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Reviving Europe: Rediscovering the spirit of Rome

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Senators

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FOREWORD

Brexit has exposed the threat of dismantling the European Union. While Europeans are gearing up to celebrate the 60th anniversary of the treaty of Rome on 25 March 1957, the centrifugal forces have never been so intense. This situation has led to a wakeup call for Europeans to restore unity and collective purpose. The anniversary of the treaty of Rome should not therefore be an empty commemoration. It should on the contrary provide the foundation for a Europe refounded on a more solid basis and more in line with the expectations of the people.

Recapturing "the spirit of Rome"

In this perspective, upon the initiative of its President, Gérard Larcher, the Senate decided to establish a monitoring group for the withdrawal of the United Kingdom and the refounding of the European Union. Shared by the Committee on Foreign Affairs, Defence and Armed Forces and the European Affairs Committee, this monitoring group has been conducting, for the past eight months, a series of hearings in Paris, Berlin, Brussels, Strasbourg and London.

This report does not intend to provide a further assessment of the situation of the European Union. Such an assessment was provided in the previous work of the Senate, in particular in the report by our former colleague Pierre Bernard-Reymond¹. Building on the lessons learned from its hearings and communications submitted by each of its members, the report further intends to outline the approaches that will enable Europe to regain the direction that it should never have lost, for the future prosperity and protection of the European people. It proposes a method to ensure that this European revival is achieved without delay.

▪ **Europe is facing a serious internal crisis**

European integration is a major project. In a continent that has been blood-stained by centuries of conflicts, European integration has promoted peace, cooperation and the defence of values based on respect, human dignity and fundamental rights. In a few decades, Europe has become an area of free movement, which is regarded as a major accomplishment for European citizens. By gradually removing barriers, it has created a major internal market that attracts the envy of major economies. It is the world's leading trading power.

It must however be noted that Europe is now facing with huge challenges. The British decision to withdraw from the European Union came as a shock. A shock in respect of the history that has brought together the European people and which has moved in a direction that should have

¹Pierre Bernard-Reymond: "The European Union: from dusk to a new dawn", n° 407 (2013-2014) from 26 February 2014.

forged an even stronger union between the people and not their separation or perhaps tomorrow their opposition. A shock in respect of the context of a globalisation that is increasingly built around the states of the continent and which makes the need for unity and cohesion all the more pressing.

Brexit occurred at a time when Europe had not completely overcome the consequences of the **sovereign debt crisis**. In the wake of the financial crisis that occurred in the United States as a result of the excesses of ultra-liberalism, this crisis highlighted the weaknesses of European integration. It was not equipped with the instruments that would allow it to respond to a crisis of such intensity. It led to the creation of the euro. However, as a result of negligence, it has not been able to enhance the monetary policy through effective economic governance without which it is not possible to effectively manage a currency. It has therefore been required, in a few months, to implement instruments, that it should have been equipped with long ago.

The **migrant crisis** has also deeply destabilised the Eurozone. It has been another revelation of the deficiencies of the European project. Schengen had, since the outset, a dual significance: the lifting of controls at the internal borders on the one hand, but, on the other hand, a strengthening of controls at the external borders and police and judicial cooperation to fight against serious crime. As it had neglected this second component of Schengen, the Union has been powerless to tackle the migrant crisis. The member States thus believed that they could be satisfied with sparse and uncoordinated national solutions, to the extent that instead cooperation and solidarity prevailed.

Europe must moreover respond to a **terrorist threat**, which continues to escalate under the pressure of international Jihadism. It has now discovered, following years of national denial and egoism that it does not concern a particular State in question but the European civilisation and the values that it represents. Admittedly, safety remains the individual responsibility of each member state. But how can we fail to see that confronted with a diffuse threat that transcends national borders, cooperation where the Union should offer added value is a requirement more than ever. The Senate outlined this by calling for the adoption of a genuine act for the internal security of the European Union.

More generally, Europe must position itself in a globalised world where threats accumulate and appear more and more multi-faceted. It recognises that its own security, which appears for many member states to fall under the American defence umbrella, may now be called into question. Although certain member states thought that they could do without a genuine defence effort, they now realise that in the face of new threats, they can no longer overlook their own responsibilities in this area.

- **A Europe that is lacking vision and leadership, threatened with dislocation and fragmentation**

The challenges are huge. Addressing them requires **vision and leadership**, qualities that Europe is lacking. Faced with globalisation, the Heads of States and governments have not fulfilled their responsibility, which was to explain to their citizens the unavoidable consequences of globalisation on competitiveness and security. Even greater indebtedness was a loophole for not confronting the new realities. This now constitutes a major handicap, thwarting the continent's capacity to revitalise its growth strategy. This denial has continued through a regrettable tendency to shift the responsibility of all of the problems to "Brussels" while appropriating only the successes to themselves. Member states have consequently refused to take real ownership of the European project, despite the treaties they have negotiated and signed together. They have failed to provide impetus by clearly determining what they expect from the European Union. The successive enlargements, which were not preceded by a renewal of the institutional workings, unfortunately contributed to this loss of direction.

This sluggishness of political accountability also explains Europe's inability to clearly choose between two views of either the "**European Area**" that was intergovernmental in nature, centred on a major internal market and nothing else; or "**A powerful Europe**" fulfilling its political dimension and strong integration. At the same time, Europe is again far from constituting an integrated continent. Europe is subject to differences in economic performance between Northern Europe and Southern Europe but there is also a lack of uniformity between Western Europe and Eastern Europe on the economic front, but also on the political front.

Lacking vision and leadership, the European Union has been subject to a **bureaucratic mind-set** which only served to create a disconnect between the citizens of the European project. Essentially, the political project was replaced by regulatory inflation and meddlesome or irrelevant administrative decisions, so misunderstood by our fellow citizens that their impact is felt in their everyday lives. The "European Commission", which had for some time laid the ambitious foundations for European integration, had thus become a sort of "scapegoat" of all of the deficiencies of public governance. This perception has unfortunately cast a shadow over the significant work carried out moreover by the Brussels institution. The technocratic drift is coupled with a **democratic deficit**, which did not enable the representatives of the people to exercise effective control over the way European institutions work.

- **A Europe that has lost the citizen's confidence**

Public confidence in European integration, from the outset, has been based on three principles, which has always proven itself: Peace, democracy and prosperity. Indeed these three principles have been gradually called into question: peace is without doubt preserved but the former Yugoslavia

conflict, then the terrorist threat, has led to a resurgence of political violence; the democratic deficit of the Union is challenged and the impact of European integration on national democracies through the growing number of transfers of power is hard felt; lastly, on the economic front, Europe must face the most serious crisis it has encountered since the second world war. Unemployment has risen to record levels, particularly as regards young people; the risk of social regression is felt by public opinion.

It has therefore gradually moved from a climate of confidence to a climate of distrust full of threats for the sustainability of the European project. This development is reflected in the rise of populist movements and in the temptation to retreat into nationalism as well as the rise of separatism.

European citizens have recognised that European integration has provided them with sustainable peace. They also appreciate the capacity that Europe has had in ensuring its reunification following the collapse of the Soviet Bloc. However, faced with globalisation, EU citizens look to the EU level for protection. This is something that it has not been able to do to date. This disappointed expectation largely explains the distancing of the citizens in respect of the European project. The paradox of this situation must be recognised. Because faced with globalisation, European integration is not a problem but, self-evidently, the solution.

▪ **For the refounding of the European Union: make Brexit a platform for a new beginning**

Brexit has come as a shock. But it is also an **opportunity** to give the European project further momentum. This should be a green light for European revival. This condition will ensure that Europe continues to carry weight in the international arena, while preserving its democratic model and its founding value.

The diffraction of Europe, a geopolitical nonsense

The alternative is clear: collective revival or an exit from history. In 2050, no European State represents more than 1% of the world's population. Only Germany will still be part of the first ten of the world's leading economies. It is therefore via the European Union and that alone that the European States may continue to exist in the face of major economic forces. It is also by gathering its resources that Europe is able to preserve its model of society and defend its values.

Today, the major economic forces each have their own vision of Europe, generally they welcome its deconstruction. But Europe itself is struggling to assert its identity. It should on the contrary accept its history and destiny. It should claim its own vision. That of a civilisation project accompanied by a power representing a community of nations that have chosen to share together the exercise of a part of their sovereignty in order to have a stronger influence in a globalised world.

Faced with the emergence of the continent States that do not hesitate to use powerful arms to achieve their ends, Europe must take responsibility for itself as a power while ensuring its security. It must defend its identity. It should assert its values of respect for human dignity, fundamental rights and democracy. As the leading trading power, endowed with the strength that makes up the single market, it should command respect in international trade negotiations.

Refounded on a clearly assumed vision, driven by the United-Nations, the European project should be renewed. It must be retransformed on the basis of a number of priorities for which European added value is clearly identified by the people: security, employment, competitiveness. This refocused Europe should fully comply with the subsidiarity principle. Europe must be more visible and closer to the citizens. It should reform its work and include ample democratic oversight, in particular through an enhanced role of national parliaments. Under these conditions, we can overcome the scepticism that calls into question the unity of Europeans.

This goal is first of all directed towards the Franco-German engine which has unfortunately lost its driving force. The Franco-German engine and that alone will revive Europe. It is up to France and Germany to take the initiatives that have gained the support of our other partners. The French-German relationship must not be exclusive. But it is a decisive one. Our two countries will be holding major elections in 2017. Following these elections, they shall enter into a period of political stability favourable to firm initiatives that will restore the citizens' confidence in European Integration.

The purpose of this report is to outline future perspectives that may constitute the "roadmap" of this new beginning.

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I. FOR A POWERFUL EUROPE

Europe must be conceived and act as a power in the world. This involves strengthening European defence, fully exploiting European added value in the fight against terrorism and for internal security, strengthening the European response to the migratory crisis and better protection of European interests in international trade negotiations. It is essential to stabilise the normative contours of the European Union by initiating a pause in its expansion.

A. STRENGTHENING EUROPEAN DEFENCE

The European Union must first and foremost strengthen its capacity to defend Europeans. Brexit is in this regard both a **tremendous challenge**, bearing in mind the size and quality of the British armed forces, which are unparalleled at this stage among our other European partners, and an **opportunity**, as the obstacles to a potential greater integration are now lifted.

There is no time for delay in the realisation of the famous peace dividends following the end of the cold war. The beginning of the 21st century is marked by terrorism, the rise of threats, the return of strength and the powerful states on the international scene, as well as uncertainty as regards the Atlantic Alliance following the election of Donald Trump. We must take advantage of this specific moment! In the area of defence, we should bid farewell to a naïve optimism, an interpretation of the world that is now outdated. Although it is not sufficient to relaunch Europe, the emergence – albeit long-awaited – of a **European defence** is essential.

1. Faced with the increasing threat, the need for a political will based on a shared strategic vision

While the continuum between internal and external security is now clearly established and that various countries of the European Union have been hit by terrorism, 500 million Europeans are waiting for Europe to assert itself in the area of defence in order to ensure its protection. To respond to these aspirations, we need to establish a **strong Europe**, in which a real **strategic autonomy** can be achieved.

In this context, it is considered necessary to provide a "strategic review" document of European defence in the medium term in order to prevent the divisions associated with the existence of several threat evaluation charts. It is essential to channel political efforts around a shared strategic vision, that is a **joint threat analysis, expressing a strong political commitment**. This alone shall ensure the implementation plan of the overall strategy for the European foreign and security policy proposed by the High Representative of the Union for Foreign Affairs and Security Policy,

approved by the European Council of 15 December 2016. Moreover, it would be desirable for this overall strategy to be fully in line with an overall strategy clearly stated in the field of foreign policy of the European Union. The coordination and representation of the Union's foreign policy has moreover been sorely lacking over the last few years, faced with the major crises and challenges to which Europe has been and still is subject to: border protection, management of the migratory crisis and relations with Turkey and countries of economic migration. It is imperative that the European Union adopts an autonomous, clear and effective foreign policy. Its initiatives, its various aids and interventions must be clearly identified, which is far from being the case today. They should fall within a coordinated framework, conveying the meaning that the European Union is committed, as defined in the intergovernmental framework.

Lastly, in the context of a scarcity of budgetary resources and the increasing number of threats, there is a need to specify the challenges and priorities of the relationship between the European Union and NATO so that it is clear that a European defence is **complementary** and in no way redundant or concurrent of NATO's posture.

2. Building on an intergovernmental dynamic

Defence has essentially remained an intergovernmental policy. In this sense, a Franco-German initiative of September 2016 set out in the letters of the French, German, Spanish and Italian defence ministers, is an encouraging sign in favour of a strong European defence, drawn up by inclusive reinforced cooperation.

In this perspective, the establishment of a **permanent political dialogue** aimed at strengthening and clarifying the French-German cooperation in the field of defence is essential. This fortified French-German engine has allowed for the development of a deliberate and concerted effort in terms of budget planning and defence capabilities on a government level and on the level of the major states of the European Union in the form of a "**Coordinated Annual Review on Defence**". This would enable, somewhat along the lines of a European semester model adapted to the field of defence and security, the volunteer states to agree on their defence budgets, their capacity expansion investment plans and therefore to **pool their efforts** in order to maximise the effectiveness of the resources allocated to defence. The aim of this mechanism is to help the volunteer countries to reach the objective of 2% of GDP and to bridge the identified capability shortfalls such as refuelling capabilities, cybersecurity, drones as well as satellite communications.

3. Taking full advantage of the possibilities of the treaty of Lisbon

The strengthening of European defence must also rely on **legal flexibility** implementing the treaty of Lisbon, on the development of operational coherence tools and lastly on the European funding to promote defence.

Among the proposals that will give fresh political impetus to European defence, we believe that a **European Security and Defence Council** should be set up to evaluate the threats to which the European Union is subject. This evaluation must lead to concrete policies; above all, it is in this very political framework of the meeting of the member states that an overlap of internal and external security will be undertaken. The CSDP is a major component but not the only one.

Similarly, the treaty of Lisbon created a **permanent structured cooperation**, open to States with extensive military capabilities. In the areas of capacity sharing or logistical support and coherence, this facility, relatively flexible and for which the scope of application is not delineated *a priori*, must be made a reality in the event of a deadlock. This can provide real European added value.

4. Developing operational coherence tools and European financing capacity to promote defence

It is in this perspective that the establishment of a **permanent structure for the planning, command and control of military missions** in the European Union must be considered. The creation of real command and control capacities of operations will be an issue of operational effectiveness but also, and above all, strategic autonomy.

The European Defence Agency must widely reassess its means of action, and first and foremost its financial resources. Its initial ambition is even more meaningful today: identifying the military capabilities for the European Union, developing corresponding programmes and relying on common defence research to put in place a European armaments industry.

The European Commission also initiated, for the first time, a funding system for defence research, critical to strategy autonomy in terms of armaments, and the creation of a defence technological and industrial base (DTIB). The European Defence Action Plan proposed by the Commission in November 2016 provides that the European defence fund may receive and manage contributions from the member states for the joint development of defence capabilities. The Commission does not wish for these contributions to be integrated into the constraints of the Stability Pact.

In total, the new European defence objective is based on **three findings**.

It should first of all fulfil the **security need** expressed by Europeans them-selves. Security and defence are without doubt among the few areas in which citizens of the European Union are becoming increasingly persuaded that we can only act effectively together and not in isolation. In a climate of general Euroscepticism, security and defence are central in European added value. However, the CSDP is still an EU action, outside of its borders, to prevent threats on its territory: it is not limited to the security capacity of the European Union alone, this is just one part of the issue.

Thereafter, the treaty of Lisbon, contrary to the preceding European treaties, provides various provisions that are favourable to an ambitious CSDP. It has reversed a situation in which a credible European defence had become dubious. Not all is lost and it is our responsibility to build on, on the basis of these texts, a new state of mind based on the existing one. However, as has been demonstrated on a number of occasions in the past, if a strong and lasting political will is not forthcoming, this will be an umpteenth missed opportunity.

Lastly, even if a space seems to be taking shape for a credible CSDP, defence is, and shall remain a Member States' sovereign responsibility. Defence budgets, strategies, capacities, varying levels of will or political capacity to commit themselves militarily in the crisis theatres: all of these parameters are a matter for national sovereignty and that alone. This involves governments as well as national parliaments. In the area of defence as in other areas, this should provide a mechanism of increased expression. Indeed, a delicate balance must be struck between sovereignty and collective coherence, between very diverse diplomatic, political and military traditions in order to attempt to build a shared strategy, based on identified common interests.

This is a difficult exercise. The adoption in June 2016 of a **European strategy** was a starting point. We now need to quickly construct something concrete.

Recommendations on European defence

1. Defining and expressing a genuine political will based on an autonomous strategic vision of the European Union, shared between the member States:

- building upon the strategy for the European foreign and security policy proposed by the High Commissioner and approved by the European Council;
- preparing an ambitious "implementation plan": a "strategic European review";
- specifying EU/NATO challenges and priorities.

2. Do not overlook the fact that defence is still essentially an intergovernmental policy:

- do not leave Great Britain outside of the European defence initiative. Establish an "extended Lancaster House", multilateral intergovernmental cooperation and framework in the area of defence;

- establish a "Coordinated Annual Review on Defence", voluntary dialogue of budgetary planning and defence capabilities.

- clarifying and strengthening French-German cooperation in the area of defence by fostering ongoing dialogue;

- strengthening European tools for harmonising the arms export policies outside of the EU and for updating the European legislation aimed at the procurement of defence contracts and the intra-European movement of defence-related products (2009 directives).

3. Taking full advantage of the possibilities opened up by the treaty of Lisbon:

- establishing a European Security and Defence Policy;

- institutionalising a Council of Defence Ministers, responsible in particular for preparing the annual meeting of the European Security and Defence Policy for assessing the threats, proposing a political impetus required for fostering the emergence of a European Defence and Industrial market and base.

- developing permanent structured cooperation projects in all areas based on an effective tool;

- engaging in CSDP military operations of European Union Battlegroups (EU BG); increasing the involvement of the European corps;

- implementing the CSDP seed funding.

4. Strengthening the existing European operational coherence tools; developing the European defence funding capabilities

- creating a permanent operational planning, command and control structure of CSDP military operations;

- developing the European funding of security sector stability and training operations in countries emerging from crisis (the stability instrument);

- reforming the funding mechanism of CSDP military operations (Athena) by increasing the European proportion;

- initiating and increasing the European funding for defence research and the development of common capacities via a European defence fund;

- increasing the resources and responsibilities of the European defence agency as a European armament programme development tool and the definition of standards for equipment;

- encouraging the EIB to participate in defence funding, in particular in favour of SMEs.

B. EXPLOITING EUROPEAN ADDED VALUE FOR THE FIGHT AGAINST TERRORISM AND THE STRENGTHENING OF INTERNAL SECURITY

European citizens are clearly expecting a European Union that will protect them better from the threat of terrorism. This is now one of their primary expectations. It is now essential to move towards a "Security European Union".

1. Strengthening the action of the European Union in the fight against terrorism

There is still a long way to go: in the field of internal security, the member States ensure in the current state approximately 90% of this shared competence and have the primary responsibility thereof¹.

Efforts now need to be focussed on the following priorities:

- it is deemed necessary to create a legal framework adapted to encryption for the effective countering of the use of the internet for terrorist purposes and to prevent Internet operators from circumventing the applications of the States within the framework of criminal investigations;

- we must improve the **input and use of the European databases** and ensure their **interoperability**. It is also appropriate to provide facilitated access of the law enforcement services to all of the files.

Specifically regarding the Schengen Information System (SIS II), biometric data can be included (photographs and genetic fingerprinting) in order to facilitate and safeguard the identification of the wanted individuals;

- it is also urgent to develop interoperability between the various existing (SIS II, VIS, Eurodac) and future (SES, ETIAS) European databases and with a single entry point allowing all of the files to be examined simultaneously. These achievements assume that the member states adopt the common methods and rules in the preparation of their files;

- lastly as regards the European PNR (the passenger data file), finally adopted in 2016 following years of negotiations, it is clear that above all to date, only one country, the United Kingdom has a finalised national PNR and that three other European countries - including France - are in the process of equipping themselves with one. The rapid implementation of this essential tool therefore requires considerable efforts.

¹ Source: hearing of Mr Gilles de Kerchove, coordinator of the European Union plan of action to combat terrorism, heard by the Senate's committee on European Affairs in February 2016,

2. Ensuring effective police cooperation: the role of Europol

France plays a central role and exercises significant influence in respect of police cooperation in the European Union, whether it is a question of the provision of information to the Schengen information system or to the European Agencies underlying this cooperation, such as the Europol and Eurojust.

Staffed with a workforce of around 1,000 people, the European agency currently has 368 analysts and experts in criminal analysis, as well as around 200 specialised liaison officers in the matter.

Europol, the "mega-search engines", specialised in criminal analysis, continuously adapts to its missions.

In 2013, it put in place a European centre to combat cyber crime, in 2015, it established a European Centre for combating terrorism (a large proportion of the 90 jobs created in 2017 should be dedicated to this centre), and in 2016, it established a European Centre for the fight against migrant smuggling within the framework of a 2016-2020 multi-annual strategy.

Europol in no way intends to become a European FBI. In other words,-- it is not authorised to arrest suspects or to take any action without the approval of the national authorities of the member states. The agency is first and foremost a support service.

The priority today is the interoperability of the files: the Europol file and the national police files of the member states.

In December 2015, a road map containing around fifty measures is expected to strengthen it. However the problem is not always simple and there remains a number of technical challenges to overcome, as the police files of each member state are "constructed" differently. The QUEST project (*Quartering Europol Systems*) proposes giving users easy access to the Europol data and national databases.

The European Police Cooperation Officer at the Central Directorate of the Judicial Police acknowledged, before your monitoring group, the importance of improving the access of the national law enforcement authorities to the number of existing files in Europe.

3. Promoting judicial cooperation: strengthening Eurojust and creating a European Public Prosecutor

The success of judicial cooperation in the European Union bears witness to the possible success routes of a reshaping of Europe.

It is in the area of international cooperation in the field of mutual assistance, integrated into national legislation that has contributed and

continues to contribute undeniable added value in respect of the overall effective fight against terrorism and serious crime.

a) Eurojust

The most successful form of European Judicial Cooperation - the symbol of an "effective Europe" -, is clearly the Eurojust unit created by the Council decision of 28 February 2002 in order to reinforce the common fight against serious crime. This instrument is a European Union body with legal personality, which acts as a council or through a national member.

The unit is responsible for promoting and improving the coordination and cooperation between the competent authorities of the member states in all of the investigations and prosecutions within its jurisdiction.

The Eurojust law enforcement cooperation unit is made up of 28 national offices that exchange operational information and requests for assistance in real time.

In 2015, the national offices organised, within Eurojust, 274 coordination meetings.

Two joint investigation teams were put in place in the terrorist cases of 2015-2016, as Europol and Eurojust were members of the joint investigation team for the 13 November 2015 terrorist attacks.

The obligation to inform Eurojust on this matter is provided for by article 13 of the above-mentioned decision relating to Eurojust and in France by article 695-8-2 of the Code of Criminal Procedure. It is nevertheless subject to relatively restrictive conditions, which are the result of a political compromise reached in 2008, in a context in which both Germany and the United Kingdom opposed the transmission of information to Eurojust on the grounds of a risk of duplication with Europol.

The vast majority of the 54,000 pieces of data currently present in the Eurojust file are taken from legal assistance files opened by the national offices which record them routinely in the central unit.

Eurojust currently neither has the means nor the legal basis that would allow it to manage a genuine "European Registry office" in which all of the court proceedings initiated in the member states would be recorded, particularly in respect of terrorism and organised crime.

However, the creation of a European Registry Office within Eurojust may be operationally useful on a European level by enabling overlaps between the court proceedings initiated in the Member States, which *a priori* are independent of each other.

The creation of this European Registry Office would require a significant change of the regulatory basis of the judicial cooperation unit.

Certain member states that are quite reluctant about Eurojust may once more express their scepticism.

b) The European Prosecutor's Office

Several national parliaments (including the Senate) have managed to shape the debate around a European Prosecutor's Office structured on a collegiate basis based on national delegates in each member State. This was a great development.

During the trilogue, certain member states (United Kingdom, Ireland, Denmark, Sweden and now the Netherlands) have expressed their resolute opposition to the very principle of the opposition. Other member states (Italy) expressed their regret for the Commission's original version while countries such as France, Germany, Spain or Belgium approved the principle of this institution while requesting more information (for Germany, for example, in respect of defending the rights of accused persons).

If the discussion still continues today, it is because the debate has become very technical particularly in respect of the incorporation of VAT fraud in the field of jurisdiction of the European Public Prosecutor's Office.

A "reinforced cooperation" is now being considered (a minimum of nine countries) between the countries in favour of the project for combating intercommunity financial crime. This reinforced cooperation may be decided at the Heads of State Summit and government of March 2017 (with the start-up of the European Public Prosecutor's Office at the end of 2018 or at the beginning of 2019).

The Senate is calling for, in the long run, the extension of jurisdiction of the future European Public Prosecutor's Office on cross-border organised crime, including terrorism.

It is clear that such an extension would make sense in an EU reform programme on the fundamental priorities.

The terrorist threat has destabilised the internal security of all of the member states, which are obliged to resort to special measures such as states of emergency or disruptions to the freedom of movement on EU territory, this being the main achievement of the European venture.

The creation of a genuine "**Security European Union**" would redistribute the priorities contributing in particular to this Reform of Europe, which is now actively desired.

In spite of its recent reform, FRONTEX remains, for example, a resource agency since it is appropriate to convert the agency into a real EU border police.

The relaunch of the Franco-German partnership determines however in this area, as in others, the establishment of this "European Union of Security".

Recommendations on the security of Europe

1. Strengthening the action of the European Union in the fight against terrorism:

- establishing a legal framework adapted to encryption enabling the use of the internet for terrorist purposes to be combatted more effectively;
- improving the input and use of European databases that may be useful in the fight against terrorism;
- enhancing the interoperability between the various existing (SIS II, VIS, Eurodac) and future (SES, ETIAS) European databases;
- encouraging all of the member states to acquire a national PNR to ensure the full effectiveness of the European PNR.

2. Ensuring effective police cooperation: the role of Europol:

- better ensure the population of the Schengen information system and the European bodies underlying European police cooperation and in particular Europol;
- improving the interoperability of the Europol file and the national police files of the member states in order to facilitate access of the national law enforcement authorities to the various existing files in Europe.

3. Promoting judicial cooperation: strengthening Eurojust and creating a European Public Prosecutor:

- strengthening the obligation to inform Eurojust which is subject to exceedingly restrictive conditions;
- creating a European Registry Office within Eurojust allowing for an overlap between the court proceedings initiated in the various member states;
- speeding up the starting up of a European Registry Office on a collegiate basis based on national delegates in each member State, with international cooperation where necessary;
- broadening the jurisdiction of a European Registry Office to cross-border organised crime and the fight against terrorism.

C. STRENGTHENING THE EUROPEAN RESPONSE TO THE MIGRATION CRISIS

Faced with the migratory crisis, there is an urgent need to renew the governance of the Schengen area and to reinforce the protection of external borders. Cooperation with third countries should in parallel be further developed. The European Asylum System must be renovated.

1. Renewing the governance of the Schengen area

The exceptional migration flow recorded in 2015 – more than a million illegal entries in Europe – and at the beginning of 2016 certainly had a broadly cyclical dimension associated with the Syrian conflict. This episode must not however conceal the existence of a **sustainable phenomenon of migration to Europe**, linked to several factors: the unstable situation prevailing in various countries in the outskirts of Europe (Afghanistan, Horn of Africa), the economic disparities that induce people to search for better living conditions, growing demographic pressure, in particular in Africa as well as the existence of structured and internationalised networks of smugglers thriving in "the economics of migration".

This growing and sustainable migratory pressure **calls for a strong response from Europe**, for political, social, humanitarian reasons, as well as security reasons, bearing in mind the risk of terrorist infiltration.

This is all the more necessary since these "**uncontrolled flows**" – to use the wording of the Bratislava Declaration – call into question one of the more concrete and symbolic achievements of European integration, **freedom of movement in the Schengen area**. In fact, for the past year and a half, this has led to the reestablishment by a certain number of member states of controls at their internal borders.

Moreover, the migratory factor played a key role in the British vote on Brexit. **Europe may succumb to the migratory crisis**. Controlling the migratory pressure therefore appears to be a top priority issue for reviving Europe.

2. Reinforcing the protection of the external borders of the European Union

This crisis has allowed for significant progress: **the adoption – in a record period – of a renewed statute of the FRONTEX** agency, established in 2004 and whose role was up until then limited to a coordination role. Later referred to as the European Border and Coast Guard Agency, FRONTEX will be equipped with greater resources and new responsibilities, particularly in the support of a failed state or the implementation of a policy on the return of irregular migrants, which should allow them to play a more active role in the governance of the Schengen area borders.

It is now necessary to **implement this renewed mandate** and to take full advantage of all of the possibilities that it offers for the control of migratory flows. This requires in particular that the agency **addresses the recruitment and training challenge** of jobs under tight deadlines. This also implies that the **Member states comply effectively with their obligations within the framework of the rapid intervention reserve**, while continuing

to ensure the provision of the national personnel (*guest officers*) for current operations, in a context where their resources in this area are very limited or under pressure.

Further steps will however be necessary to equip the European border guards deployed under FRONTEX with the same capacities and powers as the national border guards, **particularly as regards access to the European databases**. The objective to be addressed, in the long term, is to **move towards a real European border service**.

Moreover, the checks made at the external borders must be reinforced: it is necessary to **carry out more in-depth checks**, involving the routine consultation of the police databases and the verification of travel documents, both on entry and exit, and both in respect of third-country nationals and European citizens. A current process of amending article 8.2 of the Schengen Borders Code should make this possible in the near future. This strengthened control measure is not in itself sufficient: **it should be accompanied with a personal status registration** - third-country nationals or EU citizens - that cross external borders, in order to **ensure the traceability of the flows**.

For third country nationals, this is the very purpose of the future **entry-exit system (SES)**, which enables real-time monitoring of the validity of short-stay visas, replacing the current passport stamping system. This mechanism is aimed at addressing the phenomenon of "*overstayers*", i.e. migrants that legally enter the EU and remain there until their visas expire, constituting a significant source of illegal immigration. **It is therefore desirable to quickly adopt this project, currently under discussion**.

Nevertheless, to ensure that these "smart borders"¹ are effective, **the registration of EU citizen data should** also be incorporated (in the context of the SES or in that of the SIS II), the latter now representing three quarters of EU external border crossings. Indeed, this is not currently provided for.

In addition to the Entry-Exit System, it is worth stressing the importance of the **European Travel Information and Authorisation System (ETIAS)** for third-party nationals exempt from the visa requirement. This involves obtaining authorisation prior to entry into the Schengen area of around 30 million people each year in order to ensure that they do not present any particular risk from a migratory or security point of view. The verification carried out will consist of cross-checking the personal data of travellers with that of the SIS II and the Interpol and Europol files, as the authorisation given does not exempt these individuals from the obligation to comply with border control procedures. This project, for which discussions have just begun, **must also be concluded swiftly**, so that it may be put into operation no later than 2020.

¹ The European "smart borders" project.

3. Cooperating more extensively with third countries

The strengthening of the borders cannot be the only response to migratory pressure. We must also ensure that departures are restricted, by cooperating with the countries of transit and with the countries of origin.

As regards the countries of transit, the agreement signed in 2016 with Turkey, combined with the closure of the Balkan route, **has stemmed the flow on the Eastern Mediterranean road**, increasing the numbers from several thousand arrivals per day to around fifty today. Cooperation appears to continue, despite a difficult political context. However, the agreement remains fragile and its application subject to the goodwill of Turkey, which puts pressure on the European Union.

Moreover, the **problem still needs to be addressed on the Central Mediterranean route**, via which arrivals increased by 20% last year. Indeed, 90% of some 180,000 migrants arrived in Italy in 2016 came from **Libya**, a country in which it is now **difficult, bearing in mind the situation in this country, to consider entering into an agreement on the Turkish model**, despite some European countries demonstrating a desire to go in that direction. Meanwhile, European directors decided at the Malta Summit on 3 February 2017 to strengthen support in Libya, particularly in respect of the training of coast guards and the improvement of the living conditions of migrants on the territory.

Although broader cooperation with other transit countries such as Egypt may offer a solution, **it is essential for action to also be taken on the migratory routes upstream, particularly in Sub-Saharan Africa** by encouraging and helping the source countries to better control their borders and to fight against smugglers, by contributing to the stabilisation of conflict-ridden areas and the prevention of crises and by promoting economic development in order to open up opportunities for populations likely to emigrate. In this respect, the idea of **linking development aid and the management of migratory flows** should not be overlooked.

The implementation of these different key areas arises through the **conclusion of close partnerships with the countries of origin**. This idea is not new. It serves as a basis for "The Global Approach to Migration and Mobility", which, since 2005 has constituted the external dimension of the European migratory policy. The objective was to obtain the cooperation of the source countries in the management of migratory flows, **particularly the signature of readmission agreements**, in return for benefits such as financial assistance and liberalisation agreements or visa facilitation agreements.

Until now, this approach has not yielded the anticipated results, as a result of the meagre resources allocated, but also as a result of the reluctance of the countries of origin, in particular Africans, for whom migration is both an economic challenge and a very sensitive societal issue.

This was demonstrated by the ongoing difficulties (to establish the identity of people to be returned, to obtain consular travel documents) encountered by the European countries in the implementation of their return policy.

The **success of the approach led by Spain** with several African countries demonstrate that it is possible to obtain the results, by simultaneously mobilising several instruments and levers (development assistance, selective immigration, police cooperation, training and border control material support etc.).

This is what the **process initiated at the La Valette summit of November 2015** seeks to do and the **new migration pacts** launched during the European Council of June 2016. On that day, the "migration pacts" were signed with five priority countries (Ethiopia, Mali, Niger, Nigeria and Senegal). An initial assessment was drafted on the occasion of the European Council of December 2016 showed contrasting results, encouraging for Niger, but more mitigated with other partners.

This partnership approach needs to be pursued and broadened, by releasing adequate resources to enable the funding of actions, which, if we want to act on the "root causes of migration", should not only concern the security aspects and the control of migration flows, but also intends to promote economic development.

The **Common Security and Defence Policy (CSDP)** may also be mobilised with a view to cooperating with third countries. Of course, the unstable political situation in Libya is currently paralysing the Sophia operation for combating smuggling in the central Mediterranean and the EU Border Assistance Mission in Libya (EUBAM), but the hope is that they may soon move in the right direction.

It is, moreover, strategic that the initiative conducted in Niger by the **EUCAP Sahel Niger civilian mission**, which assists this country through which 90% of West African migrants transit, is continued in order to strengthen the control over its borders and to prevent irregular immigration flows.

Lastly, **FRONTEX also has a role to play**, its new status offers greater flexibility for cooperating with third countries, particularly thanks to the deployment of liaison officers, and with the possibility that it now has to conduct operations outside of the European Union, this should be of interest to certain Balkan countries.

4. Renewing the functioning of the Schengen area and the European asylum system

Undoubtedly, **the objective must be the restoration of freedom of movement within the Schengen area**. Beyond the strengthening of the external borders, it is essential in this respect that the country by country

assessments conducted by the European Commission are ongoing and shall be supported by corrective measures.

At the same time, it may be useful to consider a **flexible legal framework, allowing the temporary reintroduction of targeted controls at the internal borders**, particularly in respect of their **duration**, which cannot currently exceed two years. Indeed, we must not rule out that the context that we currently face, particularly in terms of security, is a long-term process.

Moreover, the **governance of the Schengen area, which now lacks visibility, should be improved; a strategic steering should be established within the framework of specific meetings of the interior ministers, separate from those of the Justice and Home Affairs Council.**

Furthermore, the migration crisis requires **adaptations to the European asylum system to be made.**

It highlights, first and foremost, the **need for a greater harmonisation of the asylum systems** of the member states to reduce the attractiveness of some of these systems and the "*asylum shopping*" phenomenon, which induces secondary migratory movements within the EU. Similarly, it also calls for a more harmonised treatment of asylum applications, particularly through the adoption of a common list of safe third countries.

It also raises the **issue of the implementation of the principle of accountability of the first entry country for the examination of applications for asylum**, which is on the basis of the Dublin regulation. In fact, countries in the front line of arrivals (Italy, Greece) are calling for a fairer share of the burden. Although **front-line countries continue** to carry the burden of commitment in respect of the management of the external borders of the European Union, it does not appear necessary to incorporate a correcting mechanism into this system allowing for solidarity on a European scale in the case of exceptional migratory pressure, as with the relocation mechanism.

This is a difficult subject, which meets with the **opposition of the Visegrad Group countries** (Hungary, Slovakia, Czech Republic and Poland), which are reluctant to host in their respective countries populations of non-European origin. This is why the idea of a "**flexible solidarity**" allowing these countries to participate in the solidarity effort, whether through a financial contribution or through an enhanced participation in the securing of borders, deserves to be explored.

Lastly, the conversion of the **European Asylum Support Office (EASO)** into a European agency and the substantial strengthening of its resources will be desirable to fully ensure the operational support mission in the front-line states.

Recommendations on the management of the migratory crisis

1. Ensuring effective control of the external borders

- Implementing the renewed Frontex mandate and making use of the possibilities provided by it for the control over migration flows, in particular in respect of the return of irregular migrants to their country of origin;
- Guaranteeing the agents deployed by Frontex sufficient access to the European databases;
- Adopting and implementing the entry/exit system (SES) and the European Travel Information and Authorisation System (ETIAS);
- Organising a registration in the database of external border crossings, including those made by European citizens.

2. Strengthening cooperation with the countries of origin and transit

- Strengthening police cooperation with the countries of origin and transit, with a view to controlling illegal immigration, facilitating readmission operations and combatting smuggling;
- Contributing to the stabilisation of conflict areas and the prevention of crises;
- Encouraging the economic development of source countries by means of a substantial aid, without excluding making development aid conditional on the control of flows;
- To do so, maintaining and amplifying the partnership process launched via the migratory pacts and mobilising the Common Security and Defence Policy (CSDP).

3. Renewing the functioning of the Schengen area and the European asylum system

- Considering a possible relaxation of the duration during which the targeted internal border controls can be temporarily restored;
- Improving the political governance of the Schengen area;
- Harmonising the asylum systems of the member states and the processing by the latter of asylum applications, in particular through the adoption of a European list of safe third countries;
- Introducing into the Dublin regulation a correcting mechanism allowing for solidarity between member States in the event of exceptional migratory pressure, without undermining the principle of accountability of the first entry country.

D. BETTER DEFENCE OF EUROPEAN INTERESTS IN INTERNATIONAL TRADE NEGOTIATIONS

Transparency of the trade negotiations must be ensured. This is the very condition of a legitimacy of the trade policy. The European Union must

moreover implement an offensive commercial policy, which is a necessary supplement to its economic power.

1. Ensuring a real transparency of the trade negotiations

In the face of a standstill in the multilateral trade negotiations at the WTO, the European Commission has initiated and entered into a number of bilateral free trade agreements known as "new-generation agreements".

Beyond simple tariff or non-tariff reductions, these agreements incorporate provisions on regulatory cooperation and chapters dedicated to sustainable development, social and environmental rights in particular.

These agreements are subject to **growing dispute**, because of this goal. Jeopardising lifestyles, "cultures" and collective preferences, they raise **concerns** and **opposition** among public opinion. Within the European Commission's exclusive competence, the trade policy appears to be reducing the role of the member states and in particular the national parliaments.

Although commercial transactions were and are to remain a source of growth and jobs, **new political conditions** are needed to address the often legitimate concerns as they emerge: they impose an **increased transparency** and an EU position more directed towards defending its own interests, within a context of reciprocity and affirmation of a strong Europe.

2. Transparency is essential to the legitimacy of a trade policy

The new trade agreements determine our **life styles** and our **collective preferences**. It is this almost cultural dimension that raises concerns and suspicions.

To address this, **communication** and education are essential and **sincere and loyal transparency** is required. Transparency directed specifically towards the national parliaments. Their role must no longer be confined to granting their approval, in the final stage, of text ratified in remote places.

The trade policy of the European Union must be subject to regular debates in national parliaments. These **parliamentary debates** must be held at as early a stage as possible, for example before the adoption of the Council of the negotiating mandate granted to the Commission for the launch of a free trade agreement.

This provided the government with the opportunity to say to its national representation what it intends to withdraw from the future agreement, but also the red lines that should not be exceeded in specific sectors. It is the responsibility of the government to explain the issues, the

anticipated benefits and the possible risks that should be prevented during the course of the negotiation.

Transparency must also be guaranteed **during the course of the negotiation**. French politicians may visit the General Directorate for European Affairs (SGAE) to consult the documents, with differing levels of confidentiality, commenting on the successive negotiation sessions. However, the fact that such documents are only available in English is not acceptable. It's a way of perpetuating a form of opacity, in violation moreover of a rule laid down in the European treaties.

There are two other steps that can now be taken: first of all the performance and the dissemination of **prior impact assessments**, both in terms of the commencement of negotiations and the provisional implementation of agreements entered into.

Similarly, a systematic policy of **monitoring the implementation** of agreements, following a certain duration of application. This is currently overlooked, especially as regards the monitoring of sustainable development provisions on social and environmental requirements.

Finally, transparency, which, in a trade agreement, falls within the exclusive competence of the Commission or **shared competences**. Sustainable clarification on this point is urgently required. The uncertainties surrounding CETA in this respect - whether a mixed agreement or not - has had a very negative impact in the debate.

It is perfectly legitimate that the Trade Commissioner would be regularly heard by the representatives of the national parliaments, particularly within the framework of the Conference of Community and European Affairs Committees of Parliaments of the European Union (COSAC).

Within a context of widespread suspicion in respect of the development of trade exchanges, transparency goes hand in hand with democracy itself. A balanced liberalisation of trade has nothing to hide.

3. An offensive trade policy is a necessary complement to the European Union's economic power.

An offensive European Union strategy is now required so that, as an economic power, it also knows how to assert itself as a commercial power, centred on defending its interests. This approach comprises three sections.

- **First of all, the European Union should make full use of the trade defence tools.**

Faced with **dumping** and **general state subsidies**, which have the effect of distorting the prices of the products of certain exporting countries - in particular China -, to the detriment of European industrialists and

employment, the European Union has **suitable arsenal**, in compliance with WTO rules. Consequently, to date, the European Union has applied this **restrictively**. This systematic deduction should evolve.

The European Union should in particular change the method of calculating the Chinese company dumping practices, as China cannot be considered to be a "market economy" justifying the recalculation, downwards, of the tariff defence capabilities of the European Union.

In general, the European Commission decided to modify a policy, which was up until then too benevolent in respect of the customary savings, of these unfair trading practices.

The "lesser duty rule", which was in force until then, must be abandoned, to allow for maximum flexibility.

The lesser duty rule

To justify an antidumping measure, the reality of this practice must be proven and the causal link between this dumping and the injury suffered by the industry. The established antidumping duty thus corresponds to the dumping margin itself, or to the level necessary to eliminate injury. It is this lesser duty rule that has always been preferred by the Commission. For example, in relation to the dumping on certain steel products, the average antidumping duty was 21% in the European Union in application of the lesser duty rule, while in the United States, for the same product coming from the same country, it was 261.5%.

Lastly, the free trade agreements all include, in accordance with WTO rules, stabilisation mechanisms or **safeguard clauses**, in the event of a significant imbalance of the import of goods from partner countries. The case of bananas, in respect of agreements between the European Union and Latin American countries, demonstrated the guilty inertia of the Commission to implement these tools.

- **Secondly, the European Union must moreover focus on developing well-balanced reciprocity in the access to public procurements markets.**

This was one of the major stumbling blocks in respect of the PTCI with the United States. This was surely the case with Japan. The agreement signed with Canada on this point was the occasion of relative satisfaction, as the degree of openness increased from 10 to 30%.

The situation on this matter speaks for itself: 82% of European public procurement is open to third-country companies, when this proportion is only 32% in the United States and 28% in Japan. Considering the importance of the economic issue for European companies and, in particular, the French SMEs, it is clear that the European Union must modify this approach with an **entry without reciprocity**.

The European Commission, in 2012, had prepared a forced **reciprocity approach**, providing for **two options**: the possibility offered to the contracting authorities to differentiate the external suppliers according to the degree of openness of their countries to the European tenders; the possibility for the Commission to partially close the European market to third-country tenderers or European companies is systematically excluded.

The different approaches between member states has not as yet led to the adoption of a consensual text. As with the tools against unfair trade practices, such a determination is now required.

- **Thirdly, the European Union has to take steps to block the extraterritorial effects that the United States provides to their national legislation.**

European companies are now exposed to a multiplicity of American rules of **extraterritorial jurisdiction**, applicable as soon as it is established that there is a link, however tenuous, with the United States, for example because of the fact that the use of the financial or American monetary system is difficult to avoid.

Following BNP-Paribas, which had to pay around 9 billion dollars in penalties as a result of contracts with countries under American embargoes, and Alstom, which was forced to pay 770 million euros in application of the American anti-corruption legislation, Deutsche Bank is currently threatened by a penalty that may reach 14 billion dollars for its role in the *subprime crisis*. If it were proven, this amount would pose a risk of destabilising the entire European financial system.

Moreover, the resumption of relations with Iran is blocked, despite the agreement on nuclear energy, on 14 July 2015, as a result of the continuation by the United States of bilateral sanctions, for which no company, not even a non-American one can be overlooked.

The fact-finding mission of the National Assembly on the extra-territoriality of American legislation ¹ valued the amount of penalties recently paid by European companies to the American authorities at 20 billion dollars, on the grounds of international corruption or the violation of economic sanctions imposed by the United States.

Indeed History demonstrates that Europeans have the right **oppose American decisions**; it is less about law and more about a balance of power. Europe has set the United States back, following the adoption in 1996 by Congress of the laws that sanction non-American countries that have certain economic activities in Cuba, Libya and Iran. There is a proposal to update

¹ Report n° 4082 (5 October 2016) of the fact-finding mission of the National Assembly on the extra-territoriality of American legislation (Mr Pierre Lellouche, President, and Ms Karine Berger, rapporteur).

the European blocking regulation dated 1996¹. This update should be relaunched.

Moreover, Europe must implement its own mechanisms and provide a political and institutional visibility on application of the economic sanctions that it decides by identifying, within the Commission, a mediator specifically in charge of this initiative.

Recommendations for an offensive commercial policy

1. Ensuring a real transparency in the preparations, negotiations and monitoring of trade agreements

- Pursuing and systematising the communications and information measures initiated by the new European Commission; publication of negotiating mandates.

- Sustaining the transparency tools put in place by the Government on the occasion of the negotiation on the PTCI : the strategic monitoring tool.

- Systematically integrating the national parliaments into the various stages of the main free trade agreements:

- Parliamentary debates on the negotiating mandates assigned by the Council to the European Commission;

- access to the classified documents of the minutes of negotiations with their French translation;

- during negotiations, ensuring that the representatives of national parliament are informed on a regular basis by the Trade Commissioner: why not within the framework of a specific COSAC?

- Sustainably clarifying upstream the criteria for the mix of trade agreements.

- Systematising the implementation and communication of impact studies prior to the launch of a negotiation.

- Systematising the implementation and communication of impact studies on the monitoring and implementation of agreements in force, in particular on the provisions concerning sustainable development.

2. Resolutely implementing a strong trade defence measure, promoting the interests of the European Union and taking into account the reciprocity of its partners

- Implementing the various trade defence instruments that the European Union has for combating unfair trade practices: dumping, subsidised savings, cf. China;

¹ Council Regulation (EC) n° 2271/96 of 22 November 1996 "protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom".

- Applying more strictly the stabilisation mechanisms and the safeguard clauses contained in the agreements;
- Requesting reciprocity from trade partners of the European Union accessing public procurement markets; failing that, recourse through a European regulation to the public tender exclusion measures of public tenders of third-country companies do not grant reciprocity;
- A good partnership is incompatible with the extraterritorial application of the legislation of a partner State. The process is contrary to international law:
 - Relaunching the update of the existing European regulation against the effects of extraterritorial legislation;
 - Identifying, within the Commission, a process of implementing and monitoring the economic sanctions imposed by the European Union.

E. STABILISING THE CONTOURS OF THE EUROPEAN UNION

Stabilising the contours of the European Union must be a priority. For this purpose, the European Union must initiate a pause in its expansion. It should moreover preserve close links with the United Kingdom, in particular for defence and countering the terrorist threat.

1. Initiating a pause in its expansion

The European Union has expanded very quickly over the last twenty years and no-one questions this historic success, which allowed for the reconciliation of the two parts of Europe separated by Yalta and the Cold War. These enlargements have contributed to **peace** and **prosperity**. Today, however, the contours of the European Union should be stabilised so that we stop referring to the former and new member States. A **pause in the enlargement process** is required in order to better integrate the latest thirteen member states and to consolidate the current total of twenty-eight member states since their arrival.

a) The benefits of a credible expansion policy: the preservation of the fundamental principles

The prospect of accession to the European Union continues for the candidates, to promote change and consolidate reforms that lead to a **genuine economic and democratic stability**. This is why it is generally agreed that a credible enlargement process is a good policy and constitutes an **irreplaceable tool** in order to strengthen the candidate countries of South-East Europe, because it helps them to implement a programme of bold and deep-seated political and economic reforms.

The European Union could only reiterate its unflinching support for these countries and commends the efforts deployed by the candidate countries. It is in this sense that the enlargement policy continues to deliver results, and it is still essential to consider it as serving **fundamental EU principles**. The European Union will not cease to focus its efforts on the consolidation of the rule of law, security, the rights of citizens, democratic institutions, administrative reform, economic development and competitiveness.

b) Reasons for the pause in the enlargement

Upon taking office, the new president of the European Commission, Jean-Claude Juncker, indicated that the enlargement process would have frozen its mandate. Clearly this would mean a **moratorium of five years** during which the European Union would not accept any new member state.

The Senate's monitoring group welcomed and initiated a pause in the European Union's enlargement process. The European project must first of all be consolidated and relaunched, this is today's priority: "strengthening the foundations before enlarging the house".

Naturally, the announcement of the moratorium concerned those that believed that opportunities for Western Balkan countries to join the European Union would be reduced. This was not the direction the moratorium was intended to go in, on the contrary, negotiations could be developed further.

This moratorium is based on the idea that the enlargement is not desirable in the short term as the European Union needs **to be reinforced and to better integrate** the newest EU members before enlarging. Moreover, there is a feeling of "fatigue" in respect of the enlargement among European public opinion. Lastly, the difficulties encountered by Romania and Bulgaria, since their entry into the Union, has caused the negotiators to formulate stringent requirements and to request stronger guarantees from the candidate countries.

The enlargement ceases to be a short and medium term priority for the European Union, but the accession negotiations still constitute a very positive and key European policy.

<p style="text-align: center;">Recommendation on the EU enlargement</p>
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<p style="text-align: center;">- Confirming the moratorium on the enlargement of the European Union</p>

2. Preserving close links over the medium term with the United Kingdom in particular defence and combating terrorism

As a permanent member, like ourselves, of the UN Security Council, which belongs to NATO, the owner of nuclear power in Europe, the United Kingdom is a key player in defence in Europe and already dedicates 2% of its budget to defence expenditure. Its capital expenditure is equivalent to ours, that is nearly 11 billion euros. Our two countries preserve industrial and technological defence capabilities. This is the foundation of a former reliable and robust bilateral relationship¹ and strategic, operational and industrial cooperation².

The treaties of Lancaster House uniting France and the United Kingdom (2010) aim to prosper, but following Brexit, France will lose, within the European Union, a partner that shares its strategic and operational experience and which has an army engaged in the various overseas theatres of operations.

It is essential in this context that the intergovernmental dynamic that we are all in favour of defining, based on the model of an "extended Lancaster House", an intergovernmental framework of **regular consultation and multilateral cooperation** bringing together at least the United Kingdom, France, Germany and without doubt also Poland, Spain and Italy, at least in the initial stages, and which could be subsequently widened. It is essential that consultations, cooperation and joint actions are continued, not only within the French-British bilateral framework, but also within a European multilateral intergovernmental framework, so as not to leave Great Britain outside of the European defence initiative.

Agreements should also be entered into with the United Kingdom in security and the fight against terrorism

¹ *The British response to the call for European solidarity came very quickly when France requested the implementation of article 42-7 of TEU, following the November 2015 attacks.*

² *In March 2016, during the bilateral summit of Amiens, key partnerships were announced: the joint realisation of the UCAS operational demonstrators between now and 2025 and the renewal by MBDA of all of the in-depth strike missile systems.*

II. BUILDING A COMPETITIVE EUROPE, BASED ON SOLIDARITY THAT CREATES JOBS

“There is strength in unity”: on the economic front, Europe should regain its added value and invent new projects for growth and employment. We need to invent the "Airbus" of tomorrow! It should in parallel achieve economic governance.

A. LAUNCHING NEW INITIATIVES FOR GROWTH AND EMPLOYMENT

The refounding of the European Union will only be sustainable if it is supported by a **strong economy to create new jobs**.

The "growth Europe" must be constructed on a number of strong pillars, of a strategic nature, which are also factors of the "powerful Europe". The digital and the energy sectors constitute two of these priority pillars both for the economy and for the sovereignty of the European countries.

As regards the competition policy, it should be redesigned so that it may be harnessed to the service of growth, investment and employment.

1. Enhancing the European digital sector

The adoption of the strategy for a single digital market in 2015 has enabled the European Union to equip itself with a number of tools for both taking part in the digital transformation of the world and to capitalise on it. This strategy is structured around **three pillars**. The first pillar is aimed at **reinforcing the single European market** by improving access to digital goods and services throughout Europe for consumers and companies. The second pillar aims to create a **conducive environment** and **fair conditions of competition** for the development of innovative digital networks and services. The objective of the third pillar is to maximise the **growth potential** of the digital economy.

The latter has yet to be completed. However, it is essential for the upturn in growth and employment in Europe. It involves the need to develop a European digital industry.

Two aspects are, in this respect, of **strategic importance**. First and foremost, this concerns organising the **free circulation of data** in the European Union and outside of its borders. The data is at the heart of the digital economy and its circulation must be defined and structured to organise a successful and responsible mining of such data. The second major challenge concerns that of the **digital skills** of employees, students or that of the entire population. Digital technology is transforming the workplace and creating new jobs. If we wish this to result in additional jobs, Europeans

must be prepared and trained. Since this is the primary objective, measures must be taken without delay.

Moreover, digital technology, as with other sectors, suffers from a competition policy restricted to a minimum and that lacks an **industrial objective**. This is why the European Union should implement a competition policy that allows Europe to retain the most promising talent.

For these reasons, the European Union should successfully complete the digital single market in all its forms and reinforce its third pillar in favour of the emergence, on an international level, of European players in the digital economy.

It should moreover, be able to make greater use of its **innovative capacity**. While this has among the most excellent research centres in the world, solid assets in terms of technological and industrial skills and innovative companies, the European Union is struggling to benefit from the emergence of the leading markets. It should therefore provide better support for innovation in Europe, in continuation of its quest for excellence with the European Research Council. The European Union should therefore create a **European innovation council**.

Lastly, the European Union must also better **assert its sovereignty** in the digital sector. This means that it must both better protect its companies and citizens, and, be more present on the international scene.

The global internet tends to differentiate from one region of the world to another. The United States dominates this sector that it initiated. We are also seeing the emergence in China and Russia, in particular, of new forms of internet regulations and legislation. Europe must also create a **digital sovereignty** in line with its values.

To assert its sovereignty, Europe should better protect its interests, its companies and its citizens. In response to cyber threats that weigh heavily on democracy and businesses, this should **strengthen cybersecurity** and promote a genuine cybersecurity culture. It should also adopt its own technical standards on an international level, to protect its technology. Moreover, Europe must be present in the major world forums and have its rightful place in global Internet governance.

This is why today, we should support a Europe that asserts its digital sovereignty that protects and standardises, and which has an impact on global Internet governance.

2. Building the European Energy Union

Launched, on the basis of the treaty of Lisbon, through a European Commission's Communication of 25 February 2015, the European Energy Union must provide a response to the deficiencies observed in the European

electricity system and to unify the fragmented regulations and markets, which has significant economic, social and environmental costs.

The European Union's energy sector also clearly has a **geostrategic dimension**. In 2014, the European Union imported 53% of its domestic energy consumption. Over 90% of oil is imported, while it retains a strategic role for transport, industry and defence. To source gas supply, the European Union depends on around 70% of both countries – Russia and Norway. This concentration of sources of supply with a limited number of partners is a fragility factor. Concerns relating to the security of the supply were reinforced by repeated gas disputes between Russia and the Ukraine. This is why a diversification of sources of supply and interconnections was thought desirable.

The withdrawal of the United Kingdom, one of the main energy *hubs* in Europe, has altered the stakes of the European Union's energy sector. The United Kingdom was, until just recently, one of the most committed countries in the reduction of CO₂ emissions (offshore wind, replacing coal with gas, increasing the share of nuclear power in the production of electricity).

As regards sectors that are not covered by the European carbon market (transport, building, agriculture), the departure from the United Kingdom will require a painful rebalancing between the member states, unless we revise our overall objective (-30 % in 2030), which sends a very negative signal in the face of great uncertainty on the future of the Paris agreement.

Most importantly, Brexit has weakened the European Union in international negotiations, particularly in the climate field. European solidarity in the field of energy must therefore be unequivocal.

Firstly, an overall reflection on European energy diplomacy is necessary.

The larger Member States make this diplomacy an essential component of their foreign policy. The European Union has unfortunately experienced divisive orientations, for example during the implementation of the *Southstream project*, finally abandoned by Russia, for the benefit of the gas pipeline project to Turkey. The European Commission has denounced six bilateral agreements concluded between the member states and Russia that do not meet European standards. *Southstream* moreover contributed to shelving the *Nabucco* European project, which should allow for a diversification of energy sources.

A further issue to consider is the *Nordstream 2 project*, which involves strengthening the capacity of the gas pipeline that already exists between Russia and Germany, and for which the Commission believes that it will only further increase the transport capacity considered excessive.

As recalled during the vote of the European resolution, adopted by the Senate on 11 April 2016, the European Commission must act in respect of the principle of subsidiarity, and, in this case, the right of the member states, guaranteed by the European treaties, to determine the overall structure of the energy supply. It is not simply a matter of giving any power of control to the Commission, but encouraging the member states to better coordinate their initiatives. It is an issue of power

Secondly, the European Union must retain its leading role in the fight against climate change, by encouraging the development of certain technologies of the future and to set a course for an accelerated transition towards a more resilient and lower-carbon world.

The European coordination effort in the sectors of the future did not face international competition. This may not allow for the development of truly competitive industrial chains, leaving us dependent for yet some time to come.

Lastly, the pursuit of a European Union's proactive policy moving towards a **competitive energy transition** must take into consideration global issues of economic and social balances. For example this would be the case for the regulated electricity sales prices for residential consumers. In circumstances where the States thought it was necessary to maintain these prices, they protect citizens-consumers against excessive fluctuations in price in this very sensitive area for everyday life.

3. Rebuilding the competitiveness policy

Observation: paradoxically, the member states trade four times less between them than the federal states within the United States. It is a strong signal that the single market must be enlarged.

Turning to competition policy, the European Union cannot continue to open up its markets wider and, at the same time, prevent the formation of major European groups. Bearing in mind the current rules of the competition policy, a European *Google* could never have emerged.

As regards agriculture, a working group set up by the Commission also arrived at a conclusion already shared by the majority of stakeholders: the competition policy, designed for the consumer, preventing any grouping of producers.

A new dynamic competition policy requires a review of the concept of a relevant market. The European market is not isolated, it is incorporated into the world market. The competition policy must be in the interests of the European industrial policy and not cause it injury. It should facilitate the emergence of European champions. It would thus be prudent to request a review of the assessment criteria by the state aid department of the European Commission:

- international competition should also be taken into account in the prior analysis of possible sanctions;

- state aid should also be considered as a lever for private investment in sectors with strong growth potential;

- as with derogations in favour of structural reforms and investment in the Stability and Growth Pact, state aid can be authorised if it is directly in furtherance of the industrial objectives of the European Union.

Businesses employing less than 250 people, whose turnover does not exceed 50 million euros, represent 99% of European businesses and employ almost 70% of the labour force in the private sector.

In 2008, the European Union introduced a "*Small business act*" (SBA) in favour of small and medium-sized countries. However altogether they have a whole range of recommendations rather than standards in favour of SMEs, contrary to the American *Small business Act*. It is advisable to go one step further and to consider, as the US is doing, **reserving part of the public order of the member states to their small and medium-sized enterprises**. The European SBA must moreover be supplemented with provisions facilitating access to finance, export aid and the development of one-shop stops.

Any industrial objective is also achieved through an alignment of taxation. A major European group may only really develop and take full advantage of the potential offered by several member states when it can rely on taxes that are both favourable to investment and harmonised across the European Union. This approach must also help to combat tax competition between the member states and the optimisation phenomena.

A gradual harmonisation of company, labour and capital taxation should be pursued. The Franco-German partnership may, in this respect, act as a laboratory.

The third means of action is investment

The monitoring group welcomes the projected increase of the capacity to intervene and the duration of the European fund for strategic investments (EFSI). In respect of its meaning, this measure must be complemented by a broad European debate on the removal of regulatory investment barriers.

This is achieved in particular by the completion of an EU capital markets project, insisting on the use of individual savings, highlighting sustainable funding in favour of investment in green technologies or the encouragement of the development of financial technologies or FinTech, whether this concerns online payment or factoring or participative funding, with the creation of an adapted European framework, ensuring the protection of key players.

In addition, it is considered essential that European public investment is in the interests of the creation of ecosystems, just like *Silicon Valley*, bringing together businesses, universities and financial and research centres. These ecosystems should be networked. The creation of an extraterritorial European company statute is desirable, as well as the coordination of university research programmes. The European ecosystem network must also be associated with a European network of *Makerspaces* or digital production workshops. This would enable the sharing of manufacturing tools and skills with a view to launching projects or building prototypes.

The European Union is mainly focused on consumer protection and, with the financial crisis, on the regulation of the financial markets, without addressing the administrative difficulties that European companies may be confronted with, particularly smaller companies. These face an overlapping of European standards, sometimes involving their timely application. There is therefore a need to encourage the drafting of a European business code, consolidating the existing rules into a single structured and comprehensive document.

On an institutional level, in order to measure the progress achieved in favour of the development of the internal market and the promotion of a real European industrial policy, the European semester needs to be given a pillar dedicated to a single market and to carry out regular monitoring (promotion of European industrial objectives, the identification of obstacles and assessment, on the basis of quantitative and qualitative indicators, recommendations). The system should be above all an incentive-based system.

Recommendations for a competitive Europe

1. Building the European digital sector

Successfully completing the digital single market in all its forms and reinforcing its third pillar in favour of the emergence, on an international level, of European players.

Setting up a European innovation Council;

Supporting a Europe that asserts its digital sovereignty, which protects and standardises, which strengthens its cybersecurity and which has an impact on global Internet governance.

2. Building the European Energy Union:

Promoting the European Energy Union particularly in its diplomatic dimension, by better coordinating the initiatives of the member states, in accordance with the principle of subsidiarity;

Maintaining a leading role to cope with climate change by contributing to the development of future technologies;

Safeguarding the global issues of economic, social and environmental balances of the energy sector to protect the citizen and consumer from excessive fluctuations in price.

3. Rebuilding the competitiveness policy

Putting in place a competitiveness policy to support an industrial revitalization in Europe;

Progressing towards tax convergence starting with the Franco-German framework;

Consolidating the European investment dynamic and, in particular, creating a European ecosystem network to support innovation, growth and employment and considering the creation of a European extraterritorial business statute;

Adopting a European business code, consolidating the existing EU rules;

Establishing an "internal market" pillar within the European semester in order to measure progress in favour of its enhancement.

B. COMPLETING ECONOMIC GOVERNANCE

The exit of the United Kingdom from the European Union constitutes an undeniable opportunity for reasserting the political project that underlies the **euro**. It is worth recalling at this point that the treaties have stipulated that all of the States will over the long term join the eurozone. Article 3, paragraph 4, of the Treaty of the European Union thus provides that "*The Union shall establish an economic and monetary union whose currency is the euro*". Until now only two States had an exemption: Denmark and the United Kingdom. The other member states joined the single currency as soon as they had fulfilled the convergence criteria¹.

The economic and monetary Union was initially based on a **clear division of tasks**. The Central European Bank, independent and in charge of the monetary policy, should stabilise the zone in the event of an economic shock affecting all member states in the same manner (asymmetric shock). In the event of a local crisis (asymmetric shock), the States are free to act through a budgetary policy, within the limits of the Stability and Growth Pact (public deficit below 3% of the GDP and debt below 60% of GDP). Member states should therefore ensure, *via* countercyclical policies, that they

¹ Sweden, which ruled against the adoption of the euro in a referendum in September 2003, decided not to accede to the second European Exchange Rate Mechanism (MCE II). Participation in the ERM for at least two years was one of the convergence criteria.

develop their emergency preparedness. This condition has not however been completely adhered to by the member States.

The **sovereign debt crisis** has led the Economic and monetary Union to endow itself, as from 2010, **with instruments** that would allow it to respond in an ad hoc manner to an economic shock, with the European Financial Stability Fund (EFSF) then the European Stability Mechanism (ESM). The Central European Bank has also put in place a certain number of mechanisms designed to guard against an increase in the interest rates of securities of member states in the Eurozone and facilitate a renewed investment: SMP, OMT, LMTO programmes and quantitative easing policy. On a structural level, an incline towards a budgetary federalism could be observed with the adoption of a *six-pack* then a *two-pack*, which has allowed for the establishment of a European semester, the strengthening of the Stability and Growth Pact and the creation of a procedure for macroeconomic imbalance. The establishment of a banking Union aimed at preventing the risk of contagion of banking crises in the public sphere has just supplemented these provisions.

The strengthening of the European economic and monetary union now appears to be **awaiting a second wind**, although European institutions disseminate reports in favour of deepening the euro zone, and implicitly the establishment of counter-cyclical instruments (European budget, European unemployment-insurance mechanism, pooling of part of the debt). Anything further ahead depends on a collective choice in favour of a reinforcement of the coordination of the budgetary policies, and therefore a new sharing of sovereignty.

1. Completing phase I of the enlargement of the economic and monetary union

The presidents of the European Commission, the European Council, the European Parliament, the Eurogroup and the Central European Bank presented, in June 2015, a report entitled "**Complementing the Economic and Monetary Union**". This document provides for **two phases** for the strengthening of structures and resources in the eurozone. The first, due to end on 30 June 2017, must enable an enlargement through practice, using existing instruments, while the second, scheduled to continue until 2025, should lead to more ambitious institutional changes. A number of schemes have already been put in place during **phase I**: the reform of the European semester, a review of the procedure for macro-economic imbalances, the creation of national productivity authorities, the establishment of a European budgetary consultative committee, the gradual unification of the representation of the euro within the international financial bodies or the launch of a consultation on a European platform of social rights. Some of these – the Budget Committee, national productivity councils – need to have

their role clarified in order to better assess their contribution to the enlargement of the Economic and Monetary Union.

We now need to go further in respect of the other proposals, by favouring in particular the establishment of a social and fiscal convergence code (cf *infra*). It is necessary to gradually set in place a mechanism for **promoting the convergence of rules** relating to the labour markets and social systems in order to truly reinforce the social dimension of the eurozone. Social initiatives should also be extended **in the tax area**, through the ongoing discussions on the common Consolidated Corporate Tax Base (CCCTB) with a view to enhancing economic convergence of the area and to combat the development of tax competition between the States. A timetable should in particular be put in place to reconcile **company taxation**. Any convergence in the matter must not be done to the detriment of the competitiveness of French companies or national tax revenues. The Franco-German partnership may constitute the framework for accelerating convergence by harmonising their VAT rates, taxes on capital, and by putting in place a single community rate of corporation tax. This convergence code may be extended to investment, in particular in research and development.

The reform of the European Semester - an analysis of the eurozone situation is now inserted at the beginning of the process - must also be extended. The European semester appeared to centre until now on a review of the individual situation of the member states and in particular on their capacity to implement the recommended **structural reforms**. The European semester should be divided **into two periods** in order to better highlight the assessment of the eurozone situation. The first quarter (November of year 0 to February of year 1) would consequently be dedicated to the analysis of the eurozone macro-economic situation. The budgetary policy and economic policy stance at Eurozone level may also be defined. The second quarter (March to July of year 1) will be dedicated to the review of the country.

The Banking Union must also be concluded as quickly as possible. This involves, as the European Commission requests, implementing a **European deposit insurance fund**. The harmonisation of national deposit guarantee funds would serve as the first step. The distributive keys for financial contributions should however take into account the degree of concentration of the banking sector of each participating State. The possibility for the single resolution mechanism, established at the level of the banking Union for borrowing from the European Stability Mechanism in the event that it is required to confront a systemic crisis, should also be envisaged. Failing that, it should be equipped with sufficient resources if it is to be credible.

2. What budget for the euro zone?

a) European Monetary Fund

One of the first ideas put forward was the implementation of the common management of a portion of the debt of Member States. It should be noted that the Maastricht Treaty stipulates a **no bail-out clause** (Article 125 of the Treaty on the Functioning of the European Union) which states that the European Union and its Member States may not assume the debts of another Member State. The creation of the European Stability Mechanism and the European Central Bank's bond-buying programme (SMP, MTO and quantitative easing) has made the principal of common management less compelling.

It is, however, appropriate to question the **ESM statute** which is no longer a European Union instrument but rather a purely intergovernmental organism. We also need to question the capacity of the ESM to deal with a crisis which directly affects a major euro zone country, such as Italy or France. Its ability to act may be hindered by limited resources (750 billion euros). Granting a **banking license** to the ESM, now the European Monetary Fund, enabling it to refinance itself through the European Central Bank may act as a guarantee in the event of such interventions.

The European Monetary Fund may also **issue debt** for Member States facing difficulties. The additional debt will be guaranteed by all euro zone Member States. The degree of supervision of the budgetary policies of the Member States involved will depend on the amount in question. Access to the European Monetary Fund will carry the same conditions as for the ESM with the addition of compliance to the convergence code, as outlined above.

b) Questions surrounding the introduction of a budget for the euro zone

A proposed budget for the euro zone indeed raises many questions surrounding its objectives and the contributions involved. **Four options** are regularly put forward:

- a fully-fledged euro zone budget oriented towards a counter-cyclical response;

- an intergovernmental insurance mechanism aimed at helping Member States in the event of economic difficulties, via financial transfers (rainy-day fund). Without doubt, this system would be the quickest to implement;

- an insurance system-Economic and Monetary Union level unemployment; part of the national contributions shall be paid into a European fund which in exchange offers short term unemployment insurance (less than 12 months);

- a reinsurance facility for insurances-national unemployment, similar to the American extended benefits scheme: the system, financed through national contributions, would support those states which have a level of unemployment which exceed a given level.

No consensus has so far emerged on these matters. Improving the governance of the Economic and Monetary Union and strengthening its **democratic legitimacy** are prerequisites to any progress on this matter (see below).

3. Strengthening the governance of the Eurozone and its democratic legitimacy

a) A political directorate for the euro zone

The Treaty on stability, coordination and governance has established euro zone summits, with a president appointed by heads of state and government. Today this function is performed by the president of the European Council. The summit is, however, only held in the event of a crisis.

A significant first development could be to **systematise** the organisation of Eurozone summits, called to be held every three months. During these summits, the heads of state and government shall establish a work programme for the zone, setting budgetary and fiscal targets. This **political directorate** should allow effective leadership to be implemented in the zone. Its action is supported at ministerial level by the Eurogroup. The nomination of a euro zone **political coordinator** could be envisaged, who will preside over the Eurogroup, and whose mission will include the implementation of guidelines set by the euro zone summit and to ensure euro zone representation within international financial authorities.

Strengthening the zone's political leadership would allow the **genuine coordination** of economic and budgetary policies and fiscal convergence. It should also facilitate **greater complementarity** with the actions of the European Central Bank. This accommodative policy is only meaningful if it results in structural reforms in Member States which favour investment and employment and an associated reduction in public deficits.

b) Closer involvement of national parliaments

It is vital to have **national parliamentary involvement** in the function of the Economic and Monetary Union. Article 13 of the Treaty on Stability, Coordination and Governance (TSCG) stipulates an interparliamentary conference, bringing together representatives from national parliaments and the European Parliament. The aim is to reform and reinforce its role. Its format is currently inadequate to allow for the organisation of substantive discussions between national and European parliaments. The time allocated to expert presentations and the number of

agenda items must be reduced. The conference should also be linked to the work of the Commission on the evaluation of the actual situation of the euro zone, on draft recommendations directed at Member States within the framework of the Stability and Growth Pact and the procedure of macroeconomic imbalance, but also the monitoring of the situation of Member States in receipt of financial assistance. It should be able to hear from the president of the European Central Bank, the president of the Eurogroup, the euro zone finance minister, those members of the European Commission who are also concerned about the issues affecting the future of the zone, the director general of the European Stability Mechanism (ESM) and members of the European Fiscal Board.

Under these conditions, the real **euro zone parliament** could meet, **in Strasbourg**, for at least **two sessions**. The first at the beginning of the European semester, in November, in order to review the euro zone situation, and the second, in June of the following year, to present draft recommendations from European Commission countries. The rules of procedure of the Conference under Article 13, now allows the adoption, by the presidency, of conclusions after each meeting. We now need to go further and consider **the adoption of resolutions** by the Conference. It could be envisaged that this conference will validate, on behalf of national parliaments, the principal of a European Monetary Fund commitment to help a Member State. However, financial commitments shall remain the prerogative of national parliaments.

Eurozone governance recommendations

1. The completion of stage 1 of the deepening of the Economic and Monetary Union:

- clarify the role of the European Fiscal Board and national productivity authorities;
- progressively promote a code of social and fiscal convergence, respectful of issues of national sovereignty;
- further reform the European semester, divided in two terms, one focusing on the euro zone situation and the other on that of Member States;
- support the banking union:
 - harmonise national deposit guarantee funds, the allocation formulae for contributions should however take into account the level of concentration of the banking sector of each participating state;
 - allow the single resolution mechanism provided for in the banking union to be able to borrow from the European Stability Mechanism (ESM) when it is faced with a systemic crisis or, failing that, to provide sufficient funding in order to be credible.

2. What budget for the Eurozone?

- transform the European Stability Mechanism (ESM) into a “European Monetary Fund” (“EMF”):

- providing it with a banking license enabling it to refinance itself through the European Central Bank;

- consider, eventually, providing Member States facing difficulties with the right to debt issuance.

- determine the creation of a budgetary capacity for the euro zone, to be counter-cyclical, to strengthen the governance of the Economic and Monetary Union and to strengthen its democratic legitimacy.

3. Strengthening the governance of the Economic and Monetary Union and its democratic legitimacy:

- to strengthen the executive steering of the euro zone, systematising the organisation of a euro zone summit, for example every three months, heads of state and government shall establish a work programme framework for the zone by setting budgetary and fiscal targets;

- the nomination of a euro zone political coordinator, who will preside over the Eurogroup, and whose mission will include the implementation of guidelines set by the euro zone summit and to ensure euro zone representation within international financial authorities;

- modernise the Conference on Article 13 of the Treaty on Stability, Coordination and Governance:

- review the way in which it operates, by involving it in the work of the Commission regarding the situation of the euro zone and Member States and provide the opportunity to hear from all the Economic and Monetary Union players, adopt recommendations and endorse the principal of a European Monetary Fund commitment;

- the Conference could meet, in Strasbourg, for at least two sessions. The first at the beginning of the European semester, in November, in order to review the euro zone situation, and the second, in June of the following year, to present draft recommendations from European Commission countries.

C. STRENGTHEN EUROPEAN UNION SOLIDARITY POLICIES

In a complex world, which is increasingly seen as a threatening place, European citizens are looking to Europe for protection. This protection must be sought by means of greater social convergence and by modernising cohesion policy.

1. Moving towards social convergence

The promotion of European Union social convergence goes through a **two-fold movement**, firstly, convergence and the implementation of a pillar of social rights, and secondly, combating social tourism and social optimisation.

In 2016 the European Commission launched a consultation, as part of its work on the deepening of the Economic and Monetary Union, on the implementation of a European pillar of social rights¹. At the same time, it presented a first draft of the rights, divided into three chapters²:

- equal opportunities and access to the labour market, attaching life-long learning to this theme;
- fair working conditions;
- social protection, intended to be adequate and viable, allowing access to high quality essential services.

It covers **34 rights**, derived in part by the Charter of Fundamental Rights. It must form part of an action in favour of a fair and truly pan-European labour market. The pillar underlines the ambition of the European Union, which is to correlate economic development and strengthen social progress and social cohesion. Social policy, and in particular social protection systems, must facilitate a reduction in inequality, job creation and the development of human capital.

It is a case of going further than merely announcing the pillar, whose value is currently still subject to caution as it is ultimately just a new list of indicators designed to evaluate the situation of euro zone Member States as part of the procedure of macroeconomic imbalance. The pillar should be **extended** to the whole Union and assigned **legal value**. This could then facilitate a **convergence of rules** relating to labour markets and social systems, with due regard for subsidiarity. It must be accompanied by a wider reflection on common social challenges, including flexible and secure labour contracts, control of digital platforms and 'uberisation', apprenticeships, professional training and support for those returning to work. We should also be aiming for a level of **social harmonisation**. It should also lead to an effective portability of unemployment and retirement rights to encourage mobility. Without leading to an alignment of amounts, consideration should also be given to the implementation of a **common minimum wage principal**, expressed as a percentage of the national median wage. Member States will have the freedom to increase the amount. For its part, the Commission has advocated the implementation of a transparent

¹ *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Launching a consultation on a European Pillar of Social Rights COM (2016) 127 final.*

² *First preliminary outline of a European Pillar of Social Rights COM (2016) 127 final Annex 1.*

and predictable minimum wage creation mechanism, by preserving both the access to jobs and the motivation to find one.

The question of a minimum wage as a common principal is not unconnected with the necessary intensification of the **fight against social competition** within the European Union. As such, we should support the revision of the 1996 directive on the posting of workers¹, to guarantee a simple principal of equal work and equal pay in the same place of work and to challenge the phenomenon of 'social dumping'. Beyond the text of the European Commission which constitutes definite progress, a proposal should be made for at least three months' work to have been completed prior to any posting, in order to retain the original intention of the temporary posting system. One core activity in the country of origin shall represent at least 25% of the turnover of the employer posting employees, with a 24 month posting limit defined during a reference period of 36 months, with the posting employer covering the essential expenses of the mission (accommodation, food, transport). This improvement to the text must go hand in hand with a **tightening of controls** using the VIES database which contains VAT registration numbers for trans-border transactions to check the actual existence of the company in the country of establishment, and the implementation of a collection system for social contributions relating to posted workers for host Member States which will then be paid to the Member State where the company is based.

Consideration must also be given in order to limit the **phenomenon known as social tourism**. There is a need to standardise the Dano and Alimanovic rulings by the European Court of Justice², under which the freedom of movement does not seem to imply automatic entitlement to benefits in the host country. Making particular use of the European Commission proposal of December 2016³, consideration could be given to:

- a condition of employment within the host Member State before unemployment benefit can be claimed there;
- the implementation of a benefits coordination system for long-term care.

¹ Proposed directive modifying the directive 96/71/CE of 16 December 1996 concerning the posting of workers in the framework of the provision of services (COM (2016) 128 final).

² Judgement of the Court of 11 November 2014 *Elisabeta Dano and Florin Dano v Jobcenter Leipzig* and Judgement of the Court of 15 September 2015 *Jobcenter Berlin Neukölln v Nazifa Alimanovic e.a.*

³ Proposal for a Regulation amending Regulation (EE) n° 883/2004 on the coordination on social security systems and Regulation (EC) n° 987/2009 laying down the procedure for implementing Regulation (EC) n° 883/2004 (COM (2016) 815 final).

2. Modernising the cohesion policy

The European policy on territorial cohesion, implemented via five structural funds (ERDF-ESF, EAFRD, EMFF, Cohesion Fund), symbolise the ambition of solidarity, inseparable from the building of Europe. Aimed at reducing the development gaps between European regions, it is above all an investment policy achieved around a certain number of priorities jointly defined by the European Union and Member States. These include sustainable growth, research and technological development, competitiveness of SMEs; but also job creation, training, social inclusion and combating poverty. This policy should be confirmed in the next EU Multiannual Financial Framework (MFF) for the 2021-2028 period, for the benefit of all the regions of the Member States.

The policy is subject to **shared management** by the European Union – mainly the Commission – and Member States. Over a seven-year period, the Commission-Member States partnership members led to national operational programmes. These programmes must be coherent with the EU's growth strategy (Europe 2020) and integrate structural reforms, identified annually, for each Member State, within the framework of the European semester.

The regional policy is emblematic of the **need for simplification** which must permeate all European Union policies. So much so that a high-level group focusing on this objective was implemented, and their conclusions should give the European cohesion policy a new lease of life for the 2021-2028 period.

The need for simplification, vital to encourage a sense of ownership among citizens, must include in particular the following commitments:

- drastically simplify regulation which is exponentially cumbersome and complex. European regulatory standards are both excessively formal (thousands of pages long), legally unstable - with new standards replacing those which are current, and above all are themselves sufficiently opaque to generate interpretative notes from the Commission, which add to existing rules. Finally, many Member States, for fear of mistakes or challenge procedures by the Commission or the European Court of Auditors, add standards to this ensemble which are stricter and more complex than those established at an EU level;

- promote proportionality, i.e. to adapt monitoring and audit procedures to the size of the project in question – according to the level of resources and risk involved: less rigorous monitoring and audits for small and medium sized projects and retention of current shared management arrangements for the others;

- encourage differentiation by adjusting European monitoring and audit procedures according to the administrative capabilities of each

Member State in this area. In fact, all Member States have different capabilities and experience in the area of administrative control of public spending. The existing excessively demanding single European system is not adequate.

In addition to these necessary reforms, based on a pragmatic approach, new guidelines are expected:

- financial flexibility - The migrant crisis has highlighted the major challenge for the European Union of rapidly releasing adequate financial resources for a large-scale crisis. Should cohesion policy incorporate this budgetary flexibility and reactivity into its programmes, and if so, how? Should future operational programmes include unassigned credit allowances so that regions and territories contribute to the implementation of a European policy on crisis management, for crises such as the migrant one or natural disasters?

In order to retain the predictability and stability of the cohesion policy and to respect fine multi-annual programming, the legitimate flexibility of the EU budget must be sought in **rapidly mobilisable appropriations placed in reserve** to deal with exceptional circumstances, as well as transfers between European budget headings or changes required as part of modifications imposed during the process of regional programmes;

- harmonise the rules between the different European funds, directly or indirectly managed by the European Commission (EIM, COSME, Horizon 2020, Structural Funds). In particular in regard to state aid and public procurement, which require different procedures for structural funds than for other European funds, especially when they all come from the European Union budget;

- merge the different structural funds to form a single European territorial development fund. By removing the rivalries created by concurrent competences between Commission directorates or between national ministries, this would guarantee the necessary progress to clarify the rules and visibility of the European investment policy on territorial development.

The Union's investment policy, which is applied through the European Structural and Investment Funds or the European Fund for Strategic Investments, offers a growing role to financial instruments compared with traditional subsidies. With leverage these instruments (loans, guarantees, equity funding) are able to enlist private resources, and they are often presented as **promoting efficiency**, enabling the renewal of funds.

Caution must be taken and there should be a focus on **the right balance** between subsidies and financial instruments in the implementation of the cohesion policy. Financial logic is not necessarily adapted to certain public policies which can only be encouraged by subsidies. Concerning the

impact of these financial tools in terms of administrative and regulatory simplification, it is so far unknown.

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Essential in supporting growth and employment, the current cohesion policy is **fragile** and its future remains **uncertain** for several reasons:

- the desire to reduce the level of spending it represents;
- the competition concurrence which the ESIF brings, it is already planned to double;
- the desire of certain Member States, even the Commission itself, to limit it to only the less developed regions.

This policy, however, represents undeniable “**European added value**”, and the positive impact it has on the local terrain is not in question. By contrast, achieving a **radical simplification** of its rules, differentiation of monitoring, harmonisation with other European funds, is essential for it to be understood by project owners and beneficiaries so that its full potential is released to European citizens.

Recommendations for Union solidarity policies

1. Moving towards social convergence

- Implement a genuine European Pillar of Social Rights in order to facilitate a convergence of rules relating to labour markets and social systems, with due regard for subsidiarity;
- Launch a wider reflection on common social challenges, including flexible and secure labour contracts, control of digital platforms and ‘uberisation’, apprenticeships, professional training and support for those returning to work;
- Consider the implementation of a common minimum wage principal, expressed as a percentage of the national median wage;
- Support of the revision of the directive on the posting of workers to guarantee the same pay in the same place of work and strengthen posting management;
- Challenge “social tourism” through conditioning access to contributory benefits for workers from other Member States.

2. Strengthening territorial cohesion

- Clarify and stabilise the rules of use for the European Structural and Investment Funds:
 - Reduce the volume of Commission rules; issue in the early part of the programme a single and stable set of rules for all structural funds and outlaw

retroactive modifications during the period; discourage the national and regional authorities responsible for the management of the structural fund from over-regulating their conditions of use;

- Harmonise the rules for all European funds, in particular for state aid and public procurement;

- Over the medium term, consider a merger of current structural fund in a single European regional development fund.

- Allow flexibility in the implementation of structural funds:

- Adjust the monitoring and audit rules according to financial importance and the nature of the project; make distinctions between the monitoring and audit efforts in the use of structural funds based on the administrative capabilities of each Member State; favour monitoring on the basis of results solely in compliance with accounting rules.

- Preserve the achievements of the cohesion policy:

- Uphold the principles of economic conditionality, Commission-State-Region partnership, thematic and evaluation priorities on the basis of results;

- Maintain a balance between the use of financial instruments, on the one hand, and subsidies on the other;

- Safeguard the eligibility of the regions for structural funds subject to separate arrangements according to their level of development;

- Maintain, in the European Union budget, the necessary resources for the territorial cohesion policy, as the primary investment policy for growth and employment.

III. FOR A COMPREHENSIBLE EUROPE, CLOSER TO THE CITIZENS

Refocusing Europe on the essentials, renewing the institutional system and promoting an efficient, transparent and more democratic Europe, this is the way forward to restore credibility to the European project.

A. REFOCUSING THE UNION ON THE ESSENTIALS BY STRENGTHENING SUBSIDIARITY

The European project will be meaningful again if the Union refocuses on the essentials, areas where added value can be clearly identified. Simplification should become an ongoing priority. The monitoring mandate of national parliaments must be reinforced.

1. Refocusing Europe on its core tasks: striving for European added value

The debate on European added value is a corollary to that on the future of current European institutions. All institutional reforms must go hand in hand with better organisation between the various levels of decision-making and the research into the most appropriate level of intervention. The objective is to reinforce the European Union's internal organisation by promoting increased vertical integration between European, national, regional and local levels, and making the best use of the resources at each of the levels. Subsidiarity must therefore be the founding principal of all European actions. No genuine implementation by Treaties was seen before 2009, and it wasn't until 2014 that the European Commission presented an annual work programme designed tightly around 10 priorities.

All shared exercises in sovereignty must be carried out as a practical response to specific needs. These shared exercises should not be imposed on Member States and should be treaty based and not based on a federalist reading of them. It is worth remembering that the Union remains a federation of Nation States and not a Federal State in the traditional sense.

At the same time, the objective of the building of Europe should not be reduced to one of uniformity. Harmonisation and convergence leaves a margin of discretion to Member States. This debate focusing on the distribution of responsibilities requires, in any case, a greater role of national parliaments, both in regard to the monitoring of European Union projects and putting forward suggestions for them.

By refocusing, the Union should be able to count on a credible budget. The report of the High-Level Group, chaired by Mario Monti, opens up avenues which should be explored.

2. Making simplification a permanent priority

European regulation is often seen as unclear, too complex, nit-picking or simply unwarranted. It is an illustration of a Europe which is distant from its citizens and their expectations. The European project which should represent a chance and an opportunity, in particular in the economic domain, can sometimes appear to be a source of constraints and an obstacle to many activities.

The implementation of REFIT (Regulatory Fitness and Performance Programme) in October 2013 constitutes definite progress and should be encouraged. The tool aims to evaluate EU legislation and to adopt, if required, any necessary corrective action. The idea is to respond to the laudable aim of simplifying the regulatory burden and to challenging the “unnecessary bureaucracy” to which the European Commission is assigned. It also contributes to the implementation of a clear, stable and predictable regulatory framework favouring growth and employment. The revision must meet three criteria:

- to maintain a high level of social protection and the protection of health and the environment;
- to preserve the freedom of choice for consumers;
- to contribute to the growth and employment targets set out in the texts.

There is now a need to peruse these efforts and make the European standard clearer, more readable and more accessible. This would involve the examination of the impact of all new legislation. The interinstitutional agreement “Better Law-Making” of 13 April 2016 has had some success. The Commission has more direct involvement with the relevant stakeholders via consultation with their representatives in the form of focus group meetings or hearings. Particular attention is also being paid to small and medium sized enterprises prior to all decision making, to determine if they are affected by a particular European act, and where appropriate, an evaluation of any impact relating to the weight of different types of SMEs (micro, small and medium) in the relevant sectors shall be carried out.

We now need to go further. A distribution of costs and benefits needs to be systematically carried out relative to the size of the enterprise before qualitative and, if possible, quantitative analysis takes place, taking care to clarify both the direct (administrative and compliance costs) and indirect impact (market structure competition). This study should lead to research on alternative or mitigating measures. These must ensure compliance with the principle of proportionality. They can take the form of exemptions (e.g. Enterprises which fall below certain thresholds do not have

to comply with certain specific obligations when this does not compromise the original purpose of the legislation).

The same reasoning applies to **local authorities**. Many of the recent measures have highlighted a substantial gap between the gains relating to the objective of the European Union and the cost of implementing it by the local authorities. These are often a first step in the implementation of European policies, their situation must be taken into account if we desire the optimal achievement of European objectives.

Local authorities must be able to take into account their concerns at a European level. This is the role of the Committee of the Regions which must be reinforced.

At the same time, political monitoring of standardisation mandates agreed by CEN, the European Committee on Standardization, must be strengthened.

3. Reinforcing the monitoring mandate of national parliaments

The Treaty on European Union states, in Article 12, that “*National Parliaments contribute actively to the good functioning of the European Union*”. This action operates on several levels, from political dialogue with the European Commission implemented in 2005, to subsidiarity monitoring introduced by protocol No. 2 annexed to the Treaty of Lisbon.

The review of these measures show that they can be improved, with a view to bringing the European Union closer to its citizens, without prejudice to the role given to the European Parliament by the Treaties. Strengthening the role of national parliaments in the building of Europe should lead to a real sharing of sovereignty between the European Union and the Nation States, which is at the very core of the notion of subsidiarity.

a) Subsidiarity monitoring

Subsidiarity monitoring is today a principal rooted at the core of the European activities of national parliaments. The procedure could however be improved in order to strengthen monitoring quality¹. Broader respect of the principal of subsidiarity at a European level would strengthen the awareness of territorial diversity, in particular of French overseas territories, whose specificity is not widely known at a European level.

The European Commission should better justify, in advance, the use of a legislative proposal and should not limit any justification for intervention to further development of the internal market.

¹ This is the thrust of the contribution made by president Gérard Larcher to his counterparts from the national parliaments during an informal meeting held in Bratislava on 7 October 2016.

National parliaments have eight weeks, from the date the draft is forwarded by the European Commission, to assess the respect of the principal of subsidiarity. This time limit may seem short and should be extended to ten weeks.

In the event of reasoned opinion, the European Commission should focus on responding more quickly - a 12-week time limit should be set - with specific emphasis on the arguments raised by national parliaments. The reported response time is currently over three months.

The delegated acts should be forwarded to the national parliaments for the purpose of monitoring compliance of the principal of subsidiarity. Delegated or implementing acts constitute supplements to legislative acts which are subject to this monitoring. Currently the situation is sketchy.

b) Political dialogue with the European Commission

Improved political dialogue must also be considered. Introduced in 2005 and reformed in 2008, this direct exchange between the national parliaments and the European Commission, unlike subsidiarity monitoring, focuses on the substance of the documents forwarded by the European Commission. Under normal circumstances, the European Commission must respond to observations from national parliaments within three months. However, this time period is rarely adhered to. The European Commission responses should also be more reasoned.

4. Acknowledging the right of initiative of national parliaments: a "green card"

In view of their specific role in the legislative process and the clear objective from the Juncker Commission to strengthen coordination with them, it would seem legitimate to better involve national parliaments with the European legislative procedure. At the same time, a situation must be avoided where national parliaments are confined to a perpetual opposition role via subsidiarity monitoring and the "yellow card" procedure.

Providing the right of initiative to national parliaments: A “green card”

The aim is to set out a right of initiative or “green card”, which provides national parliaments with the opportunity to propose actions to be pursued by the European Union or to amend existing legislation.

A minimum threshold of national parliaments participating in this procedure and a participation timeframe and schedule should be implemented. The right already exists for the European Parliament under the Lisbon Treaty. Under the terms of Article 225 of the Treaty on the Functioning of the European Union (TFEU), it may, on the basis of a report drawn up by one of its committees, request the Commission to submit any appropriate legislative proposal. It may, at the same time, fix a deadline for the presentation of such a proposal. The relevant parliamentary committee must obtain prior permission from the Conference of Presidents.

The Commission can agree or refuse to submit the requested legislative proposal. A “green card” would provide national parliaments with a similar tool.

National parliaments should also be able to contribute to the development of the annual work programme presented by the Commission. Under the interinstitutional agreement “Better Law-Making”, which recently came into force, only the European Parliament and the Council held an exchange of views with the Commission, working on the adoption of its work programme. A systematic debate should take place within the Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union (COSAC), transformed, in time, into a Permanent Meeting of the National Parliaments (see below), in the presence of the president of the European Commission and on the basis of resolutions adopted by national parliaments.

The enhanced role of national parliaments can be experienced within the framework of existing Treaties by means of a political agreement which enables the deepening of dialogue with European institutions, in particular the European Commission. It will then, as a second step, have to be incorporated in the Treaties.

Through this greater role in decision making, national parliaments will contribute to the people taking back the European project for themselves.

B. RENEWING THE INSTITUTIONAL SYSTEM: RESPONDING TO THE DEMOCRATIC CHALLENGE

The multiple crises facing the European Union, including sovereign debt, migrants, security and Brexit, raise questions on the function of the “institutional triangle” (European Commission, Council, Parliament) as well

as on the role of promotion and coordination which the Treaties confer on the European Council.

Certain areas identified for improvement to strengthen European institutions require a revision of the Treaties. For this reason, they can only be achieved in the medium to long term, and not in the immediate future.

The monitoring group considers that the revision of Treaties is not a current priority.

The revision of texts stands to absorb the necessary political impetus for the re-founding of the Union, while failing to respond to the current aspirations of European citizens.

The initial purpose shall be focused on pragmatic solutions, which can be implemented very quickly, to achieve real, understandable and effective progress.

1. Strengthening the role of promotion and coordination of the European Council

The economic crisis and then the migrant crisis have highlighted the challenge of implementing clear and swift responses facing the European Union. These two events have actually highlighted the stratified nature of European institutions and the absence of embodiment of the Union. They have at the same time led to an emphasis on intergovernmental logic and to the revision of the role of the European Commission. **The re-founding of the European project inevitably involves increased shared sovereignty in order to support a Federation of Nation States. However, based on Treaties which have been signed and ratified, this sharing should be permanently driven by Member States and proper coordination with the European Commission. The role of promotion and coordination of the European Council should therefore be reaffirmed in accordance with Article 13 of the Treaty on the European Union.**

This is not about demonstrating the superiority of the intergovernmental logic over the Community method, but rather to efficiently reconcile the two approaches. The challenge of maintaining European momentum is today partly due to the incapacity of States to go beyond the Council's diplomatic logic. It should, rather, demonstrate their European commitment by collectively defining their European expectations. Nonetheless, the lack of understanding of European action is also linked to the excesses of the Community method and to a delayed awareness of the principal of subsidiarity.

In this context, it could be envisaged that the European Council each year adopts a declaration setting out a work programme for the

European Union embracing a small number of priorities, with the Commission required to then implement them in further detail¹.

The question regarding embodiment remains, the European Union is suffering from a lack of external visibility, and also in regard to its citizens the creation of the post of president of the European Council by the Treaty of Lisbon has not been erased. In this context, a revision of institutional architecture is often discussed, in the form of merging together the posts of president of the European Council and president of the European Commission. This could take place without changing the Treaties. It could however raise a certain number of questions regarding institutional balance. Would the European Commission be absorbed by the European Council or, alternatively, would the latter be set aside by the European Commission?

It would be more appropriate to consider strengthening the legitimacy of the president of the European Council. The aforementioned president is currently elected by the European Council. **It could be envisaged that he/she is elected, at the proposal of the European Council, by the European Parliament and the Permanent Meeting of the National Parliaments (see below), gathered in congress.** Election by the national parliaments would provide a genuine mission in terms of respect of the principal of subsidiarity. This strengthening of the legitimacy of the president of the Council would at the same time lead to the abolition of the revolving presidency at the Council. The coordinating role would then be transferred in full to the president of the European Council. This change would only be envisaged in the medium and long term, given that it would require a revision of the Treaties, which here is not the preferred way to rebuild the European Union.

2. Reviewing the function of the institutional triangle

Reaffirming the role of promotion of the European Council should not affect the existing balance between the Community method, namely the European Commission, and the intergovernmental method, namely the European Council. The building of Europe must remain a long-term vision.

Taking into account European Council requests, the European Commission should continue to present an annual work programme designed tightly around the common priorities and in respect of the principal of subsidiarity. The programme shall be discussed in the European Parliament and the Permanent Meeting of the National Parliaments. It would also retain the initiative in legislative matters.

¹ *In exercising its right of initiative recognised by the Treaties.*

The consolidation of the role of the European Commission does not rule out a revision of the way it is organised. The number of commissioners and directorates general (33 including support services) seems too high. The desire of the European Commission, since 2014, to focus on a maximum of ten priorities each year must be accompanied, in practice, by a redefinition of the categories of directorates general, including the merging of some and the adaptation, in turn, of human resources at their disposal. An identical examination should also be carried out on the number of European Union agencies (43). Consistency of their activities with those of national-level agencies should be sought, particularly in regard to communication.

Acknowledging this movement, the number of commissioners should be adapted accordingly. The system of one commissioner per State should also be abandoned given it can create activity portfolios which are anecdotal or lack provision. The clear hierarchy of posts desired by president Juncker, with the creation of seven vice-presidents, may have been a very positive first step. However, it has not produced all the expected benefits and has retained unnecessary overlaps (in particular in the case of economic and financial sectors and also foreign affairs). It is worth remembering that the capping of the number of commissioners was already envisaged by the Treaty of Nice and confirmed by the Treaty of Lisbon. **It is a matter of returning to the original spirit of the founding fathers, with an extranational, focused and political Commission made up of high-level experts, promoting general interest, and not a supranational Commission with a tendency for over-regulation.** A declaration annexed to the Treaty of Lisbon already stipulates the consequences of this reduction in the number of commissioners by insisting on the necessity, for the Commission, to take into account the political, economic and social realities of Member States which are not represented¹.

Texts presented by the European Commission continue to be passed by the Council and the European Parliament. In order to strengthen its democratic legitimacy and given the necessary development of the European representation of national parliaments, a revision of the way European Parliament members are elected could be envisaged. In fact, as noted by the German Constitutional Court in 2009, the European Parliament is not currently a representative organ of a sovereign people, since it is made up of national contingents of members of parliament between whom there is significant representational inequality. For example a German MEP represents 860,000 people whereas a Maltese MEP represents just 67,000. It is appropriate, under such conditions, to implement a uniform voting system for the Union as a whole. The lists should respect the principals of fair demographic representation and gender equality. The number of parliamentarians should be reduced to 700, as opposed to the current 751.

¹ Declaration on Article 17 of the Treaty on the European Union.

Once the United Kingdom leaving the European Union is ratified (73 MEPs), the number of parliamentarians can be reduced proportionally to 630. The representation of small Member States should however be guaranteed (minimum 6 parliamentarians).

The Council, for its part, would have qualified majority voting as the norm, except in the area of defence. Such a development would be made possible by the fact that the texts under consideration would be drawn from priorities adopted each year by the European Council in its work programme.

C. MEETING THE CHALLENGE OF A MORE DEMOCRATIC AND MORE TRANSPARENT EUROPE

A more democratic Europe implies a strengthening of the role of national parliaments. More transparency must be assured in the decision-making process. Furthermore, more than ever, the Union must declare itself as a community based on values and the rule of law.

1. Declaring the European Union as a community of values

Human rights and core values today appear to be tempered even threatened in the discourse of leaders of certain major world powers. It is necessary in this context, to reaffirm the European Union, for a long time identified as merely an economic area, as a community of rights and values. Adopted in 1992, the Preamble to the European Union Treaty stressed the commitment of all Member States to the principals of liberty, democracy, respect for human rights, fundamental freedoms and to the rule of law and also fundamental social rights. According to Article 2 of the Treaty on the European Union, the Union is founded on the values for human dignity, liberty, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to Member States. The Treaty emphasises a European society characterised by pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

The Charter of Fundamental Rights of the European Union, drawn up in 2000, reinforces the personal, civil, political, economic and social rights of European citizens and residents, established in the Treaties, the legislature and the Court of Justice of the European Union, to strengthen their visibility. It became legally binding in 2009. It reflects the principals of the European Convention on Human Rights, ratified by all Member States. The inclusion in the Treaties of a reference to the European Convention on Human Rights (Article 6 of the Treaty on the European Union) and to the Charter of Fundamental Rights is a reminder of the European Union's related ambitions. These texts are **the foundation from which legislators can add**

clarification. As part of his role, the judge is charged with applying and interpreting these principals and not with creating new ones.

Moreover, the European Union has provided itself with a **system which allows it to penalise a Member State in the event of a serious and persistent breach of fundamental rights.** Furthermore, this requirement is, at the core of the Union's foreign policy. A special representative for human rights has been appointed, furthermore the European Union has a dedicated financial instrument, the European Instrument for Democracy and Human Rights, with a budget of 1.3 billion euros for the 2014-2020 period.

2. Strengthening the role of national parliaments: the Permanent Meeting of the National Parliaments

The election of Members of the European Parliament by universal suffrage, since 1979, has not helped to strengthen the link between citizens and the European Union. The idea of establishing a European Senate allowing national parliaments to be more involved in European debates has already been regularly put forward over the last twenty years. It seeks to better take into account the views of citizens via their representatives in the drafting of European texts.

Since its creation in 1989, the COSAC has played a significant role in the networking of national parliaments and in the exchange of good practise, in particular through its half-yearly reports. Parliamentary cooperation is now more diversified: conference provided for in Article 13 of the Treaty on Stability, Coordination and Governance, specialised defence conference, joint parliamentary review group on the activities of Europol. A text providing for the closer involvement of national parliaments in the evaluation of Eurojust is currently being debated.

There is a need to take this further and to introduce a framework and visibility to these forms of interparliamentary cooperation. Without creating a new institution, the aggregation of these different forms of cooperation could be envisaged within a Meeting of the National Parliaments, on the basis of the achievement of the COSAC. There is a need, based on the Treaties, to have a body which is identifiable by citizens where, without prejudice to the powers of the Parliament and Council, concerns which are often insufficiently addressed can be raised. This would undeniably help to increase the democratic basis of the Union.

As with the German Bundesrat, this assembly would be made up of delegates designated by their chambers and would meet in Strasbourg at least twice every six months and as necessary. It would be an appropriate venue to exercise the right of initiative. The plenary sessions, preceded by thematic committees (economy, social affairs, defence, migration, justice and internal affairs, budget), would adopt resolutions on key European issues. This representation would be systematically consulted on subjects

relating to the sovereignty of Member States, including defence, migration and Europol and Eurojust monitoring.

Within this framework, national parliaments could also have a debate with the European Commission in regard to their annual work programme. The reformed COSAC would bring together the opinions of national parliaments and would enable them to weigh collectively on the activity of European institutions by addressing their own priorities.

To better implement their missions, the Permanent Meeting of the National Parliaments should be granted a regular exchange with each of these plenary sessions with the President of the European Council, that of the European Commission and its members. It should seek to promote a real political debate, systematically introduced by a national parliament and which includes sufficient expression time for the parliamentarians present, in an interactive way. **Informal sessions running parallel to the official session could make it possible to develop contacts between parliaments on specific topics.** The reports which it adopts should be widely disseminated, in particular through the specialist European press and through academics invested in European questions.

The permanent secretariat of the COSAC should, under these conditions, be strengthened and support the work of sectoral conferences. The organisation of debates could be facilitated by preparatory work conducted by a small group of interested chambers.

There will also be a need to systematically integrate with national parliaments with the various phases of major European issues: the future of the Economic and Monetary Union, commercial policy, Energy Union, response to environmental issues, with preliminary debates on the adoption of new instruments and regular hearings with the Commissioners involved. European Parliament rapporteurs should also be able to be heard by national parliaments, at their request.

3. Ensuring transparency in the decision-making process

The Interinstitutional Agreement of 13 April 2016 has helped to encourage greater transparency concerning the elaboration of the European standard¹. **The new institutional architecture presented above should contribute to a better definition, for the European citizen, of the role of each one and at the same time limit regulatory inflation. This would contribute towards improving the quality of the European standard and further respect the principal of subsidiarity.**

Two complimentary actions could be carried out in order to add some clarity to the European decision-making process.

¹ *Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission "Better Law-Making", 13 April 2016.*

a) The trialogues

The first concerns trialogues, which bring together representatives from the Council, the European Commission and the European Parliament and which have, in recent years, come to symbolise a form of transparency. As with joint committees, trialogues bring together co-legislators to reach a compromise as early as the first reading. 1,500 trialogue meetings were held in the 2009-2014 parliamentary term. 85% of texts were adopted during this period as a result of a trialogue, as opposed to 29% during the two previous parliamentary terms. The Treaties allow for three readings in the ordinary legislative procedure, the interest in this measure is assured since it speeds up the legislative procedure.

However, trialogues are not specifically defined by the Treaties. This procedure remains non-transparent as manifested in the absence of the publication of trialogue agendas or public reports of the negotiations. It is also appropriate to question the composition of these trialogues, when the presence of Commission or Council experts may weaken the position of the European Parliament. It is not surprising, under these conditions, that the European Ombudsman initiated an investigation into this question on 28 May 2015. Its findings were released on 12 July 2016. It identified several avenues to be explored for enhancing the transparency of the measure:

- Set a timetable for the trialogues;
- Present a summary of proposals of each of the co-legislators prior to the meetings;
- Publish a document making public successive versions of the text once adopted;
- Give the public access to the documents used in the trialogues;
- Create a publicly accessible database, gathering together all the available documents;

The institutions involved had to submit their reform proposals before the 15 December last year. **The improvement to publicity surrounding the activity of trialogues is undoubtedly moving in the right direction, allowing more clarification on the procedure.** It has already been called for by the Senate in a resolution adopted on 20 November 2016 on the proposal for interinstitutional agreement relating to improving regulation. This question is not, however, without implications for national parliaments who do not have any insights on the observations on texts which they were able to submit via their governments or within the framework of political dialogue with the European Commission.

At the same time, genuine legal status must be given to trialogue, in order to clarify the use of this type of procedure and the composition of its fora. An emergency procedure for European texts should also be

established, which could be implemented at the request of the President of the European Union.

b) Comitology and delegated acts

The second action to be undertaken relates to comitology, which covers the question of delegated and implementing acts of the European Union, the equivalent of French implementing decrees. The legislator can in fact delegate the power to the European Commission to adopt non-legislative acts of general application that amend or supplement non-essential elements of the legislative act. The Senate identified improper use of this type of action in 2014, which in some cases depart from the original intentions of the legislator.

As part of its 2017 work programme, the European Commission announced that it wanted to engage in debate on the evaluation of the democratic legitimacy of adoption procedures for implementing or delegated acts. A process of political monitoring on the type of act has already been in place since May 2016, implemented by the Commission.

Beyond the action of the Commission in this area, at the time the text is reviewed by legislators, a limited use of this type of act must be achieved, and it must have exact and reduced scope. Legislators must be allowed the leeway to revisit these acts once they have been adopted by the Commission. The usual time period of two months is too short in this regard and should be extended to three months. The comitology is also based on an exchange between the European Commission and self-appointed committees of experts, with no guarantee of representation for Member States. A transparent expert designation process must be implemented, which involves legislators. In view of their impact on national legislation, implementing or delegated acts should also be subject to the subsidiarity monitoring of national parliaments.

Recommendation for a clearer Union, closer to its people

1. Refocusing the Union on the essentials

- Refocusing Europe on its essential tasks: striving for European added value:

- striving for European added value by prioritising the most appropriate level of intervention;
- subsidiarity must be the founding principal of all European actions;
- remember that nothing will be achieved in Europe without the impetus from the States to regain the people's support;
- limit delegating sovereignty to specific needs with the agreement of the States.

- Reinforcing the monitoring mandate of national parliaments:

On monitoring compliance of the principal of subsidiarity

➤ Without revision of the Treaties (Protocol n°2 on the application of subsidiarity and proportionality principals):

- better justification by the European Commission of the use of a legislative proposal: reversing the burden of proof in order to put an end to the regulatory spiral;

➤ The revision of Treaties is not a current priority. However, in time, a revision of the Treaties (Protocol n°2 on the application of subsidiarity and proportionality principals) could be envisaged:

- increasing the time allocated for reviewing texts on the basis of subsidiarity from 8 to 10 weeks;

- introducing a 12-week response time for the European Commission to deliver a reasoned opinion;

- review of delegated or implementing acts by the national parliaments for the purpose of monitoring compliance of the principal of subsidiarity.

On political dialogue with the European Commission

- improvement of European Commission response times;

- obtaining more reasoned responses.

- Making simplification a permanent priority:

- making the European standard clearer, more readable and more accessible;

- broaden impact assessments, in particular aimed at small and medium sized enterprises and local authorities;

- strengthening the political monitoring of standardisation mandates agreed by CEN, the European Committee on Standardization.

2. Renewing the institutional system: responding to the democratic challenge

Strengthening the role of promotion and coordination of the European Council:

➤ Without the revision of Treaties:

- ensuring a better balance intergovernmental logic and the Community method;

- reaffirming the role of impulsion of the European Council, who each year adopts a reduced number of priorities which should guide the action of the European Union.

➤ The revision of Treaties is not a current priority. However, in time, a revision of the Treaties could be envisaged:

- the election of the president of the European Council by the European Parliament and the Permanent Meeting of the National Parliaments

- abolishing the revolving presidency of the European Union;

Reviewing the function of the institutional triangle:

On the European Commission:

- the right of initiative of the European Commission must focus on the implementation of common priorities adopted by the European Council, while respecting the principle of subsidiarity;

- The number of commissioners shall be reduced and their portfolios adapted in line with the priorities defined in the work programme returning to the original spirit of the founding fathers, with an extranational, focused and political Commission made up of high-level experts, promoting general interest;

- the categories of directorates general and European Union agencies should, at the same time, be redefined and the human resources required be adapted to this re-focus;

On the Council:

- qualified majority voting would become the norm, except in the area of defence.

On the European Parliament:

- the number of its members is limited to 700, and will be reduced to 630 once the United Kingdom leaves the European Union;

- its system of election is harmonised, the lists must respect the principles of fair demographic representation and gender equality.

3. Meeting the challenge of a more transparent and more democratic Europe

- Strengthening the role of national parliaments: the Permanent Meeting of the National Parliaments:

- The Permanent Meeting of the National Parliaments would incorporate all the existing forms of cooperation: COSAC, conference under Article 13, joint parliamentary review group on the activities of Europol...;

- it would be made up of delegates designated by their chambers;

- it would meet in Strasbourg at least twice every six months and as necessary;

- it would consist of thematic committees (economy, social affairs, defence, migration, justice and internal affairs, budget);

- it would have a right of initiative or "green card", giving it the opportunity to propose actions to be pursued by the European Union or to amend existing legislation, on the own-initiative report model of the European Parliament;

- it would have regular exchanges with the president of the European Union and the European Commission, including during plenary sessions.

- Ensuring transparency in the European decision-making process:

- giving genuine legal status to trialogues, associating after the first reading of a text from the European Parliament, Council and European Commission, improving the publicity surrounding their work and clarifying their composition;
- establishing an emergency procedure for European texts, which could be implemented at the request of the President of the European Union;
- imposing a limit on the use of delegated and implementing acts and subjecting them to monitoring compliance of the principle of subsidiarity, as implemented by protocol n°2 annexed to the Treaty of Lisbon;
- supporting the comitology by implementing a transparent expert designation process within committees, involving legislators.

IV. TOWARDS AN AMBITIOUS AND PRAGMATIC APPROACH

In order to implement the ambitious roadmap it has laid out, the monitoring group proposes building on the Franco-German engine which, by autumn 2017, will have five years of executive stability behind it. The approach must be both ambitious and pragmatic. Enhanced cooperation between Member States who want to move forward should be a driving force for the whole Union. Finally, Europe must again become the shared project of the European people.

A. RESTORING THE LEAD ROLE OF THE FRANCO-GERMAN PARTNERSHIP

The Franco-German partnership has always been a driving force in the building of Europe. Today, it lacks dynamism. The monitoring group is calling for a Franco-German initiative for the renewal of the European Union. **Of course, for your monitoring group, it is not exclusive and designed to be open to other Member States.**

1. An essential role which now lacks dynamism

It was the Élysée Treaty that gave birth to the famous Franco-German partnership. Signed on 22 January 1963, it had three objectives: strengthen Franco-German reconciliation, forge a real friendship between the two countries and encourage the building of a unified Europe, a genuine shared objective between two peoples.

Airbus, TV channel ARTE and the Franco-German Youth Office are traditionally quoted as indicators of the exceptional quality and character of the Franco-German relationship. This partnership during its “glory days” played a major role in the great advances in the building of Europe: the Single European Act, the Maastricht Treaty, the single currency and more recently, the implementation of the Banking Union.

As a result, the importance of the Franco-German partnership is affirmed as **vital for the Union**. The cumulative weight of the “France-German” economies make them the third biggest economic bloc in the world behind the United States and China. It’s a reality which is far from negligible at a time when we are going back to some sort of balance of power between Continent States.

In addition this economic weight, France and Germany have long given **real momentum** to the development of the European Union and this is not because these two countries share many similarities and are different from other Member States but because they are different from each other. Thus, as long as a **Franco-German compromise** exists, we are not generally too far from a possible rallying point, an acceptable working basis for both

the “Europe of the north” and the “Europe of the South” or for the representatives of each of the lines of division, be it economic, social or other areas of the Union. Similarly, another strength of the Franco-German engine is its exemplary nature: seeing these countries making an effort to transcend their differences has often been a source of encouragement for other Member States to do likewise. It is this which embodies the **driving force** of the Franco-German “engine”.

The Franco-German partnership is however still frequently challenged. The anniversaries of the Treaty are regularly commemorated¹, culminating in 2013, with a declaration known as the “Berlin declaration”. The practical effects of the “European engine” are however slightly outdated, and the most recent examples of successes seem to be fewer and less structured.

The joint Berlin declaration, for example, introduced “*new ambitions for European policies, in particular in the area of research and innovation, energy, transport, industrial policy, digital economy, the area of freedom, security and justice, including through the introduction of a European Public Prosecutor's Office, for defence*”. It also reaffirmed that France and Germany were “*committed to further developing Franco-German cooperation and to make it work for the benefit of deepening the Economic and Monetary Union so that Europe overcomes its difficulties and we are able to come out of the crisis stronger*”. Results are yet to be seen.

It is clear that the recent crises which have faced the Union, such as the Greek situation and that of the migrants, has not strengthened the bilateral relationship between France and Germany. It also emerged that the fundamental decisions, on major issues, seemed to be taken by one of the two countries within the partnership. Furthermore, structurally speaking, for ten years there has been strong **economic divergence**: in terms of growth, unemployment, competitiveness and financial balance, the gulfs are increasing. For several years, the signs of imbalance have also been observed in the bilateral relationship. In this context, the persistence of the Franco-German partnership as a European dynamic must be reaffirmed.

2. For a Franco-German initiative for the renewal of the European Union

First of all, it must be borne in mind that **no alternative** exists to the Franco-German engine for Europe. This means that if the Franco-German engine has suffered a long-term break down, then Europe will be weakened.

¹ In January 2003, on the occasion of the celebrations of the forty year anniversary of the signing of the Treaty, the bilateral coordination between France and Germany was given a fresh boost with the implementation of the Franco-German Ministerial Council which meets twice a year (replacing the Franco-German summits which had been established by the Treaty) and a Franco-German Day (which has taken place on 22 January each year since the 40th anniversary).

Therefore the weight of our **joint responsibility** is considerable. Dialogue between France and Germany must therefore be deepened in order to develop a common vision on the balance between the need to better involve national parliaments in the European decisional process and the imperative need to avoid weakening EU institutions during such a complex time.

Renewed Franco-German momentum is the **only response** to the challenges which the European Union has to face. This will require a firm commitment by France to remedy its public finances. France must secure stronger growth, create more jobs, and thus move closer to Germany both in response to the top expectation of the French which is and remains employment, to fulfil our commitments to apply European criteria relating to the deficit and public debt, and to support **European convergence**. Without convergence, within 10 years, the European project will no longer make sense or be workable.

This convergence is a prerequisite for the building of confidence in our bilateral relationship, it is the fuel for the Franco-German engine. It is within this context that Franco-German action can be envisaged, after elections have taken place in our two countries, to herald a **period of stability** which must be used to rebuild the European Union on the basis of a **strong political consensus**. It would be an opportunity to define a Franco-German roadmap for the next 15 years which, on the basis of the recognition of shared values and the same medium-term vision, provides a reference framework for Franco-German cooperation for a consolidated Europe. This document, organised around several broad themes, must deepen the initiatives of the framework of the Franco-German Agenda 2020, adopted on 4 February 2010 with its 80 proposals, and updated in 2013 on the 50th anniversary of the Élysée Treaty.

This **road map** would be a sign of an even more solid cooperation and show that Germany and France have made the necessary efforts to examine the range of issues facing the new century, the real challenge to civilisation, the technological and scientific advances as well as the **digitisation** of our societies and economies creating new social relations and new cultural practices. Based on this shared analysis, with an emphasis on European values, the Franco-German partnership must seek to unite Member States and respond to the aspirations of the peoples who want to retain their national identity and better combine it with their European identity.

This will give a new inclusive and stronger **Franco-German impetus**. This collaboration must be inclusive as if the Franco-German engine is essential, it must not be perceived as exclusive, and must be open to other partnerships in different formats: the Weimar Triangle with Poland, euro zone, Schengen area, etc.

To strengthen the cohesion of Member States and the renewal of the European Union, the Franco-German partnership must implement **enhanced cooperation** between the States which desire it, in the areas where the principle of subsidiarity is applicable, that is to say where action at a European level is more pertinent than action at a national one. Clearly, cooperation is needed on defence, the development of internal security and border reinforcement, sustainable development and the implementation of the COP 21, digital policy, employment and training policy and even energy policy.

Recommendations on approaches for relaunching the European project

1. Presenting a united front in Brexit negotiations:

- Reaffirming the common commitment of France and Germany not to disassociate access to the single market with the strict application of the four freedoms of movement: the free movement of people, the free movement of goods, the free movement of capital and the free movement of services;
- Maintaining unity between the 27 Member States in dealing with the United Kingdom before and during Brexit negotiation;
- Maintaining high level strategic dialogue with the United Kingdom after Brexit, in particular in the areas of foreign policy and defence;
- Creating conditions for high level Franco-German political dialogue before and during Brexit negotiations.

2. Contributing to the emergence of a common analysis of the challenges of the 20th century and removing barriers to Franco-German cohesion:

- Being a driving force for Europe. In the face of international crises, growing geopolitical threats, the temptation to implement purely national policies, Germany and France must, as stipulated in the joint Berlin declaration, reaffirm the driving force role of the Franco-German partnership in European affairs, in a process aimed at including other Member States;
- Defining the objectives of the European Union in the 21st century. Elections will take place in 2017 in France and Germany* leading to a period of five years of stability which must be used to bring about a political dialogue which defines the issues of the new century. A joint analysis of Europe's strengths and the challenges it faces, as well as the expectations of European peoples, would direct European Union action;
- Affirming European values and the need for peace-seeking diplomacy. In a world which is rearming itself, where external threats are internal threats, the Franco-German partnership must defend European power and be a power for peace. A conference bringing together German and French political institutions and foundations, and parliamentarians could be organised on these issues;

- Defining a Franco-German roadmap for the next 15 years which, on the basis of the recognition of shared values and the same medium-term vision, provides a reference framework for Franco-German cooperation for a consolidated Europe. This document, organised around several broad themes, must deepen the initiatives of the framework of the Franco-German Agenda 2020, adopted in 2010 and of the framework of the anniversary of the Élysée Treaty in 2013;

- Promoting the convergence of economic structural reforms on both sides of the Rhine.

3. Developing the enhanced cooperation of the Franco-German initiative:

- In the area of defence: ensure the full implementation of the Franco-German initiative of September 2016, accepted by Spain and Italy. This involves the implementation of an “*annual review of coordinated defence*”, voluntary dialogue for planning budgets and defence capacities and the creation of a permanent planning structure for the command and control of CSDP military operations, proposals not taken up at the European Council in December 2016;

- In the area of energy, given the strong divergence of respective models, for the time being should favour two issues of major importance for the whole Union: the management of networks and of wholesale markets;

- In the digital domain, acting with the Commission to implement a genuine industrial policy aimed at helping Europe to compete with giants America and China;

- In the Union’s economic and monetary domain, taking the necessary initiative to strengthen the institutional governance of the euro zone.

** Parliamentary elections will also be taking place in 2017 in Ireland, the Netherlands, Bulgaria and the Czech Republic.*

B. PROMOTING ENHANCED COOPERATION BETWEEN MEMBER STATES WHO DESIRE IT

This approach has proved successful throughout the history of the building of Europe. It is a pragmatic approach which should boost the relaunching of the European project.

1. An approach which has proved successful

Introduced by the Treaty of Amsterdam in 1997, enhanced cooperation should lead to certain Member States to **advance more rapidly** in certain areas, without relying on the will of their most reluctant partners. It means that Member States no longer move forward at the same pace and nor do they share the same policies. There are two strong arguments in favour of this option:

- it makes it possible to overcome the rule of unanimity voting which can impede progress, in particular in the legal domain;

- enhanced cooperation can also have a real knock-on benefits when successful, Member States experience an action which can then be extended to the whole of the European Union.

- enhanced cooperation can be envisaged as a response to the political slowdown relating to enlargement and to the concomitant difficulties involved in reaching a consensus. It takes into account the differences in approach and pace surrounding the strengthening of the European Union. It has hardly surprising that its use was clarified by the Treaties of Nice (2000) and later Lisbon (2009) given that the European Union is gradually integrating 13 new Member States.

Articles 43 to 45 of the Treaty on the European Union and Articles 326 to 334 of the Treaty on the Functioning of the European Union, revised at the time of the Treaty of Lisbon, detailing the implementation arrangements for enhanced cooperation. The authors of the Treaty of Lisbon wanted to **facilitate the use of this measure**, which can be applied to all the domains of European action, provided that **at least nine Member States** participate. Permission to proceed with enhanced cooperation is granted by the Council of Ministers, which shall take a decision by qualified majority on the proposal of the Commission and after obtaining approval by the European Parliament. In the area of foreign and security policy, permission is granted by the Council of Ministers acting unanimously. The Commission and the Member States participating in enhanced cooperation are encouraging as many Member States as possible to become part of this cooperation, however only participating Member States can adopt acts.

Three forms of enhanced cooperation have been implemented since the adoption of the Treaty of Lisbon:

- 14 Member States, including France, agreed in July 2010 on common rules concerning the applicable law on divorce for couples of different nationalities;

- 26 Member States - not involving Spain or Italy - implemented an enhanced cooperation in March 2011 on a European Union patent, 25 Member States were present;

- 11 Member States including France, also launched, in January 2013, an enhanced cooperation on the introduction of a tax on financial transactions, the measure has still not been adopted.

The introduction of enhanced cooperation in the European legal framework is not a brand new idea. The logic of differentiation has been in place since the implementation of the European Monetary System (1979) and later the Schengen area (1985), neither of which include the full complement of Member States. Even then, the supporters of these entities focused at first

on the spin-off effect they might have¹. It is also worth remembering the exemptions obtained by certain Member States in several domains: the United Kingdom in social matters, Denmark in regard to foreign and security policy, citizenship and justice and home affairs. Neither of the two countries joined the euro zone². Poland, the Czech Republic and the United Kingdom, also benefit from an exemption regarding the application of the Charter of Fundamental Rights, annexed to the Treaty of Lisbon. Recently, the signing of the Treaty on Stability, Coordination and Governance (TSCG - 2013) did not include all Member States, the United Kingdom and the Czech Republic rejected the strengthening of budgetary surveillance of Member States.

2. A pragmatic approach for relaunching the European project

The use of forms of enhanced cooperation relates to the question of the **Europe of circles or multi-speed Europe**, as part of the reflection on the deepening of the building of Europe over almost twenty years. The success of this measure may appear modest in regard to the number of cooperation measures implemented.

There is no doubt that the Franco-German partnership is a **core element** able to test out new approaches so that Member States are then able to respond to challenges which they cannot face alone, but it cannot provide the vision for the relaunch and strengthening of the European Union alone. What is needed is to **combine all the available "good will"** and guarantee a **genuine knock-on effect**. Under these conditions, enhanced cooperation can act as a framework which can demonstrate the reaction capability of Member States, united in the face of crises of all kinds - financial, economic, military, migratory - and highlight, to the general public, the added value of common action in this area.

The **euro zone** could be a close circle which implements enhanced cooperation. The convergence of tax systems and social convergence could also be part of such an approach. Further development of the internal market is also a suitable area for enhanced cooperation, in the areas of energy and digital technology. Education - the Bologna Process has proved the effectiveness of an initiative started between States - is still an area with scope for application, in particular in terms of apprenticeships (see below). The question of defence, essentially via the question of resources, could also benefit from such harmonisation.

¹ In monetary terms, the Treaty on the European Union has stipulated since 1992 that "The Union shall establish an economic and monetary union whose currency is the euro" (Article 3) making joining the Economic and Monetary Union compulsory, unless an exemption is made.

² Sweden, who voted against the adoption of the euro in a referendum in September 2003, did not join the Second European Exchange Rate Mechanism (ERM II), and therefore does not meet one of the convergence criteria.

Whatever the area of action, enhanced cooperation appears in any event to be destined for success, as long as it reflects the interests of European action and ultimately appeals to those initially reluctant Member States. They carry with them the relaunch of the European project and also its fulfilment throughout the European Union as a whole.

C. REBUILDING THE EUROPEAN UNION, THE SHARED PROJECT OF THE EUROPEAN PEOPLE

The appearance of new power relationships between Continent States such as the United States, China and Russia could be a sufficient condition for reform to move in the direction of the strengthening of the European Union. Nevertheless, this will only be possible if its men and women wish to **share a common destiny**. This *“will to live together”*, we have between us and throughout the world, is what is at stake for European citizenship. In addition to the milestones already set, it seems possible to further contribute to the strengthening of this European citizenship (1) in particular, by ensuring that Europe is seen as an opportunity by as many people as possible (2).

1. Promoting European citizenship

a) A building sui generis today established in the Treaties

(1) European citizenship, a relatively recent recognition

Although present in the spirit of the founding fathers since the 50s, the contemporary idea of European citizenship was defined in the mid-70s, in parallel with the discussion on the introduction of political cooperation. European Parliament elections by universal suffrage in 1979 were seen as the expression of European citizenship, hereafter requiring election, and the strengthening of ties between Europe and the citizens of the Member States. In the same way the Fontainebleau European Council decided in 1984 to introduce an ad hoc committee in view of the introduction of a *“people’s Europe”*.

At this time, achievements such as the Schengen Agreement in 1985, the launch of the Erasmus programme in 1987 and the prospect of the single market by the end of 1992 helped to popularise the idea of the emergence of **European citizenship**.

In 1992, the Maastricht Treaty legally instituted European citizenship and paved the way for the creation of the single currency as well as the second and third pillars of the Union, turning their attention to areas traditionally thought of as sovereign. This process continued, treaty by treaty, advancing the process of the building of Europe.

(2) Specific rights established in the Treaties

As well as benefiting from the principal of non-discrimination¹, European citizens can see a list of their rights in Article 20 TFEU and in the Charter of Fundamental Rights (Chapter V, “Citizens’ rights”)².

The main constituent rights of European citizens

- The right to **move and reside freely**, under certain conditions, in the territory of Member States;
- The right to **enjoy the protection of the diplomatic and consular authorities of another Member State**, on the territory of a third country in which the Member State of which they are nationals is not represented.
- The right to **vote and stand for election** at elections to the European Parliament and at municipal elections in the Member State of residence;
- The right to **petition** the European Parliament , to apply to the European Ombudsman, and to address the institutions and advisory bodies of the Union in any of the Constitution's languages and to obtain a reply in the same language.
- The right to **propose legislative initiatives**. (known as citizens’ initiatives)

Although composed of two elements which traditionally define democratic citizenship (fundamental rights and rights of political participation), European citizenship presents two distinctive features:

- on the one hand, despite the formula contained in Article 20§2 TFEU³, European citizenship does not as yet impose duties on Union citizens.
- on the other hand, it is restricted to nationals of Member States and therefore is not open to non-member residents. Finally, the way it is issued remains national as the definition of nationality falls within the competence of the Member States.

¹ Laid down in Articles 18 and 19 TFEU

² It is laid down in the Treaty that the Union establishes these rights through different legislative acts.

³ Citizens of the Union shall enjoy the rights and be subject to the duties provided for in the Treaties (...)

b) Actions carried out towards a better understood and more tangible citizenship

It falls to the European Commission¹ to submit every three year, **a report on European citizenship** and to propose actions aimed at making it more effective. This is why the third report from the Commission, submitted in January 2017² providing an update on the progress of the 12 actions announced in 2013 and aimed at *“improving the lives of EU citizens and removing barriers which prevent them from enjoying the EU rights accorded to them”*.

A review of these actions has made two observations:

- firstly, the Commission has indeed acted (amongst others through legislative initiatives) to respond to commitments made in 2013, which merits acclaim;
- secondly, with the exception of the launch on 7 December 2016 of the European Solidarity Corps³; it is clear that the majority of the measures and actions set out relate to **the implementing the current rights of citizens**⁴ by improving the information provided by them and by national administrations. It also involves addressing everyday issues, for example trans-border problems or those relating to online purchases.

Consular protection of European Union citizens in third countries is a good working example of this citizenship⁵. It should be commended but also noted that the current repayment conditions set out between the Member States do not go as far as real mutual responsibility within the European Union.

c) Reaching European citizens more directly

Action taken by the Commission to address practical questions and to provide information to citizens is nonetheless useful. It should be remembered that in 2016, 87% of European citizens were aware of their status⁶, 47% knew what it implied and only 40% claimed to be well-informed about their rights⁷.

¹ By Article 25 TFEU

² http://www.europedirectpl.r.fr/wp-content/uploads/Citizenship_FR.pdf

³ *The mission of the European Solidarity Corps is to offer young people aged 18 to 30 the opportunity to take part in a wide range of activities, to help those facing difficult situations in the EU.*

⁴ *In criminal, commercial, social or political participation matters.*

⁵ *Council Directive (EU) 2015/637 of 20 April 2015 establishing the coordination and cooperation measures necessary to facilitate the consular protection of Union citizens in third countries and repealing Decision 95/553/EC*

⁶ *Highest figure ever recorded, referred to in the Commission report cited above.*

⁷ *The strong growth in these last two figures (+14% on average since 2007) provided by Eurobarometer is highly encouraging for the action carried out by the Commission.*

It seems however, that initiatives could also be taken which address **the concerns of European citizens more directly**. The proposals that we are formulating to that effect follow on from the work carried out by the Senate in recent years¹.

The first proposal could be centred around strong symbols of belonging. This could lead to the creation of **a European identity card** which all citizens, who already have a national identity card, could take advantage of.

Furthermore, building on the increasing association of the European flag and national flags, it would be advisable **to encourage Member States to play the European anthem each time their national anthem is played**.

In accordance with the European resolution adopted by the Senate on 9 October 2013, the second proposal relates to the creation of **a radio station, "Radio France Europe"**. It would be dedicated to Europe and more specifically to better mutual understanding, as well as a closer union between European peoples and not purely focused on information-based news from European institutions (which already exists). The aim would be the eventual establishment of this type of radio station in each country in the Union, drawing in particular on finance from the European Commission targeted at this type of initiative as part of the action programme for citizenship². Opportunities offered by new technology, and in particular the Internet, should also be used to this end: a channel dedicated to the European Union using an online video platform could also be set up.

2. Refocusing youth on the European ambition: a new Erasmus?

a) Building on the thirty-year success of Erasmus

The Erasmus programme is one of the undisputed successes of the European Union. Created in 1987 under Jacques Delors, the then president of the European Commission, **it has, over 30 years, enabled over 3 million students to complete part of their university studies in another Member State**. In addition to its primary purpose, university and professional exchange, Erasmus has also been a genuine society phenomenon which has contributed to European citizenship. Anecdotally, the figure of a million "Erasmus couple"³ children is often quoted.

The celebration of the thirtieth anniversary of the programme was an opportunity to express renewed ambition. The aim is to involve 4 million Europeans, including 500,000 French, by 2020.

¹ In particular from information report n° 407 (2013-2014) by Mr Pierre Bernard-Reymond, on behalf of the European Affairs Committee, filed on 26 February 2014.

² Action n° 12 (3): Exploring ways to strengthen and widen European public space.

³ Figure recently quoted by the French Minister of National Education at an event celebrating the thirtieth anniversary of the programme.

b) Going further

Although the Erasmus programme,¹ is already open to apprentices, they only account for a very small percentage of participants and their stays are very short: averaging less than a month, as opposed to six months for university students.

In its work programme for 2017, the European Commission is committed to working towards enhancing the mobility of apprentices. This intention has been put into action with the announcement last December of **the “Erasmus Pro” initiative**, aimed at enabling 50,000 apprentices to access a longer period of mobility – 6 to 12 months – in another Member State by 2020. The creation of the Erasmus Pro label should help to strengthen communication around the possibilities offered to apprentices by the European Union and to enhance awareness among those involved: training institutions, businesses, and also young people and their families.

We want this initiative to become for apprentices what Erasmus is for students. This is a real challenge for European citizenship. In effect the perception that Erasmus is an opportunity is more common among higher education graduates than among other young people. This echoes the divides which are seen more generally in our societies in terms of support for the European project.

As a result, we are calling for:

- the target of 50,000 young people to be increased in order to achieve a real “critical mass” effect, comparable to that of Erasmus students.
- the measure not to be focused solely on opportunities following on from higher education but which encompass all levels of training.

One of the ways to achieve these objectives is without doubt to pay particular attention to trans-border young people since they can provide an excellent talent pool.

It is therefore vital that young people speak at least one or two languages used within the European Union, in addition to their mother tongue. It is also worth remembering that French is one of the two official languages of the European Union and should be used more in EU publications.

Recommendations for European citizens
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¹ More specifically, they are part of the integrated mobility programme called Erasmus Plus.

- Introduce a European identity card which all citizens, who already have a national identity card, could take advantage of;
- Encourage Member States to play the European anthem each time their national anthem is played;
- Create a radio station, "Radio France Europe", and an online video platform channel. They would promote better mutual understanding between Union peoples;
- Create the conditions for success for the new Erasmus Pro programme, starting with trans-border areas, following on from the announcements from the Commission.

CONCLUSION

The European project is a big ambition now more relevant than ever. In a globalised world which is based around continent states, it is futile to expect disunited European States to be able to have influence on the international stage and to be able to defend their own interests.

But without vision and leadership, the building of Europe has gradually drifted. It has spread itself across too many missions and lost sight of the essentials. Today, it is faced with fragmentation and the return of national egoism with the backdrop of populism and all sorts of demagoguery.

Brexit could be a positive wake-up call if it is accompanied by a European “recovery” in which it rediscovers collective interest and responds to the expectations of peoples, in particular the desire for protection in an uncertain world.

The ambition of this report was to define a path to recovery in a pragmatic manner. If put into effect and guided by strong political will, these recommendations could give European ambition its meaning and significance back.

Europe must prove itself as a power by responding to the call for the protection of its citizens. It must get back on the road to competitiveness and the creation of jobs. It must be clear and close by refocusing on the essentials, bringing to life the principal of democracy and by reaffirming its values.

To do this, the report proposes a method based on the role of the Franco-German partnership which is facing historic responsibility.

The European Union must again become the shared project of the European people. Europe, is shared history, is a set of values and a way of life which must be defended. United in diversity which must be respected, Europeans must overcome obstacles together, by promoting that which brings them together over that which divides them.