;
- B. whereas the smooth functioning of the EMU requires a full and swift implementation of the measures already agreed upon under the reinforced economic governance framework such as the reinforced Stability and Growth Pact (SGP) and the European semester, complemented with growth enhancing policies; whereas, within five years, at most, of the date of entry into force of the TSCG, on the basis of an assessment of the experience with its implementation, the necessary steps must be taken, in accordance with the TEU and the TFEU, with the aim of incorporating the substance of the TSCG into the legal framework of the Union;

#### **I. EMU – general principles**

- 1. Stresses that Member States sharing the euro and those committed to adopting it need to redouble their efforts to strengthen compliance with the Treaty, stability, and increase competitiveness, efficiency, transparency and democratic accountability; recalls that the euro is the currency of the European Union, and that all Member States except those with a derogation, are expected to adopt the euro in due course; recalls that the European Parliament is the parliament of the European Union, the sole embodiment of the Union's direct democratic legitimacy and the guarantor of the Union's direct democratic accountability;
- 2. Believes that the Community method should be used for all measures aimed at strengthening the EMU; recalls Article 16 of the TSCG, which states that, within five

years, at most, of the date of entry into force of that Treaty, on the basis of an assessment of the experience with its implementation, the necessary steps must be taken, in accordance with the Treaty on the European Union and the Treaty on Functioning of the European Union, with the aim of incorporating the substance of the Treaty into the legal framework of the European Union;

3. Notes that, to mitigate the crisis and respond to structural shortcomings in the architecture of the economic and monetary union, national governments and European institutions have implemented a wide range of measures to safeguard financial stability and improve economic governance; notes that these decisions, such as certain provisions of the Six-Pack and the creation of the ESM, only concern the euro area member states; considers that the operations of the EFSF/ESM and any future similar structure should be subject to regular democratic control and oversight by the European Parliament; takes the view that the ESM should be enshrined in the Community *acquis*;
4. Notes that two Member States have opt-outs from the introduction of the euro and two Member States have opt-outs from the implementation of the Schengen *acquis*;
5. Notes that enhanced cooperation provides a legal basis for the adoption of measures that only apply to a limited number of Member States; notes that this mechanism is being used already for trans-EU divorce law and for European patent law, and has been approved by Parliament and the Council in the taxation context, with regard to the establishment of a financial transaction tax;
6. Points out that the troika sets some Member States' economic policies in return for the requisite funds to keep them afloat and to regain access to the money markets; adds that this does not, however, change the fact that they must be held properly accountable; is of the opinion that the troika should be made accountable to the European Parliament, by means of regular reporting; recalls that EU participation in the 'troika' system should be subject to democratic scrutiny by, and accountability to, Parliament;
7. Notes that fiscal consolidation efforts made to comply with the new economic governance rules should be shared between the different administrations in a fair way, taking into account the services they provide;
8. Welcomes the Commission's 'Blueprint'; calls on the Commission to make legislative proposals as soon as possible, under codecision where legally possible, for its implementation without delay, including further budgetary coordination, the extension of deeper policy coordination in the field of taxation and employment, and the creation of a proper fiscal capacity for the EMU to support the implementation of the policy choices; stresses that some of these elements will require amending the Treaties;
9. Supports new solidarity instruments, such as the 'convergence and competitiveness instrument'; considers that the CCI concept could enhance ownership and effectiveness of economic policy; stresses that such instruments must be drafted in such a way as to avoid any legal uncertainty and a widening of the Union's democratic deficit;
10. Believes that rapid action is required within each of the four building blocks contained in the report entitled 'Towards a Genuine Economic and Monetary Union', as presented by

Presidents Van Rompuy, Juncker, Barroso and Draghi, in particular:

- (a) an integrated financial framework to ensure financial stability, in particular in the euro area, and minimise the cost of bank failures to European citizens; such a framework elevates responsibility for supervision to the European level, and provides for common mechanisms to resolve banks and guarantee customer deposits;
  - (b) an integrated economic policy framework which has sufficient mechanisms to ensure that national and European policies are in place that promote sustainable growth, employment and competitiveness, and are compatible with the smooth functioning of EMU;
  - (c) ensuring the necessary democratic legitimacy and accountability of decision-making within the EMU, based on the joint exercise of sovereignty for common policies and solidarity;
11. Calls on all institutions to proceed swiftly by maximising the possibilities afforded by the existing Treaties and their elements of flexibility and at the same time to prepare for the necessary Treaty changes in order to guarantee legal certainty and democratic legitimacy; reiterates that the option of a new intergovernmental agreement should be excluded;
  12. Confirms that it will make full use of its prerogative to submit to the Council proposals for the amendment of the Treaties, which subsequently need to be examined by a Convention, in order to complete the framing of a genuine EMU by enhancing the Union's competencies, in particular in the field of economic policy, and by strengthening the Union's own resources and budgetary capacity, the role and democratic accountability of the Commission and Parliament's prerogatives;
  13. Is of the opinion that a 'genuine EMU' cannot be limited to a system of rules but requires an increased budgetary capacity based on specific own-resources (including an FTT) which should, in the framework of the Union budget, support growth and social cohesion, addressing imbalances, structural divergences and financial emergencies which are directly connected to the monetary union, without undermining its traditional functions to finance common policies;
  14. Calls on the Commission to bring forward, under the European Semester, a proposal to adopt a convergence code based on the Europe 2020 strategy and establishing a strong social pillar; insists that National Implementation Programmes must ensure that the convergence code is implemented by all Member States, supported by an incentive-based mechanism;
  15. Reiterates once again that any further initiative for a deep and genuine EMU based on stability, sustainable growth, solidarity and democracy must imperatively be established in accordance with the Community method; emphasises that the EU institutions are required to practise sincere mutual cooperation; reminds the European Council that it does not have any Treaty-based prerogative of legislative initiative and that it must stop instructing the Commission on the form and/or content of any further legislative initiative and bypassing the Commission's coordinating, executive and management roles as laid down in the Treaties;

16. Warns the European Council, in this connection, not to interfere unduly in the European Semester process, and to ensure that the agreed procedures are followed;
17. Reiterates that it cannot accept any further intergovernmental elements in relation to the EMU and that it will take all necessary and appropriate action within its prerogatives if such warnings are not heeded; recalls that the ‘fiscal compact’ should be integrated into EU law within five years at the latest, on the basis of an assessment of the experience with its implementation, as stipulated in Article 16 of the Treaty on Stability, Coordination and Governance in the EMU;
18. Is of the opinion that, under the existing Treaties, Article 136 TFEU allows the Council, on a recommendation from the Commission and with the vote of only the Member States whose currency is the euro, to adopt binding economic policy guidelines for the euro area countries in the framework of the European Semester; stresses that an incentive mechanism would reinforce the binding nature of economic policy coordination; calls for an Interinstitutional Agreement to involve Parliament in the drafting and approval of the Annual Growth Survey and the Economic Policy and Employment Guidelines;
19. Reiterates its repeated demands that the European Stability Mechanism (ESM) be integrated into the Community *acquis* so that it can be managed in accordance with the Community method, and that it be made accountable to Parliament; asks the Commission to put forward a proposal to that end; reminds the Eurogroup that Parliament has received written assurances that the ESM will be subject to the scrutiny of Parliament;
20. Insists that at the spring European Council the President of Parliament should present Parliament’s views on the annual growth survey; takes the view that an interinstitutional agreement should be negotiated in order to involve Parliament in the approval of the annual growth survey and of the economic policy and employment guidelines;

## **II. Banking union**

21. Welcomes the creation of a single supervisory mechanism covering the euro area and open to all other EU Member States; stresses that establishing a single resolution mechanism for banks is an indispensable step in setting up a genuine banking union; considers that, to overcome the structural deficiencies inherent in the economic and monetary union and to effectively curb the pervasive moral hazard, the proposed ‘banking union’ should draw on the earlier reform of the Union financial services sector, as well as the strengthened economic governance, especially in the euro area, and the new budgetary framework of the European Semester, to ensure greater resilience and competitiveness of the Union banking sector, increased confidence in it, and enhanced capital reserves to prevent Member States’ public budgets having to bear the costs of banks’ bail-outs in the future;
22. Is extremely worried about the delays in setting up the banking union and the practical modalities of direct banking recapitalisation by the ESM; is alarmed, in particular, by the ongoing fragmentation of the EU banking system; emphasises that a robust and ambitious banking union is a key component of a deeper and genuine EMU, and a key policy on which Parliament has been insisting for more than three years, in particular since the adoption of its positions on the European Banking Authority regulation;

### **III. EU budget and fiscal capacity EMU**

23. Considers that the work on own resources should be accelerated, as should that on labour mobility, the internal market in services, especially the digital single market, and a euro area budget, to make it an optimal currency area, taking into account all legal constraints;

### **IV. EMU accountability**

24. Stresses that Article 3(4) TEU states that ‘the Union shall establish an economic and monetary union whose currency is the euro’, and Protocol 14 on the Eurogroup refers to ‘the need to lay down special provisions for enhanced dialogue between the Member States whose currency is the euro, pending the euro becoming the currency of all Member States’; points out that, if this supposedly transitory situation is to last, an appropriate accountability mechanism for the current euro area and the Member States committed to joining must be considered within Parliament;
25. Considers a substantial improvement in the democratic legitimacy and accountability at Union level of EMU governance through an increased role for Parliament to be an absolute necessity and a precondition for any further step towards a banking union, a fiscal union and an economic union;
26. Stresses, while reaffirming its intention to intensify cooperation with national parliaments on the basis of Protocol 1, that this cooperation should not be seen as establishing a new joint parliamentary body, which would be both ineffective and illegitimate from a democratic and constitutional point of view; stresses the full legitimacy of Parliament, as a parliamentary body at Union level, with a view to reinforced and democratic EMU governance;

### **V. Social pillar**

27. Considers that under the existing Treaties the coordination and surveillance of the budgetary discipline of the Member States whose currency is the euro could be made binding and subject to the control of the Court of Justice of the European Union on the simple basis of Article 136 TFEU in conjunction with Article 121(6), but that, from a constitutional point of view, this step should be taken into consideration only if it substantially strengthens Parliament’s role as far as the detailed implementation of Article 121(3) and (4) TFEU is concerned and in order to complete and implement the multilateral surveillance procedure with delegated acts on the basis of Article 290 TFEU; recalls that, according to the Treaties, the promotion of high employment and the guarantee of adequate social protection must be taken into account in defining and implementing the policies and activities of the Union, in particular by introducing – building upon existing strategies – a new set of guidelines for Member States, including social and economic benchmarks with minimum standards to be applied to the main pillars of their economies;
28. Considers that budgetary discipline in the eurozone should not be measured only by fiscal and macroeconomic benchmarks, but that this should be complemented, on an equal footing, by employment and social benchmarks and progress reports on structural reforms, the aim being to ensure an appropriate and efficient level of social investment and,

therefore, the sustainability of a social European Union in a long-term perspective;

## **VI. CCI**

29. Points out that the creation of an incentive-based enforcement mechanism aimed at increasing solidarity, cohesion and competitiveness must go hand in hand with additional layers of economic policy coordination, as stated in the Commission declaration accompanying the ‘two pack’, so as to comply with the principle that ‘steps towards more responsibility and economic discipline are combined with more solidarity’;
30. Reaffirms that governance in the EU must not infringe on the prerogatives of the European Parliament and the national parliaments, especially whenever any transfer of sovereignty is envisaged; stresses that proper legitimacy and accountability require democratic decisions and must be ensured at national and EU levels by national parliaments and the European Parliament respectively; recalls the principle set out in the conclusions of the December 2012 European Council meeting that ‘throughout the process, the general objective remains to ensure democratic legitimacy and accountability at the level at which decisions are taken and implemented’; stresses that the mechanisms for ex-ante coordination, and convergence and competitiveness instruments (CCIs), should apply to all Member States which have adopted the euro as their currency, with the possibility for other Member States to join on a permanent basis; calls on the Commission to provide for such compulsory validation by national parliaments in forthcoming legislative proposals, as well as to ensure greater involvement of the two sides of industry in economic coordination;
31. Is of the opinion that any proposed new CCI should be based on conditionality, solidarity and convergence; believes that such an instrument should only be launched after social imbalances and the need for major long-term and sustainable growth-enhancing structural reforms have been identified on the basis of an assessment of the coherence between the convergence code and national implementation plans, with the proper formal involvement of the European Parliament, the Council and national parliaments;
32. Stresses that the new CCI to be put in place should apply to all euro area member states and be open to all Member States of the Union, while taking into account the stronger interdependence of euro area member states; is of the opinion that the Member States in the programme should be allowed to participate on a voluntary basis;
33. Is of the opinion that the CCI should be a vehicle for increased budgetary capacity and be geared towards conditional support for structural reforms, with the aim of enhancing competitiveness, growth and social cohesion, ensuring closer coordination of economic policies and sustained convergence of the economic performance of the Member States, and addressing imbalances and structural divergences; considers such instruments to be building blocks towards a genuine fiscal capacity;

## **VII. Redemption fund and eurobills**

34. Considers that there should be a gradual roll-over of excessive debt into a redemption fund, based on the proposal of the German Economic Council of Experts, which foresees the temporary creation of a fund that would be fed with all the debt over 60 % of Member

States which fulfil certain criteria, the debt being redeemed over a period of about 25 years, thus creating a fund which, together with the enforcement of all existing mechanisms, would help to keep the total debt of Member States below 60 % in the future;

35. Welcomes the fact that, on 2 July 2013, the Commission, following the 2-pack agreements, set up an expert group under the chairmanship of Ms Gertrude Tumpel-Gugerell, tasked with thoroughly assessing the main features of a potential redemption fund and eurobills, including any legal provisions, financial architecture and complementary budgetary frameworks; intends to position itself on these matters after the expert group's report has been submitted.



## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	17.10.2013
<b>Result of final vote</b>	+: 26 -: 7 0: 0
<b>Members present for the final vote</b>	Jean-Paul Basset, Udo Bullmann, George Sabin Cutaş, Rachida Dati, Leonardo Domenici, Derk Jan Eppink, Markus Ferber, Jean-Paul Gauzès, Sylvie Goulard, Liem Hoang Ngoc, Wolf Klinz, Jürgen Klute, Philippe Lamberts, Ivana Maletić, Marlene Mizzi, Ivari Padar, Anni Podimata, Antolín Sánchez Presedo, Peter Simon, Kay Swinburne, Sampo Terho, Marianne Thyssen, Ramon Tremosa i Balcells, Pablo Zalba Bidegain
<b>Substitute(s) present for the final vote</b>	Thijs Berman, Zdravka Bušić, Herbert Dorfmann, Ashley Fox, Roberto Gualtieri, Enrique Guerrero Salom
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Julie Girling, Phil Prendergast, Milan Zver

10.10.2013

## **OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

for the Committee on Constitutional Affairs

on constitutional problems of a multi-tier governance in the European Union  
(2012/2078(INI))

Rapporteur: Stephen Hughes

### **SUGGESTIONS**

The Committee on Employment and Social Affairs calls on the Committee on Constitutional Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas, pursuant to Article 3(3) TEU, the Union ‘shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection’;
- B. whereas the crisis has revealed the forced integration inherent in the euro, and whereas this development has added a new dimension to the debate on the Union’s multi-tier governance;
- C. whereas the crisis has led to an imbalance between the social pillar of the EMU (Article 148 TFEU) and the economic pillar (Article 121 TFEU);
- D. whereas, pursuant to Article 9 TFEU, ‘the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health shall be taken into account in defining and implementing Union policies and activities’;
- E. whereas pursuant to Article 151 TFEU, ‘the Union and the Member States shall have as their objectives the promotion of employment, improved living and working conditions, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion’;
- F. whereas in its resolution of 1 December 2011 on the European Semester for Economic

Policy Coordination<sup>1</sup>, the EP stated ‘that any new or upgraded organisation and decision-making process within the Council and/or the Commission must go hand in hand with upgraded democratic legitimacy and appropriate accountability to the European Parliament’;

- G. whereas the Treaties provide several ways forward regarding employment and social policies, the potential of which has not been fully exploited in particular with regard to Article 9 TFEU, Article 151 TFEU and Article 153 TFEU, but also more generally with regard to Article 329 TFEU; whereas greater social convergence can therefore be attained without Treaty change and without prejudice to the subsidiarity principle;
- H. whereas the euro is the currency of the Union, but before the crisis the prevalence of the internal market led to the challenge of integrating the eurozone being underestimated;
- I. whereas the debate on the multi-tier governance of the EU needs to take into account the dynamic of the EU tools, which is not the same in the case of Article 136 TFEU or enhanced cooperation;
  - 1. Recalls that in order to meet the objectives set out in Article 9 TFEU, economic policy cannot be considered in isolation from social policy, and therefore underlines the urgent need to improve European social governance, in a way comparable to the establishment of European economic governance, by creating tools that take into account the principle of subsidiarity;
  - 2. Recalls that the debate on multi-tier governance does not overlap with the issue of multi-level governance, which relates to the balance of powers and the involvement of national, regional and local authorities;
  - 3. Highlights the importance of enhanced monitoring of social and employment policies and the need to assess their economic and social impact in a way comparable to the provisions on the surveillance of national economic policies, so that European Union recommendations can be targeted correctly;
  - 4. Calls on the Commission to make full use of its power of legislative initiative to put to the European Parliament, on a regular basis, ambitious regulatory provisions relating to social affairs and employment;
  - 5. Calls for the establishment of employment and social benchmarks, such as income inequality, employment and poverty, in addition to fiscal and macroeconomic benchmarks, to take into account the impact of employment and social problems on the development of the economy and to ensure the appropriate implementation of Article 9 TFEU and Article 151 TFEU;
  - 6. Stresses the emergence, existence and aggravation of internal and external imbalances in the field of economic and social policy and the associated need to identify automatic stabilisers that will deepen the existing multi-tier governance; calls on the Commission to present a green paper with the different options for such stabilisers in the framework of

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<sup>1</sup> Texts adopted, P7\_TA(2011)0542.

the existing multi-tier governance;

7. Underlines the fact that the social situation in Europe requires a balanced and adequate European budget and better consistency between economic, trade and social policies in order to preserve and develop European industrial potential and promote business start-ups;
8. Notes that neither the roadmap ‘Towards a Genuine Economic and Monetary Union’ nor the interim report presented by Council President Van Rompuy addresses employment and social policies; reiterates, therefore, its call for a Social Pact, as outlined in its resolution of 20 November 2012, with recommendations to the Commission on the report of the Presidents of the European Council, the European Commission, the European Central Bank and the Eurogroup ‘Towards a genuine Economic and Monetary Union’;
9. Stresses that a balance between employment policy and economic policy pursuant to Article 121 TFEU and Article 148 TFEU is necessary for a positive development of the EU;
10. Underlines the fact that a more ambitious response to the day-to-day concerns and aspirations of EU citizens as regards social and economic issues must be taken by the Commission so that the Union will be able to react to unexpected events and be swift in seizing opportunities and in anticipating, and adjusting to, future trends;
11. Calls for a social protocol to the Treaties to protect fundamental social and labour rights;
12. Calls on the Commission to insist on the submission of National Job Plans by Member States as part of their National Reform Programme in the framework of the European Semester; recognises that National Job Plans must be consistent in their structure and content in order to fulfil their objective; insists that clear guidance on the content and structure of job plans must be provided by the Commission and adhered to by Member States in their submissions under the Annual Growth Survey and other Economic and Social Governance measures; proposes that these National Job Plans should be subject of a tripartite social summit as provided for by Article 152(2) TFEU;
13. Calls on the Member States to strengthen their national employment policies by creating the right conditions for job creation and labour demand, by including green employment in their National Job Plans, by improving health workforce planning and forecasting to match the demand and supply of health professionals better, while offering them long-term job prospects, and by stimulate the exchange of innovation, supporting an increase in highly qualified ICT labour and promoting digital skills across the workforce;
14. Reiterates its call for a strengthening of the democratic dimension of the European Semester, including by reinforcing Parliament’s role through the ordinary legislative procedure, by involving national parliaments, in interaction with social partners and civil society where appropriate, while recognising the annual nature of the European Semester;
15. Emphasises that the social dialogue must be an actual dialogue with political and democratic legitimacy, openness, and transparency; calls on the Commission to promote the role of the social partners at European level, taking into account the diversity of

national systems and facilitating social dialogue between them, without prejudice to their autonomy, as provided for in Article 152 TFEU;

16. Calls on the Member States, in circumstances where there is a divergence in political direction between Member States, preventing progress, to expand the principle of enhanced cooperation to social and employment policies;
17. Calls on the Member States, in their stability and growth programmes, to devote attention to the wellbeing of the people, so that undesirable social and employment repercussions of remedies for short-term economic problems do not persist in the long term.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	10.10.2013
<b>Result of final vote</b>	+ : 26 - : 3 0 : 10
<b>Members present for the final vote</b>	Edit Bauer, Heinz K. Becker, Jean-Luc Bennahmias, Pervenche Berès, Viliija Blinkevičiūtė, Philippe Boulland, Alejandro Cercas, Ole Christensen, Emer Costello, Andrea Cozzolino, Frédéric Daerden, Karima Delli, Sari Essayah, Richard Falbr, Marian Harkin, Stephen Hughes, Danuta Jazłowiecka, Adam Kósa, Jean Lambert, Patrick Le Hyaric, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Óry, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Nicole Sinclair, Jutta Steinruck, Ruža Tomašić, Traian Ungureanu, Andrea Zanon
<b>Substitute(s) present for the final vote</b>	Georges Bach, Kinga Göncz, Anthea McIntyre, Antigoni Papadopoulou, Csaba Sógor
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Agustín Díaz de Mera García Consuegra

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	24.10.2013
<b>Result of final vote</b>	+: 17 -: 3 0: 0
<b>Members present for the final vote</b>	Alfredo Antoniozzi, Andrew Henry William Brons, Zdravka Bušić, Carlo Casini, Andrew Duff, Roberto Gualtieri, Enrique Guerrero Salom, Zita Gurmai, Stanimir Ilchev, Constance Le Grip, David Martin, Sandra Petrović Jakovina, Algirdas Saudargas, Indrek Tarand, Rafał Trzaskowski, Manfred Weber, Luis Yáñez-Barnuevo García
<b>Substitute(s) present for the final vote</b>	David Campbell Bannerman, Helmut Scholz
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Jan Kozłowski