

MINUTES OF THE MEETING OF THE XLVIII COSAC
Nicosia, Cyprus, 14-16 October 2012

IN THE CHAIR: Mr Averof NEOFYTOU, Chairman of the Standing Committee on Foreign and European Affairs (Cyprus *Vouli ton Antiprosopon*).

AGENDA:

1. Welcome addresses and procedural issues

- Welcoming addresses by Mr Christos CHRISTOFIDIS, Representative of H.E. The President of the Republic Mr Demetris CHRISTOFIAS and Mr Sophoclis FITTIS, Representative of H.E. The President of the House of Representatives Mr Yiannakis L. OMIROU.
- Adoption of the agenda of the XLVIII COSAC.
- Presentation of the 18th Bi-annual Report of COSAC.
- Procedural issues.

2. State of play/ Priorities of the Cyprus Presidency of the Council of the European Union

Keynote speaker: Mr Andreas MAVROYIANNIS, Deputy Minister for EU Affairs.

3. From words to action: making “more Europe” a reality

Keynote speakers: Mr Maroš ŠEFČOVIČ, Vice-President of the European Commission for Inter-Institutional Relations and Administration, and Mr Carlo CASINI, Chairman of the Constitutional Affairs Committee of the European Parliament.

4. Energy – security of supply

Keynote speakers: Mr Solon KASSINIS, Director of Energy Service, Ministry of Commerce, Industry and Tourism.

5. Meeting of the Chairpersons of COSAC

- Debate on the Contribution and Conclusions of the XLVIII COSAC.

6. Europe 2020 strategy – recovery from the economic crisis

Keynote speaker: Ms Pervenche BERÈS, Chairwoman of the Committee on Employment and Social Affairs of the European Parliament.

7. Single Market governance

Keynote speaker: Mr Pierre DELSAUX, Deputy Director General, Directorate General, Internal Market and Services, European Commission.

8. Adoption of the Contribution and Conclusions of the XLVIII COSAC

PROCEEDINGS

1. Welcome addresses and procedural issues

Mr NEOFYTOU welcomed the participants and also bid farewell to the following parting colleagues thanking them for their long service to COSAC: Ms Monika PANAYOTOVA, Chairwoman, Committee on European Affairs and Oversight of the European Funds of the Bulgarian *Narodno Sabranie*; Mr Česlovas Vytautas STANKEVIČIUS, Chairman, Committee on European Affairs of the Lithuanian *Saeimas*; and Mr Ludek SEFZIG, Chairman of the Committee on EU Affairs of the Czech *Senát*. He expressed his deepest condolences to the family of Mr Roberto SORVILLA, a COSAC member who recently passed away.

Mr NEOFYTOU then referred to the awarding of the Nobel Peace prize to the European Union in recent days and stated that the Presidential Troika had agreed to include a reference to this in the COSAC Contribution for the approval by delegations.

1.1 Welcome addresses

Mr Christos CHRISTOFIDES, Director of the Office of the President of the Republic, delivered a welcome address on behalf of Mr Demetris CHRISTOFIAS President of the Republic of Cyprus, who was detained elsewhere on urgent business. In his address he welcomed the increased role, under the Lisbon Treaty, of the European Parliament as co-legislator. He also said that the strengthening of the role of national Parliaments in the planning of strategy and the creation of EU policies was an important step towards reducing the democratic deficit faced by the Union. He spoke then about progress on the main priorities of the Cyprus Presidency; he hoped that political agreement would be reached on the Multiannual Financial Framework (MFF) at the November European Council on a budget which would contribute to the strengthening of social convergence and cohesion. He also hoped also that there would be agreement on the establishment of the banking union by the end of their Presidency.

Mr Sophoclis FITTIS, on behalf of Mr Yiannakis L. OMIROU, President of the House of Representatives who had been detained elsewhere on urgent business, warmly welcomed the participants and officially opened the XLVIII meeting of COSAC. He urged the finding of new solutions and new ideas through which the EU could be set, once again, on the course of sustainable development without exclusions. This should be centred on fiscal consolidation and the revitalisation of investments and the freeing of the single currency from the structural problems it currently faces.

1.2 Adoption of the agenda of the XLVIII meeting of COSAC

Mr NEOFYTOU stated that interventions from the floor would be limited to two minutes and that any amendments to the Contribution or Conclusions should be submitted by 12 noon of the same day. In the absence of any objection, the agenda was then adopted without amendment.

1.3 Presentation of the 18th Bi-annual report of COSAC

The Chairman thanked the COSAC secretariat for its work in drafting the Report and invited the Permanent Member of the Secretariat to make a short presentation on the findings and conclusions of the Report.

1.4 Procedural issues

The Chairman noted two letters: one from Mr Taavi RÕIVAS, Chairman of EU Affairs Committee of the Estonian *Riigikogu* presenting the conclusions of a meeting between the Estonian, Latvian, Lithuanian and Polish Parliaments on 13-14 September; and the second from Mr Richárd HORCIK, Chairman of the Committee on EU Affairs of the Hungarian *Országgyűlés* presenting the conclusions of a meeting between the Hungarian, Polish, Czech and Slovakian Parliaments on 25-27 September at which the Croatian European Integration Committee also attended.

2. State of Play/ Priorities of the Cyprus Presidency of the Council of the European Union

Keynote speaker: Mr Andreas MAVROYIANNIS, Deputy Minister for EU Affairs.

Mr Andreas MAVROYIANNIS, Deputy Minister for EU Affairs, opened his address by supporting the enhanced role of both the European Parliament and that of national Parliaments as stipulated in the Lisbon Treaty emphasising the importance of democratic accountability, as

reflected in the report "Towards a Genuine Economic and Monetary Union" of June 2012. He added that close cooperation between the European Parliament and national Parliaments must be ensured for the completion of the Economic and Monetary Union (EMU).

Mr MAVROYIANNIS pointed out that Cyprus had held the Presidency at a very crucial period for the future of Europe due to the economic crisis. It had committed to working towards a better Europe, closer to its citizens, placing importance on social cohesion and on the principle of solidarity. The Cyprus Presidency had tried to set realistic and achievable goals. The main topics of the Presidency had been determined by the ongoing developments in the European Union, such as the completion of the negotiations of the new MFF, the completion of the Common European Asylum System, economic governance, the banking union, the 2013 budget and the Single Market Act (SMA).

Regarding the **MFF**, Mr MAVROYIANNIS said that the Cyprus Presidency wanted to complete the negotiations by the end of 2012 and reach an agreement for a budget that supported growth, employment, competitiveness and convergence, having in mind the Europe 2020 strategy, as discussed in the European Council in June 2012. In September, a revised negotiating box had been presented and a further one would follow in view of the extraordinary European Council meeting on 22-23 November 2012 which would contain ranges in terms of figures.

Concerning the **Common European Asylum System**, Mr MAVROYIANNIS stated that an agreement had been reached on the Directive on Reception Conditions and the Dublin Regulation while the negotiations were progressing on the Directive on Procedures for examining applications for the Regulation Eurodac. With regards to Schengen governance the decision of the EP Conference of Presidents in September led to the re-opening of five files related to borders that had previously been suspended.

Mr MAVROYIANNIS emphasised that the Cyprus Presidency attached great importance to matters of **economic governance** and had given priority to the "Two Pack" proposals. The Presidency would continue its effort with the European Parliament to reach an agreement for these proposals by end of 2012.

The banking union proposals had already been discussed by an ad hoc Working Group and the Cyprus Presidency aimed at reaching an agreement on the Single Supervisory Mechanism (SMM) by the end of 2012. The Presidency focused on the four pillars of the banking union, fiscal union, economic union and political union. The Minister further noted that the Deposit Guarantee Schemes and the Bank Recovery and Resolution proposals that are related to the SMM were also being discussed.

Another priority of the Cyprus Presidency was the **SMA**, Mr MAVROYIANNIS said that under the Danish Presidency one proposal under the SMA was concluded, six others were expected to be adopted under the Cyprus Presidency, while negotiations for five others will continue under the Irish Presidency. In addition, the Minister said that three of these proposals are dependant upon the MFF. The new SMA II had recently been published.

In the debate which followed, 19 speakers took the floor. A number of speakers expressed satisfaction at the progress of the work of the Cyprus Presidency. Mr Miguel Angel MARTÍNEZ MARTÍNEZ (European Parliament) thanked the Presidency for its good cooperation with the European Parliament and congratulated it for its ambitions and efficiency in realising its objectives. Referring to the Nobel Peace prize awarded to the EU, he said that this should be seen

as recognition of what had been achieved in terms of peace, democracy and social progress, but also as a warning that “we should continue to stand by these values”. In the context of the MFF, on which the European Parliament has to give its consent, Mr MARTÍNEZ MARTÍNEZ stated that the contents should fall in line with the Europe 2020 strategy in order to boost growth and create job opportunities. Mr Nunziante CONSIGLIO (Italian *Camera dei Deputati*) welcomed the emphasis the Cyprus Presidency attached to the Mediterranean dimension, as well as to the results achieved by the Presidency in terms of external borders and migration. Mr Fidiás SARIKAS (Cyprus *Vouli ton Antiprosopon*) expressed the view that fiscal consolidation must be accompanied by long term strategies for growth in order to promote the creation of jobs. Mr Luboš BLAHA (Slovak *Národná rada*) supported the view that cohesion policy is the right track for the future and expressed satisfaction that the Presidency has taken this into account in the MFF. Mr Rainer ROBRA (German *Bundesrat*), underlining the importance of Cohesion Policy, took the view that the cuts, as decided by the Council, would endanger the structural funds in terms of unemployment and growth.

Mr Arni Thor SIGURDSON (Icelandic *Althingi*) referring to Iceland’s accession to the EU, thanked the Cyprus Presidency for having supported accession negotiations so far. However, he expressed concern and disappointment towards the European Parliament resolution and towards the Council for the prolonged delay in the opening of the fisheries chapter.

Most of the participants expressed the need for a better and fairer distribution of the budget so that growth and the creation of job opportunities are promoted, while Mr Nicusor PĂDURARU, (Romanian *Camera Deputaţilor*), underlined the importance of the participation of all 27 Member States in the enforcement of the fiscal and sustainable policies that all 27 Member States should have equal opportunities and treatment regarding their participation in the banking union. Mr Edgar MAYER (Austrian *Bundesrat*), Ms Gabriele MOLITOR (German *Bundestag*) and Lord Timothy BOSWELL of Aynho (UK *House of Lords*) said that the budget needed to be better spent rather than increased.

Mr Epaminondas MARIAS, (Greek *Vouli ton Ellinon*) noted the absence of Turkey at the meeting, a country that is candidate for accession at the EU but yet at the same time a country that refuses to recognise, both the Cyprus Presidency, as well as the implementation of the Customs Union. He further added that Turkey also created problems at an international level by not signing EU declarations which involve Cyprus.

Mr MAVROYIANNIS, noting and acknowledging the difficulty and sensitivity of the fisheries chapter for Iceland, said that the EU does not proceed with threats, that the fisheries chapter should be opened under the right circumstances and pointed out that this could be done under the Irish Presidency. Concerning Cohesion Policy, he pointed out that the focus should be quality spending, helping those who are in more need and, in particular those in less developed regions.

Mr MAVROYIANNIS stated that the Cyprus Presidency had attached importance to the Mediterranean dimension and has taken into account various factors to ensure pluralism, respect to minorities and reduction of diversity. He further explained that in order to have control of borders, the rule and regulations of the European Asylum system must be common for all and that though this matter cannot be concluded by the end of 2012, work was needed in order to have clarity on various categories, including, illegal and legal migration, asylum seekers. On the MFF, he underlined that the Presidency had no wish to reduce the budget downwards, but that there was a need to reach a compromise having in mind the diversity of proposals. Balance was also needed between austerity and fiscal discipline. With regards to the banking union, he agreed that

transparency and accountability were needed, as well as a clear separation between the monetary function and that of the supervisor.

With regards to social cohesion, Mr MAVROYIANNIS said that importance was attached to it and that fiscal capacity was being considered for each Member State that is under a specific structural programme. Concerning the comments for better spending, he said that better spending was quality spending and that the budget should be orientated towards the future with "every euro well spent". On the issue of own resources, he went on to say that it was clear that an agreement by all 27 Member States could not be reached on the Financial Transaction Tax (FTT) as an own resource and that there was currently an initiative by 11 Member States to have enhanced cooperation on the FTT and that the income from this initiative will be a national resource.

3. From words to action: making “more Europe” a reality

Keynote speakers: Mr Maroš ŠEFČOVIČ, Vice-President of the European Commission for Inter-Institutional Relations and Administration and Mr Carlo CASINI, Chairman of the Committee on Constitutional Affairs of the European Parliament.

Vice-President ŠEFČOVIČ said that the desire for "more Europe" was not a power grab by Brussels or an attack on national sovereignty but about the "Europeanisation" of national politics to the advantage of Member States and citizens. The crisis had moved from financial and economic to social and political as well. Europe was still in difficult times but remedies applied were not all wrong. Hard decisions had been taken to tackle the crisis and its root causes which he believed was due to the irresponsibility of the financial sector, unsustainable public debts, and weak competitiveness in some Member States.

He said that, at this time when the EU appeared far from unified, there were major challenges ahead and deeper reforms were needed at the national level and deeper EMU was needed at the European level. The creation of a banking union and a fiscal union, and the necessary institutional and political mechanisms were required. He asserted that "more Europe" was the only approach which would bring the required unity.

With the **MFF**, the Commission wanted to boost growth and jobs across the EU and to give value for money to European citizens, companies and governments. Many Member States wanted the figures in the MFF to reflect the climate of austerity and budgetary consolidation but he argued that the current climate was all the more reason to maintain the Commission proposed EU budget as it gave real added value for every euro spent. The reality was that the EU budget was only 1% of EU GNI and only 2% of Member States' national budgets. He said that the EU budget in 2020 could not be the same as it was in 1990. This would be an unacceptable step backwards. He also appealed for the Commission's proposal for a new own resources system to be accepted.

On the deepening of the **EMU and the banking union**, the Vice-President said that it was clear that the economic wellbeing of the entire EU – not just the euro area – was interconnected, and that was why a stronger and more binding economic governance framework was needed. The banking union would be one of the key pillars on which a deeper EMU could be built, and the Commission, on the 12 of September 2012, had adopted a legislative proposal for a SSM based on the conferral of specific supervisory tasks to the ECB.¹ He said that the SSM should apply to all euro-area

¹ “Proposal for a Regulation of the European Parliament and the Council amending regulation (EU) No 1093/2010 establishing a European Supervisory Authority as regards its interaction with Council Regulation (EU) No.../... conferring specific tasks on the European Central Bank concerning policies

Member State and also be open to the participation of any other Member States. He said there was a need for strengthening the democratic dimension of the EMU. The Commission would set out its views on how to progress this later in the year. The second element of a deeper economic union was the move towards a fiscal union.

The Commission had also put forward proposals to tackle the outstanding obstacles in the **internal market**; it had presented proposals for a modern industrial policy strategy, to be followed by an action plan to contribute to a more entrepreneurial Europe; and before the end of the year, the Commission would launch a youth package to establish a youth guarantee scheme and equality framework to facilitate vocational training.

On the subject of **political union**, Vice-President ŠEFČOVIČ highlighted the need to move towards a federation of nation states, as set out by President Barroso in his recent State of the Union speech. In this regard "more Europe" meant a deeper integration, cooperation and coordination that recognised and respected the national sovereignties and identities of the Member States. This would only be possible if there was more democratic accountability and transparency. In his opinion, there was no need for new institutions to make the move towards deeper integration, but there was the need for a thorough Europe-wide debate on the issue.

Mr Carlo CASINI, Chairman of the Committee on Constitutional Affairs of the European Parliament, concentrated his remarks on how he thought "more Europe" should be legitimised by reigniting the **European Parliament elections** and through **interparliamentary cooperation**. He noted that since 1979, turnout for the EP elections had continually decreased in all Member States. The question of why had to be asked as well as taking action to reverse the trend. Citizens had to be given a "dream" to focus on and this ideal should be interlinked with the democratic principles of "majority" and "result". The Lisbon Treaty had created two initiatives to help re-engage citizens - the European Citizens' Initiative and closer relations with national Parliaments - but there was the need to think beyond these instruments. Mr CASINI argued that democracy and legitimacy of the EU needed to be consolidated and that national Parliaments had a role in bringing the EU closer to its citizens. He argued that the national Parliaments could, or even had an obligation, to intervene and described this as "reverse subsidiarity" and said that they had a duty to clarify and illuminate EU matters.

The European Parliament elections would need to provide an answer to the question of "what is the point of the EU?" and provided an opportunity to reverse the trend towards distrust of the EU and its institutions. He identified three trends within the debate on this within the EP: that a genuine single currency including a banking union and further political union was needed; that plurality in governance was causing real problems and that it was important to ensure that this fragmentation is not anarchic; therefore it should be integrated within the community method; and that there was a need to develop the potential within the Lisbon Treaty and the TSCG. Speaking on Article 13 of the TSCG, he said that it would safeguard and consolidate current activity, referring to the interparliamentary meeting that had taken place before the Spring European Council.

Mr CASINI blamed **low voter turnout** on the absence of a genuine European political debate and the weakness of European political parties, the limited contrast between majority and opposition in EP, and the lack of influence people have over the membership of the Commission. To encourage re-engagement, it was important to remember the roots of the EU as a counter to the Second World

relating to the prudential supervision of credit institutions," COM(2012) 512 final, published on 12 September 2012.

War and a influence for peace in Europe. The Nobel Peace Prize was a reminder that the EU had been the most grandiose political project of all time. He concluded by suggesting the following as possible ways to stimulate greater turnout: the creation of European political parties; people should have the impression of choice; political parties should put forward candidates for the President of the Commission; the President of Commission could also be President of the European Council; 50% of Commissioners could come from the EP; the EP elections should all be held on the same day; and discussion on the reform for the elections should continue. This was with the aim to ensure that citizens know that "we are all together choosing for one Europe".

In the debate that followed, 29 speakers took the floor. Some spoke about the situation concerning the EMU and the financial situation within Europe, including Ms Athina KYRIAKIDOU (Cyprus *Vouli ton Antiprosopon*) who said that the single supervisory body was a welcome step towards banking union and thought that the EU was on a good course for the future but it must continue to listen to the citizens and their concerns. Others warned the European supervisor must work well with national supervisors. Ms MOLITOR said that a more stable democratic basis was required in so far as the community method had not been used sufficiently. Ms Marie GRANLUND (Swedish *Riksdag*) said she understood that EMU countries needed to find a solution but warned that the process should not be accelerated too much. Vice-President ŠEFČOVIČ stated that the banking union should be able to accommodate all 27 Member States. The Commission was pushing for quick agreement, but wanted everyone to have the opportunity to be included and then treated equally. In response to Members who were conscious of the need for austerity, Vice-President ŠEFČOVIČ said that the EU should concentrate on creating growth and jobs, but acknowledged that reform had to be implemented.

Others concentrated their remarks on the deepening political union, many agreeing that "more Europe" was necessary. Mr Enrico FARINONE (Italian *Camera dei Deputati*) agreed with this and wanted to see a quality leap in the integration process. Public opinion was frightened but had to face the reality of globalisation which brought both huge responsibilities and opportunities. Mr Andrew DUFF (European Parliament) agreed with the need for further federalisation and said this should be extended to the form of a credible and discernable government, including a treasury secretary; to this end he called for a convention in spring 2015. Mr Andrzej GAŁAŻEWSKI (Polish *Sejm*) said that a new EU was emerging through the crisis mainly through inter-governmental agreements which would be a challenge for the EU in the future and called for more work to be done through the treaties. Mr Rubén MORENO (Spanish *Congreso de los Diputados*) said that it was crucial for the words to be put into action in the goal of deepening the EMU. Mr William CASH (UK *House of Commons*) said that the citizens would not accept federalism and they wanted less Europe and less interference in parliamentary and national life. Mr HANNIGAN said that it was important to do more in Europe on youth unemployment and to stimulate growth in order to increase citizen support for Europe and increase turnout at elections.

Replying to Mr DUFF, the Vice-President said that a treasury would likely be necessary but could be created within the current structures though he said that deeper integration would clearly need treaty change. He agreed with the need for greater democratic accountability and also wanted to see a leap in the integration process in line with this. He disagreed with the comments made by Mr CASH, saying that there needed to be a genuine debate about the EU in the UK, with the plus sides of the EU also being presented. Mr CASINI said there was a need to increase democracy through the creation of a genuine European demos and said that the focus of Europe should not only be on economic issues but also on other common ideas and values to ensure national interests that did not come to the fore. The political integration that failed in 1954 would be needed now.

On the subject of national Parliaments and the first subsidiarity check to reach the threshold to trigger the yellow card procedure on the Monti II proposal, a number of national Parliamentarians expressed the view that the Commission should have replied to all of the Reasoned Opinions or given a more precise response to the points raised. Lord BOSWELL of Aynho commented that each Reasoned Opinion deserved a reasoned response. Others, including Ms Iva DIMIC (Slovenian *Državni zbor*), were concerned by the fact that the Commission had made a sweeping statement that the withdrawal of the proposal was not related to subsidiarity concerns that had been raised. To these points, the Vice-President said that the first yellow card had been a learning experience for all. He assured Members that the Reasoned Opinions had been studied carefully and national Parliaments had been listened to and that the proposal had been withdrawn as it had been made clear that unanimity would not be possible. According to him, it was hard to say that subsidiarity had been breached, expressing the view that this was a legalistic discussion. He apologised for the technical translation problem that meant that Council and the EP were informed of the decision to withdraw the proposal before national Parliaments. On the political dialogue, he was pleased that the number of opinions was around 800 for this year and although this caused pressure on Commission resources, he saw this as a genuine dialogue. He apologised that responses from the Commission were received after the three month self-imposed deadline and he appealed to the Commission to do better. He acknowledged the criticism of the quality of the replies expressing hope this would also improve.

4. Energy – security of supply

Keynote speakers: Mr Solon KASSINIS, Director of Energy Service, Ministry of Commerce, Industry and Tourism.

Mr Solon KASSINIS, Director of Energy Services, Ministry of Commerce, Industry and Tourism of the Republic of Cyprus, opened his address by pointing out that energy policy was at the epicentre of the European construction with two treaties signed in 1951 and 1957 and briefly outlined the development of energy policy in Europe until the adoption of the third energy package in 2009. Over the time the focus had changed to combating climate change and reducing CO₂ emissions. Energy markets were unstable and characterised by uncertainty due to constantly increasing prices and dependency from third countries.

Mr KASSINIS informed the meeting about the most updated technical details concerning the recent **discovery of own natural gas resources in the exclusive economic zone (EEZ) of the Republic of Cyprus** and its potential for Europe's future security of supply with energy in view of the increasing demand for natural gas in Europe as well as the decrease in internal gas resources. Cyprus had taken the political decision to set up two liquefaction plants and intended to become the world's second largest exporter of liquefied natural gas (LNG) after Qatar. He also informed the meeting about plans to create a gas pipeline to Crete and further on to the Athens area as well as undersea electricity connections to the Peloponnese and Israel. The recently discovered natural gas resources in the EEZ of Cyprus together with interconnectivity could help diversifying Europe's energy sources and complete the internal market in energy as thus guarantee security of energy supply for the EU, while at the same time reducing the EU's dependency from external suppliers.

During the ensuing debate 14 speakers took the floor. While there was a general agreement among speakers of the need to achieve a long-term sustainable and low-carbon energy production by 2050, interventions showed that views among parliamentarians varied broadly as concerns the means, the roadmap and the energy mix for the next decades. For Example, Mr Christos MESSIS

(Cyprus *Vouli ton Antiprosopon*) highlighted that decisions in the area of energy had to fall in line with the long-term strategy of decarbonisation.

While many speakers congratulated Cyprus for exploring new fossil energy resources, Mr Stefan SCHENNACH (Austrian *Bundesrat*) struck a slightly different note. He made reference to the potential negative impacts on the Mediterranean environment and the necessity of carbon reduction measures, as well as of energy efficiency. Alternatives to the exploitation of the natural gas resources in the Mediterranean could be wind energy and photovoltaic energy. This view was also supported by Ms Catherine MORIN-DESAILLY (French *Sénat*) who highlighted that in the fight against climate change a different energy supply than that of today based on fossil fuels was needed. She advocated an energy mix generated from photovoltaic, bio energy, biomass and wave energy. Mr Jean BIZET (French *Sénat*) was critical that the chapter on shale gas was closed too quickly in France and defended the use of nuclear power. Mr MAYER voiced, however, the Austrian opposition to nuclear energy, pointing instead to the use of hydro-electricity, biogas and biomass as alternatives for his country. Ms Agnieszka POMAKA and Ms Anna FOTYGA (both Polish *Sejm*) made it clear that their country placed great hopes in the development of shale gas which, in awareness of environmental concerns, they wanted to be classified as a clean energy source.

Almost all speakers mentioned the need for improved energy infrastructures but again some, for example Ms FOTYGA, criticised certain specific projects while others like Mr TOSHEV expressed support for the Connecting Europe Facility to finance trans-European energy infrastructures but also expressed reservations against this being financed to the detriment of structural and cohesion funding. Moreover, Mr VISKUPIČ, amongst others, expressed the view that Europe needed a fully integrated and interconnected energy market for boosting the competitiveness and job creation in Europe. In contrast, Mr MESSIS pointed out that the COSAC Bi-annual Report showed the various concerns expressed by some national Parliaments in terms of the energy infrastructure guidelines proposed by the European Commission.

During the debate, a vast diversity of views were also expressed on the role of planning (by the EU or at national level) versus the role of the market forces. Some members like Mr Kelvin HOPKINS (UK *House of Commons*) pointed out that privatisation worked out neither for the consumer nor for the modernisation of the energy sector. He advocated the German, more interventionist approach to steer energy production through the use of renewable energy sources, and said this development had to be driven by the EU. Mr HANSEN took the view that transparency was of essential importance for energy security with a clear distinction of tasks between authorities and the industry. Lord Patrick CARTER of Coles (UK *House of Lords*) said this should not be used to excuse the responsibility of Member States to have sufficient generating capacity to meet their own domestic needs and of course to pay attention to a realistic roadmap towards sustainability. Mr VESTLUND said that COSAC should have held more discussions about energy efficiency and renewable energies.

In reply, Mr KASSINIS underlined that Cyprus also wants to reduce carbon emissions and for this reason wanted to replace oil with gas. His main message was that Cyprus' own findings of natural gas helped in the overall thrust in making Cyprus fully green. According to him, the transformation to a low-carbon energy production in Cyprus was already underway: the country's objective was to generate 200 MW from renewable energy sources by 2020. By 2013 Cyprus hoped, according to him, to have 50 MW photovoltaic electricity production up and 92 percent of Cypriot houses should have a solar water heater. There were also 21 different subsidy programmes to help people to preserve energy. He also informed the meeting that Cyprus has already equipped 1.000 houses

with smart grids as a pilot project along with other energy conservation measures. Finally, he expressed hope that by 2050 technological developments would be such that a low-carbon economy would be possible. He agreed on the need to use all different sorts of energy including renewable energies, while voicing concerns on shale gas and its impact on the environment which ought to be monitored closely to avoid environmental problems.

5. Meeting of the Chairpersons of COSAC

Mr STYLIANIDES, Vice-Chairman of the Standing Committee on Foreign and European Affairs (Cyprus *Vouli ton Antiprosopon*), informed the Chairpersons that the Cyprus Presidency had submitted the first draft of the Contribution and Conclusions on 26 September. Since then the Presidency had received amendments from national Parliaments and the European Parliament on both documents. Following a debate, an amended text of the Contribution and Conclusions of the XLVIII COSAC was voted and agreed.

6. Europe 2020 strategy – recovery from the economic crisis

Keynote speaker: Ms Pervenche BERÈS, Chairwoman of the Committee on Employment and Social Affairs of the European Parliament.

Ms Pervenche BERÈS, Chairwoman of the Committee on Employment and Social Affairs of the European Parliament, appreciated the invitation to speak on the **Europe 2020 strategy** which she believed was one of the essential tools that would help European countries together to find a way out of the financial crisis. As a consequence of the failed Lisbon strategy the Europe 2020 strategy had to be brought to life at all levels and the National Reform Programmes (NRP), as the starting point for discussion, should enter the public arena and be debated not exclusively between the EP and the Council of Ministers but also in national Parliaments with their governments. She agreed with President Barroso that the European **social model** was one of the assets of Europe, and argued preserving it was highly relevant to ensuring an end to the current crisis. The Europe 2020 strategy must therefore be adequately funded and specific funding must be earmarked to ensure its successful implementation. The **five objectives** of the EU2020 strategy were even more topical in the current crisis because they included, for example, the statement that every single young person needed to be given a future, it had identified the essential nature of education and training and it aimed to see a 20% decrease in poverty by 2020. In practical terms this meant more proposals such as the recent "**youth guarantee**" to implement the strong points of Europe 2020 strategy. This proposal was essential for three reasons: to ensure there is not a "lost generation"; to promote intergenerational solidarity; and to promote competitiveness, based on innovation that the next generation would implement. A correct implementation of the Europe 2020 strategy had to force politicians to correct the EU's internal imbalances. Too many still took a short-term perspective and because of that no real balance between the necessary austerity measures and the maintenance of added value and the capacity for growth had been found.

The Europe 2020 strategy was one of the key ways to bring EU added value to the money invested by Member States in the European project. This was why the strategy must be adequately funded which included a recapitalisation of the EIB. The Stability and Growth Pact did not allow the EU to fully tap the potential of the single currency and developed internal macro-economic imbalances that caused problems. Ms BERÈS called for the reallocation of **structural funds** and supported the idea of the **FTT** as a way to raise EU own resources. She characterised the decision of 11 Member States to proceed with the FTT under enhanced cooperation as a crucial breakthrough and argued this could anyway be used as a source of finance for EU initiatives, though acknowledged others

thought this would not be possible. The FTT was a means to bring about capital markets regulation and a necessary correction. She re-emphasised the social dimension of the current crisis and proposed that the troika, working with those countries that had required a financial bail out, should also include a member of International Labour Organisation (ILO) to balance its work to pay more consideration to the social needs of the people of Europe.

26 speakers took the floor during the debate. Many responded to the comments by Ms BERÈS on the European social model, with some Members agreeing that the EU must not sacrifice the social model due to the reforms taking place, whilst others argued that there was no incompatibility between reforms and maintaining the European social model. Others emphasised the need for the model to be reformed and modernised to reflect the times. Ms Edit BAUER (European Parliament) said that recent Eurostat indicators showed that the EU was proceeding very slowly in achieving the goals of the Europe 2020 strategy, especially as regards employment, fighting early school leaving and poverty. Ms Maria Helena ANDRE (Portuguese *Assembleia da República*) emphasised the need for sustainable growth as a key part of the Europe 2020 strategy and said that the needs of the citizens could not be met without a strong EU budget. Mr ROBRA pointed to the need for greater democratic accountability of the Europe 2020 strategy but acknowledged this would be difficult in view of the short deadlines and said that the use of cohesion policy budget should be flexible and not bound by central guidance.

Many Members, including Ms MOLITOR, also spoke of the need for the EU to focus on the promotion of growth and the creation of jobs, and in particular the need to tackle youth unemployment. Ms Axelle LEMARIE (French *Assemblée nationale*) said that social inclusion should be seen as a vector for competitiveness and for stimulating growth. Mr MESSIS said that the EU must come out of crisis stronger to be able to compete in the globalised world. Mr CASH commented that EU countries needed to be more competitive and must invest in education and warned that recent events had shown that people were dissatisfied with the EU. Mr Marko POGACNIK (Slovenian *Državni zbor*) said that the European semester was introduced to help the recovery and pointed to the importance of national Parliaments being consulted within the process. Mr Nicola FORMICHELLA (Italian *Camera dei Deputati*) said that the European Council in December should start looking at measures such as European project bonds.

On the FTT, Baroness Delta O’CATHAIN, (UK *House of Lords*) said that she did not think it was possible to raise own resources within the framework of enhanced coordination and asked how then the FTT revenue could be used for fighting youth unemployment. Mr NEOFYTOU said that the FTT had to be considered carefully due to the possibility that it could lead to negative consequences by causing a shift of business out of Europe. Mr Fernand BODEN (Luxembourg *Chambre des Députés*) did not think it was the best solution to the problem and would only cause a break in financial activity in Europe and argued that other forms of taxation were more appropriate.

Mr Epaminondas MARIAS (Greek *Vouli ton Ellinon*) and other Members were very critical of the action of the troika for imposing too harsh bailout conditions and said that these were having a detrimental and dramatic impact on citizens.

In response, Ms BERÈS said that the EU had not fully exploited the Lisbon Treaty, particularly Article 9 TFEU on the promotion of a high level of employment and the guarantee of adequate social protection, and a high level of education and training and that more needed to be done in this regard. She reemphasised that alongside the Europe 2020 strategy an investment strategy was badly needed and referred to the IMF's message to combine financial discipline with investments

to avoid a collapse. Unfortunately, instead of implementing the Lisbon strategy by investing in education and training during these ten years half of the Member States had reduced their education budgets according to OECD figures. She again emphasised her point that the social model must remain beyond the crisis but said that it should of course be modernised. She also said that the Commission should look at strategic investments in national reform programmes.

Ms BERÈS said that she believed that the FTT revenues could be used by Member States to be able to rectify what is happening nationally, she welcomed any ideas from Mr BAYOT for a better system but had not heard any herself before now. On Greece, BERÈS responded that the troika should become a quartet to include the ILO so that EU values would be correctly implemented.

Ms BERÈS called on national Parliaments to support the objective to earmark 25% of cohesion funds for the European Social Fund (ESF). She noted that, after two years, the Europe 2020 strategy would benefit from the efforts of the European Council to foster a better balance between growth and economic austerity and she believed this would bring greater success in the future. She concluded by emphasising the importance of solidarity, arguing that the Nobel Peace Prize obliged the EU to act. The EU should listen to the IMF: austerity alone could not get the EU out of the crisis. It had to be recognised that the free-market forces and the lack of regulation had unleashed the crisis. Structural reforms must be examined carefully for their implications, the social model must be modernised and saved and European values must underpin the situation.

7. Single Market governance

Keynote speaker: Mr Pierre DELSAUX, Deputy Director General, Directorate General, Internal Market and Services, European Commission.

Mr Pierre DELSAUX, Deputy Director General, Directorate General, Internal Market and Services, European Commission, said that in order to find a solution to the crisis a stable financial market and an improvement of the **banking system** in Europe were needed, but it was also necessary to take into account the aspects of growth and the development of the European market for employment. As Europe was not rich in natural resources, Mr DELSAUX argued that the only available tool for growth was the internal market and it was important that it was continually improved. The **internal market** was, of course, not the instant solution to the crisis as it would not stimulate growth from one day to the next, but a whole host of measures would in concert create growth.

In April 2011, the Commission presented its first act on the Single Market with 12 priority actions. Mr DELSAUX explained that the **Single Market Act I** (SMA I) had not only focused on opening up markets, but also touched on the social and environmental dimension of the Single Market. Mr DELSAUX said that only one measure had been adopted at European level. The European patent, e-public market and the mobility of workers were examples which were mentioned as important measures that were still being discussed, but which would result in economic gains if they were transposed.

Mr DELSAUX continued by stating that Europe had to move quickly otherwise no effects would be felt for years, something which has led the Commission to adopt a **Single Market Act II** (SMA II). He said that the SMA II was based on four common sense priorities, which, if adopted before 2014 would be a reality by 2016:

- **Networks and energy** - where focus would be, among other things, on an internal maritime market, a single European sky and a fully integrated European internal energy market;
- **Mobility of citizens and enterprises** in which, for example, the EURES portal would be developed into a tool with which people could search for jobs in other Member States and EU's insolvency rules will be modernised;
- **Digital economy** with focus on e-commerce, online payment services and electronic invoicing in public procurement; and
- **Confidence of the consumers** – all EU citizens should have access to a basic bank account and the costs attached to this should be transparent and comparable.

Regarding the issue of governance, Mr DELSAUX explained that measures adopted at EU level were transposed with an average delay of nine months (i.e. two years nine months after adoption). At the Council meeting in June the issue of **directive transposition** had been discussed and it was suggested that the Commission should have contact with the Member States immediately after the EU level adoption to avoid the possibility that Member States wait with the transposition until the deadline had passed. Furthermore a commitment was made for a zero deficit rate for transposition. Mr DELSAUX concluded by explaining that if the Services directive was implemented in all Member States it would have an effect of, for example, 2.5 % GDP growth in Germany and 4% in Cyprus.

During the ensuing debate, 15 speakers took the floor. There was a general support to the strengthening of the internal market. Several Members argued that the digital deficit was still severe and that a single digital market should be prioritised as it would bring real savings of both time and money, as argued by Mr VISKUPIČ. Mr ROBRA encouraged the Commission to present a proposal for broadband networks. Better conditions for SMEs and improved public procurement rules were other topics which concerned several Members. For example, Mr Carlos SAO MARTINHO (Portuguese *Assembleia da República*) explained that SMEs were being condemned as they could no longer get credit. Mr VESTLUND and Mr MORENO called for a solution to the problem with the Services directive, arguing that better implementation could have direct effect on GDP. Ms Zoi KONSTANTOPOULOU (Greek *Vouli ton Ellinon*) pointed out that the economic costs of the EU should not exceed the social costs and explained that e-services were good. Baroness O'CATHAIN suggested that two or three of the SMA II actions should be prioritised in the national Parliaments as they would be able to make a huge impact that way.

Mr DELSAUX replied and said that regarding the digital agenda it would not be enough just to talk about it, action was needed and national Parliaments could help by passing that message to their government. Mr DELSAUX suggested that national Parliaments should contact their governments with concerns on Commission proposals before the texts reached the transposition stage. Furthermore he said that the link between national Parliaments and the Commission should be boosted.

Mr NEOFYTOU ended the debate by saying that the systemic problems was one of the main causes to the economic crisis, but wrong policies implemented by the states had also played a big role. He added that reforms which had been long overdue needed to be implemented, underlining the importance of the EU and the support it gave, even though it came with strict conditions.

8. Adoption of the Contribution and Conclusions of the XLVIII COSAC

Mr NEOFYTOU presented the final draft of the Contribution and Conclusions of the XLVIII COSAC to the meeting. He reported that the documents had been amended during a lively debate and voting in the Chairpersons meeting held the day before. He noted one necessary change in the English version, following a printing mistake, to correct paragraph 5.1 of the Contribution to read, “COSAC reaffirms the need for collective effort in order to effectively tackle the social and economic crisis...”

A number of Members took the floor. Mr CASH said that the XLVIII COSAC had been held at an important time when there was much talk in the UK of referendum and said he was increasingly concerned about the democratic deficit in Europe.

Harry van BOMMEL (Dutch *Tweede Kamer*) said that the Dutch delegation was not against the Contribution but thought it inappropriate for COSAC to adopt positions on political matters such as those in paragraphs 2.1 and 5.2 of the Contribution. He expressed the view that COSAC was a forum to exchange views not to adopt such positions. Mr MARIAS wished to have it noted that the Contribution and Conclusions would be adopted by those who supported the decisions of COSAC but that the individual positions that each participant had made through his/her intervention during the meeting should also be taken into account

Lord BOSWELL of Aynho wished to record his personal thanks to the Cyprus Presidency and his hope that COSAC could discuss afresh the subsidiarity check, not just as a legal tool, but as a way of expressing national views and political concerns, to demand more from national governments and European agencies.

Mr MARTÍNEZ MARTÍNEZ commented on the positive and fruitful interaction between national Parliaments and the European Parliament during recent meetings of COSAC and paid tribute to the Polish, Danish and Cyprus Presidencies for making this possible.

Hereafter, the conference adopted the text of the draft Contribution and Conclusions of the XLVIII COSAC as amended by the meeting of the Chairpersons. Once translated into all official languages of the EU, the Contribution of the XLVIII COSAC will be published in the Official Journal of the EU.

Finally, Mr HANNIGAN announced that the next meeting of the COSAC Chairpersons would take place on 27-28 January 2013 and the COSAC plenary meeting would be on 23-25 June 2013, both meetings would take place in Dublin.