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*Plenary sitting*

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**A8-0386/2016**

15.12.2016

# **REPORT**

on improving the functioning of the European Union building on the potential of the Lisbon Treaty  
(2014/2249(INI))

Committee on Constitutional Affairs

Rapporteurs: Mercedes Bresso, Elmar Brok

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on improving the functioning of the European Union building on the potential of the Lisbon Treaty

(2014/2249(INI))

*The European Parliament,*

- having regard to the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed on 13 December 2007,
- having regard to the Declaration of 9 May 1950, which stated that the creation of the European Coal and Steel Community represented the ‘first step in the federation of Europe’,
- having regard to the Charter of Fundamental Rights of the European Union;
- having regard to its resolution of 20 February 2008 on the Treaty of Lisbon<sup>1</sup>,
- having regard to its resolution of 7 May 2009 on the impact of the Lisbon Treaty on the development of the institutional balance of the European Union<sup>2</sup>,
- having regard to its resolution of 13 March 2014 on the implementation of the Treaty of Lisbon with respect to the European Parliament<sup>3</sup>,
- having regard to the opinion of the European Economic and Social Committee of 16 September 2015<sup>4</sup>,
- having regard to the opinion of the Committee of the Regions of 8 July 2015<sup>5</sup>,
- having regard to the report to the European Council by the Reflection Group on the Future of the EU 2030,
- having regard to the report of the five Presidents (Commission, Council, Eurogroup, Parliament and ECB) on completing the Economic and Monetary Union,
- having regard to its resolution of 12 April 2016 on the annual reports 2012-2013 on subsidiarity and proportionality<sup>6</sup>, and to the opinion on that report of the Committee on Constitutional Affairs;
- having regard to Rule 52 of its Rules of Procedure,
- having regard to the report of the Committee on Constitutional Affairs and the opinions of the Committee on Budgets and the Committee on Budgetary Control (A8-

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<sup>1</sup> OJ C 184 E, 6.8.2009, p. 25.

<sup>2</sup> OJ C 212 E, 5.8.2010, p. 82.

<sup>3</sup> Texts adopted, P7\_TA(2014)0249.

<sup>4</sup> OJ C 103, 15.1.2016, p. 183.

<sup>5</sup> OJ C 313, 22.9.2015, p. 9.

<sup>6</sup> Texts adopted, P8\_TA(2016)0103.

0386/2016),

- A. whereas the European Union and its Member States are facing major challenges, which no Member State can tackle on its own;
- B. whereas, owing inter alia to the economic, financial and social crisis, the EU is also facing disillusion of its citizens with the European project, as illustrated also by the continuing low turnout in European elections and the rise of Eurosceptic or openly anti-European political forces;
- C. whereas certain proposals seeking to address the challenges facing the Union and to strengthen its integration with a view to improving its functioning to the benefit of its citizens can only be fully realised by Treaty change; whereas provision should be made for a two-step approach to EU reform (within and beyond the Treaties); whereas the provisions of the Lisbon Treaty and its protocols have not yet been exploited to their full potential, and this resolution aims only to provide an assessment of the legal possibilities in the Treaties for improving the functioning of the EU;
- D. whereas the dominant role of the European Council amounts to a continuing rejection of the Community method with its dual legitimacy concept;
- E. whereas the Community method must be preserved and not weakened by recourse to intergovernmental decisions, including in areas where not all Member States fulfil the conditions for participation; whereas the Commission's role should be strengthened so that it can play its part as the engine of the Community method fully and effectively;
- F. whereas the internal market, facilitating the free movement of goods, persons, services and capital, is a cornerstone of the EU;
- G. whereas the European Parliament, democratically elected by direct universal suffrage, and as such at the heart of democracy at the Union level is the parliament of the whole Union, and plays an essential role in ensuring the legitimacy and accountability of EU decisions, including the democratic accountability of eurozone-specific actions and decisions;
- H. whereas according to Article 10(2) TFEU the European Parliament represents the Union's citizens, independently of their nationality, and the Council represents the nationals of the Member States via the national governments;
- I. whereas political dialogue between national parliaments and the European Parliament should be enhanced and practical possibilities for the use of the 'yellow card' and 'orange card' improved;
- J. whereas the European Council's working methods should be rendered more transparent vis-à-vis Parliament and its tasks should be carried out within the limits of the Treaty provisions;
- K. whereas in order to create a genuine bicameral legislative system which is democratic and transparent in its decision-making Council decisions should be taken by one single legislative Council, while the existing specialised legislative Council configurations

should be turned into preparatory bodies, similar to committees in the Parliament;

- L. whereas the unity of liability and control is a key prerequisite for the stability of any institutional set-up, and in particular with regard to economic, fiscal and monetary matters; whereas EU economic policy is built on strong national ownership by Member States, including the 'no bailout' principle of Article 125 TFEU; whereas the increase of powers conferred to the European level implies an agreement on the decrease of national sovereignty of Member States;
- M. whereas the EU should promote the highest level of protection of human rights and fundamental freedoms, and it must be guaranteed that the EU, its institutions and the Member States respect and foster those rights and freedoms;
- N. whereas the Commission's role as the executive should be strengthened in the field of economic and fiscal policy;
- O. whereas Article 2 of Protocol (No 14) on the Eurogroup does not specify that the President of the Eurogroup must be elected from amongst its members;
- P. whereas to enhance the political legitimacy of the Commission as regards implementing economic governance and fiscal rules, it is fundamental that the President of the Commission is chosen through a clear and well-understood procedure in the European elections;
- Q. whereas the Treaty of Lisbon reaffirmed the legal framework for the Court of Auditors to promote public accountability and assist Parliament and the Council in overseeing the implementation of the EU budget, thereby contributing to the protection of citizens' financial interests; whereas its Article 318 provides for additional dialogue between Parliament and the Commission and should stimulate a culture of performance in the execution of the EU budget;
- R. whereas the European institutions and bodies, notably the Committee of the Regions (CoR), the European Economic and Social Committee (EESC), and, especially, the European Parliament, should, in their daily work, monitor respect for the principle of horizontal and vertical subsidiarity in the European Union; whereas the European institutions should take account of the role played by the CoR and EESC in the legislative framework and the importance of taking their opinions into consideration;
- S. whereas Article 137 TFEU and Protocol 14 establish the Eurogroup as an informal body;
- T. whereas the new tasks conferred upon the Eurogroup by the 'Six Pack' and 'Two Pack' regulations, in conjunction with the identity of those forming the Eurogroup and the ESM Board of Governors and the identity of the President of the Eurogroup and the Chairperson of the ESM Board of Governors, grant the Eurogroup a de facto crucial role in the economic governance of the euro area;
- U. whereas the macroeconomic imbalances procedure is not currently sufficiently used; whereas if used to its full capacity it could help to correct economic imbalances at an early stage, provide an accurate overview of the situation in each Member State and the

Union as a whole, prevent crises, and contribute to improving competitiveness; whereas there is a need for greater structural convergence among members, since this will help contribute to sustainable growth and social cohesion; whereas, therefore, the completion of the EMU is urgently needed, together with efforts to render its institutional structure more legitimate and democratically accountable;

- V. whereas the institutional structure of the EMU should be transformed by turning it into an effective and democratic economic government, with Parliament and Council acting as equal co-legislators, the Commission fulfilling the role of the executive, national parliaments better scrutinising national governments' actions at European level, the European Parliament scrutinising the EU level of decision-making, and a stronger role for the Court of Justice;
- W. whereas the Union needs proper application and enforcement of the existing economic policy framework, as well as new legal provisions on economic policy and crucial structural reforms in the areas of competitiveness, growth and social cohesion;
- X. whereas the European Semester process should be simplified and rendered more focused and democratic, by enhancing Parliament's scrutiny role over it and by investing it with a more substantial role in the various cycles of negotiations;
- Y. whereas the Treaty on the Functioning of the European Union (TFEU) has put Parliament on an equal footing with the Council as regards the annual budget procedure; whereas the Lisbon Treaty has been only partially implemented in the budgetary field, mainly owing to the absence of genuine own resources;
- Z. whereas the use of the Union budget should be more streamlined, its revenue should originate from genuine own resources and not predominantly from Gross National Income (GNI) contributions, and the procedure for adoption of the Multiannual Financial Framework (MFF) could under the Treaties be switched from unanimity to qualified majority voting;
- AA. whereas, according to Article 21 of Regulation (EU, Euratom) No 966/2012, the principle of the universality of the budget does not prevent a group of Member States from assigning a financial contribution to the EU budget or a specific revenue to a specific item of expenditure, as is already happening, for instance, in the case of the high flux reactor under Decision 2012/709/Euratom;
- AB. whereas assigned revenue in terms of Article 21 of Regulation (EU, Euratom) No 966/2012 is, according to Recital No 8 of the Multiannual Financial Framework Regulation No 1311/2013, not part of the MFF and thus not covered by the MFF ceilings;
- AC. whereas the system of own resources does not prohibit own resources financed only by a subset of Member States;
- AD. whereas the Union should be endowed with increased investment capacity by ensuring optimum use of the existing Structural Funds and by using the European Strategic Investment Fund, as well as by increasing the capacities of the EIB, EIF and EFSI;

- AE. whereas the establishment of a fiscal capacity within the euro area and its outline, funding, modes of intervention and conditions of integration in the Union budget are under consideration;
- AF. whereas the growth potential of the internal market should be further exploited in the areas of services, the Digital Single Market, the Energy Union, the Banking Union and the Capital Markets Union;
- AG. whereas, according to the Treaties, the Union shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men and solidarity between generations;
- AH. whereas strengthening the single market should be accompanied by improved fiscal coordination;
- AI. whereas the right of free movement and the rights of workers should be guaranteed and sustained by fully exploiting the potential of the Lisbon Treaty;
- AJ. whereas the Union legislator may adopt measures in the field of social security that are necessary for workers who exercise their free movement rights under Article 48 TFEU; whereas it may adopt measures for the protection of social rights of workers independently of the use of free movement rights under Article 153 TFEU;
- AK. whereas on the basis of Article 153(1)(a) to (i) TFEU the Union legislator may adopt minimum harmonisation measures in the area of social policy; whereas such legislation may not affect the right of Member States to define the fundamental principles of their social security systems; whereas such legislation may not significantly affect the financial equilibrium of national social security systems; whereas these limits for social policy harmonisation still give some unused leeway to the Union legislator to adopt measures in the area of social policy;
- AL. whereas the principle of equal pay for male and female workers for equal work or work of equal value, as laid down in Article 157 TFEU, has still not been realised;
- AM. whereas there are deficiencies in relation to the functioning and implementation of the instrument of the European Citizens' Initiative, and there is therefore a need for improvement in order for it to function effectively and be a true instrument for participative democracy and active citizenship;
- AN. whereas freedom of movement, in particular that of workers, is a right that is enshrined in the Treaties (Article 45 TFEU) and constitutes a fundamental driving force for the completion of the single market;
- AO. whereas the Union needs to increase the effectiveness, coherence and accountability of the Common Foreign and Security Policy (CFSP), which can be done by using the existing Treaty provisions to switch from unanimity to qualified majority voting (QMV) for more and more areas of external policies, as well as by implementing the provisions for flexibility and enhanced cooperation when needed;
- AP. whereas recent security challenges, some in the immediate vicinity of the EU's borders,

have revealed the need to move progressively towards the establishment of a common defence policy, and eventually a common defence; whereas the Treaty already contains clear provisions as to how this could be done, notably in Articles 41, 42, 44 and 46 TEU;

- AQ. whereas external representation has to be ensured in the Union interest where exclusive Union competences and shared Union competences that were already exercised by the Union are concerned; whereas in areas where the Union has not yet used its shared competence, Member States are under the duty to sincerely cooperate with the Union and to abstain from any measures that could undermine the Union interest;
- AR. whereas there is a need for a coordinated and structured position of the Union and of the Member States in international organisations and international fora in order to enhance the influence of the Union and of its Member States in those organisations and fora;
- AS. whereas entering into international obligations by the Union or by the Member States cannot reduce the role of national parliaments and of the European Parliament to mere rubber-stamping;
- AT. whereas the refugee crisis has exposed the need for a common asylum and immigration policy, which should provide as well for a fair distribution of asylum seekers across the EU;
- AU. whereas the agreement signed by the Heads of State or Government states the right of further deepening of EMU and that only the United Kingdom is exempted from further political integration, without prejudice to the Treaty of Lisbon and the obligations and rights of the Member States and the institutions, including the full legislative rights of the European Parliament on the basis of a Commission proposal after the result of the referendum;
- AV. whereas discrimination based on any grounds, such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief (political or otherwise), membership of a national minority, property, birth, disability, age, gender identity or sexual orientation, still remains a problem in every Member State;
- AW. whereas the recent crises have revealed that the approximation of legal provision is not sufficient for ensuring the functioning of the internal market or the area of freedom, security and justice because of differences in implementation of harmonised legal provisions;
- AX. whereas the Union legislator may not confer discretionary powers upon Union agencies that require political choices;
- AY. whereas the Union legislator has to ensure sufficient political control over the decisions and activities of Union agencies;
- AZ. whereas Member States' failure to comply with agreements adopted at European summits and European Councils seriously undermines the credibility of the European institutions, and their implementation should therefore be more effectively guaranteed;



1. Notes that the European Union and its Member States are facing unprecedented challenges, such as the refugee crisis, the foreign policy challenges in the immediate neighbourhood and the fight against terrorism, as well as globalisation, climate change, demographic developments, unemployment, the causes and consequences of the financial and debt crisis, the lack of competitiveness and the social consequences in several Member States, and the need to reinforce the EU internal market, all of which need to be more adequately addressed;
2. Underlines that these challenges cannot be adequately tackled individually by the Member States but need a collective response from the Union, based on respect for the principle of multi-tier governance;
3. Recalls that the internal market, facilitating the free movement of goods, persons, services and capital is a cornerstone of the EU; also recalls that exceptions to the internal market create distortions of competition within the Union and destroy the level playing field;
4. Stresses that the Union needs to restore the lost confidence and trust of its citizens by enhancing the transparency of its decision-making and the accountability of its institutions, agencies and informal bodies (such as the Eurogroup), by strengthening cooperation among institutions, and by improving its capacity to act;
5. Points out that not all of the provisions of the Lisbon Treaty have yet been exploited to their full potential even though they contain some necessary tools that could have been applied to prevent some of the crises with which the Union is confronted, or could be used to cope with the current challenges without having to initiate a Treaty revision in the short term;
6. Stresses that the Community method is best suited for the functioning of the Union and has a number of advantages over the intergovernmental method, as it is the only one that allows for greater transparency, efficiency, QMV in Council, and the equal right of co-legislation by the European Parliament and Council, as well as preventing a fragmentation of institutional responsibilities and the development of competing institutions;
7. Is of the opinion that intergovernmental solutions should only be an instrument of *ultima ratio*, subject to strict conditions, notably respect for Union law, the objective of deepening European integration, and openness for accession by non-participating Member States, and believes that they should be replaced by Union procedures as soon as possible, even in areas where not all the Member States fulfil the conditions for participation, so as to enable the Union to carry out its tasks within a single institutional framework; opposes in this context the creation of new institutions outside the Union framework, and continues to strive for incorporation into Union law of the ESM provided that appropriate scrutiny is established within the European Parliament, as well as the relevant provisions of the Fiscal Compact, as intended in the TSCG itself, on the basis of an assessment of the experience with its implementation;
8. Underlines that the directly elected European Parliament plays an essential role in ensuring the legitimacy of the Union and makes the Union's decision-making system accountable to citizens by ensuring proper parliamentary scrutiny over the executive at

the Union level and by the legislative codecision procedure, whose scope should be extended;

9. Recalls that the European Parliament is the parliament of the whole Union, and considers that proper democratic accountability must be ensured also in the areas in which not all Member States participate, including euro area-specific actions and decisions;
10. Considers that political dialogue between national parliaments and the European Parliament should be intensified and made more meaningful and substantial, without overstepping the limits of their respective constitutional competences; points out, in this regard, that national parliaments are best placed to mandate and scrutinise at national level the action of their respective governments in European affairs, while the European Parliament should ensure the democratic accountability and legitimacy of the European executive;
11. Considers it vital to strengthen institutional transparency and openness in the EU as well as the way in which political decision-making in the EU is communicated; urges that efforts be stepped up with a view to the revision of Regulation (EC) No 1049/2001 regarding public access to European Parliament, Council and Commission documents, and of Directive 93/109/EC, laying down detailed arrangements for the exercise of the right to vote and stand as a candidate in elections to the European Parliament for citizens of the Union residing in a Member State of which they are not nationals;
12. Recalls that it is possible to strengthen Parliament's right of inquiry and the European Citizens' Initiative (ECI) through Union secondary law, and repeats its call on the Commission to propose a revision of the ECI Regulation;
13. Considers it necessary that the Commission reforms the ECI as a functioning tool for democratic engagement, taking into account the own-initiative report of 28 October 2015, and calls on the Commission, inter alia, to raise public awareness and give the ECI a high profile; make its software for the online collection of signatures more user-friendly, making it accessible to people with disabilities; provide appropriate and comprehensive legal and practical guidance; consider setting up a dedicated ECI office at its representations in each Member State; explain in detail the reasons for rejecting an ECI, and explore ways of referring proposals contained in initiatives that may fall outside the scope of the Commission's competences to more appropriate authorities;
14. Takes the view that European voluntary service plays an integral part in building a European citizenship, and consequently recommends that the Commission look into how it might be made easier for young people to take part;

### ***Institutional set-up, democracy and accountability***

#### *Parliaments*

15. Insists that Parliament's legislative powers and control rights must be guaranteed, consolidated and strengthened, including by interinstitutional agreements and through the use of the corresponding legal base by the Commission;

16. Considers it necessary for the European Parliament to reform its working methods in order to cope with the challenges ahead, by strengthening the exercise of its functions of political control over the Commission, including in relation to the implementation and application of the *acquis* in the Member States, by limiting first-reading agreements to exceptional cases of urgency and where a considered and explicit decision has been taken, and, in these cases, to improve the transparency of the procedure leading to the adoption of such agreements; also recalls in this context Parliament's proposals to further harmonise its own electoral procedure, contained in its resolution of 11 November 2015 on the reform of the electoral law of the European Union;
17. Expresses its intention to make more use of legislative initiative reports under Article 225 TFEU;
18. Takes the view that Parliament should set up an entry register at its headquarters and in all the delegations in the Member States allowing citizens to hand over documents in person, with certification of content;
19. Takes the view that an electronic Official Journal of the European Parliament should be introduced to authenticate all resolutions and reports approved by it;
20. Encourages political dialogue with national parliaments on the contents of legislative proposals, when relevant; emphasises, however, that decisions must be taken at the level of constitutional competences and that there is a clear delineation of the respective decision-making competences of the national parliaments and the European Parliament, where the former must exercise their European function on the basis of their national constitutions, in particular via the control of their national governments as members of the European Council and the Council, since this is the level where they are best placed to directly influence the content of and exercise scrutiny over the European legislative process; is therefore against the creation of new joint parliamentary bodies with decision-making powers;
21. Stresses the importance of cooperation between the European Parliament and national parliaments in joint bodies such as the Conference of Parliamentary Committees for Union Affairs of Parliaments of the European Union (COSAC) and the Interparliamentary Conference on Common Foreign and Security Policy (CFSP-IPC), and in the framework of Article 13 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, on the basis of the principles of consensus, information-sharing and consultation, in order to exercise control over their respective administrations; calls on the Commission and the Council to participate at a high political level in the interparliamentary meetings; underlines the need for closer cooperation between the committees of the European Parliament and their national equivalents within these joint bodies, by strengthening coherence, transparency and the mutual exchange of information;
22. Encourages the exchange of best practices in parliamentary scrutiny between national parliaments, such as the holding of regular debates between the respective ministers and the specialised committees in national parliaments before and after Council meetings, and with Commissioners in an appropriate timeframe, as well as meetings with national parliaments for exchanges with MEPs; encourages the establishment of exchanges of officials of institutions and political groups between the administrations of the European

Parliament and national parliaments;

23. Takes the view that care needs to be taken to prevent any ‘gold-plating’ of EU legislation by Member States and that national parliaments have a key role to play here;

#### *European Council*

24. Regrets that the Council, by not using QMV, has too often referred legislative matters to the European Council; considers that the European Council's practise of ‘tasking the Council’ goes beyond the strategic guidelines role attributed to it by the Treaties, and thus goes against the letter and the spirit of the Treaties, as described in Article 15(1) TEU, which stipulates that the European Council shall define the general political directions and priorities of the Union but shall not exercise legislative functions; considers it necessary to improve the working relations between the European Council and Parliament;
25. Recalls that the Commission President will be elected by the European Parliament on a proposal by the European Council, taking into account the elections to the European Parliament and after appropriate consultations have been held, and that therefore, as was the case in 2014, European political parties have to come up with lead candidates in order to give the people the choice whom to elect as Commission President; welcomes the proposal of the President of the Commission to amend the framework agreement on relations between the European Parliament and the European Commission regarding the participation of Commissioners as candidates for elections to the European Parliament;
26. Recalls furthermore that, although not in the interest of the European Parliament, it is possible to merge the function of President of the European Council with that of President of the Commission;
27. Calls on the European Council to make use of the ‘passerelle clause’ (Article 48(7) TEU) authorising the Council to switch from unanimity to QMV in applicable cases where the Treaties currently require unanimity;
28. Calls on the President of the European Parliament to inform the Conference of Presidents in advance of the views he intends to uphold in his speech to the European Council;

#### *Council*

29. Proposes that the Council be transformed into a true legislative chamber by reducing the number of Council configurations by means of a European Council decision, thus creating a genuinely bicameral legislative system involving the Council and Parliament, with the Commission acting as the executive; suggests involving the currently active specialised legislative Council configurations as preparatory bodies for a single legislative Council meeting in public, similarly to the functioning of the committees in the European Parliament;
30. Insists on the importance of guaranteeing the transparency of Council legislative decision-making in general, whilst also improving the exchange of documents and information between Parliament and the Council and allowing access for representatives

of Parliament as observers to meetings of the Council and its bodies, in particular in cases of legislation;

31. Believes it is possible to merge the position of President of the Eurogroup and Commissioner for Economic and Financial Affairs, and would in such case propose that the President of the Commission appoints this Commissioner as Vice-President of the Commission; considers that this Commissioner for Economic and Financial Affairs - who should be granted all necessary means and capacities to apply and enforce the existing economic governance framework, on lines, for example, similar to the role of the Commissioner for Competition - could be called 'EU Finance Minister' once a fiscal capacity and a European Monetary Fund are established;
32. Points to the need to modify the Framework Agreement on relations between the European Parliament and the European Commission in order to include a legal obligation for the President of the Commission to make use of his/her right to request the resignation of the EU Finance Minister under Article 17(6) TEU if the European Parliament so decides by a majority of its component members;
33. Demands that, within the current Treaty framework, the President and the members of the Eurogroup be subject to appropriate mechanisms of democratic accountability towards the European Parliament, notably that its President reply to parliamentary questions; calls furthermore for the adoption of internal rules of procedure and the publication of results;
34. Demands that the Council switch completely to QMV wherever this is possible under the Treaties, and that it abandon the practice of transferring contentious legislative fields to the European Council, as this goes against the letter and the spirit of the Treaty, which stipulates that the European Council can only decide unanimously, and should only do so on broad political goals, not on legislation;
35. Is determined to implement fully the Treaty provisions on enhanced cooperation by committing not to give its consent to any new enhanced cooperation proposals unless the participating Member States commit to activate the special 'passerelle clause' enshrined in Article 333 TFEU to switch from unanimity to QMV, and from a special to the ordinary legislative procedure;
36. Stresses the importance of taking full advantage of the enhanced cooperation procedure enshrined in Article 20 TEU, especially among euro area Member States, so that those Member States wishing to establish enhanced cooperation among themselves as part of the non-exclusive competences of the Union are able, through this mechanism, to promote the attainment of the objectives of the Union and strengthen their integration process subject to the limits of and in accordance with the arrangements laid down in Articles 326 to 334 TFEU;

#### *Commission*

37. Is determined to strengthen the role of Parliament in the election of the Commission President by reinforcing the formal consultations of its political groups with the European Council President, as foreseen in Declaration 11 annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, in order to

ensure that the European Council takes full account of the election results when presenting a candidate for Parliament to elect, as was the case in the 2014 European elections;

38. Reiterates the need for all Commission proposals to be fully justified and accompanied by a detailed impact assessment, including a human rights assessment;
39. Takes the view that the independence of the President of the Commission could be increased if every Member State were to designate at least three candidates of both genders who could be considered by the elected President of the Commission for the purpose of constituting his or her Commission;
40. Insists on ensuring better coordination and representation of the EU/euro area within the International Monetary Fund (IMF), the World Bank and other international financial institutions, and points out that article 138(2) TFEU provides a legal basis for the adoption of measures to ensure unified representation of the EU/euro area within the international financial institutions and conferences;
41. Calls for the establishment of a formalised and regular 'dialogue', to be organised in the European Parliament on matters concerning the external representation of the Union;
42. Recalls that the Commission, the Member States and Parliament and Council must, each within the limits of their competences, help ensure a much better application and implementation of European Union law and of the Charter of Fundamental Rights;
43. Acknowledges the crucial role of the European Court of Auditors in ensuring better and smarter spending of European funds; recalls that in addition to its important duty to provide information on the reliability of accounts and the legality and regularity of underlying transactions, the Court is in a pre-eminent position to provide Parliament with the information necessary for it to carry out its task and mandate of democratic scrutiny of the European budget and to offer information on the results and outcomes achieved by Union-financed activities and policies, with a view to improving the economy, efficiency and effectiveness thereof; recommends, therefore, that the Court of Auditors be strengthened; expects the Court to remain committed to independence, integrity, impartiality and professionalism, while building strong working relationships with its stakeholders;
44. Considers that the sustained lack of cooperation by the Council makes it impossible for Parliament to take an informed decision on granting a discharge, which as a result, has a lasting negative effect on citizens' perceptions of the credibility of the EU institutions and of transparency in the use of EU funds; believes this lack of cooperation also has an adverse impact on the functioning of the institutions and discredits the procedure for political scrutiny of budget management laid down in the Treaties;
45. Stresses that the Court's composition and its appointment procedure are laid down in Articles 285 and 286 TFEU; considers that Parliament and the Council should be on an equal footing when appointing Members of the Court of Auditors, in order to ensure democratic legitimacy, transparency and the complete independence of those Members; calls for the Council to respect decisions taken by Parliament subsequent to hearings of candidates nominated as Members of the Court of Auditors;

*Committee of the Regions and European Economic and Social Committee*

46. Calls on the European Parliament, the Council and the Commission to improve cooperation modalities with the Committee of the Regions (CoR) and the European Economic and Social Committee (EESC), including at the pre-legislative stage during the conduct of impact assessments, in order to ensure that their opinions and assessments can be taken into account throughout the legislative process;

*Agencies*

47. Stresses that any conferral of implementing powers on Union agencies requires a sufficient degree of control over the decisions and actions of Union agencies by the Union legislator; recalls that effective supervision covers, inter alia, appointment and dismissal of the managing staff of the Union agency, participation in the supervisory board of the Union agency, veto rights in relation to certain Union agency decisions, information obligations and transparency rules, and budgetary rights in relation to the Union agency's budget;
48. Considers the adoption of a framework regulation for Union agencies that may exercise implementing powers covering the required political control mechanism by the Union legislator and including amongst others the right of the European Parliament to appoint and to dismiss the managing staff of the Union agency, to participate in the supervisory board of the Union agency, veto rights of the European Parliament in relation to certain Union agency decisions, information obligations and transparency rules and budgetary rights of the European Parliament in relation to the Union agency's budget;

*Respect for the principles of subsidiarity and proportionality*

49. Stresses the importance of the subsidiarity principle as laid down in Article 5 TEU, which is binding on all Union institutions and bodies, and of the instruments contained in the Protocol (No 2) on the application of the principles of subsidiarity and proportionality; recalls in this context the respective roles assigned to the national parliaments and the CoR; suggests flexibility regarding the date of transmission of draft legislative acts enshrined in the Protocol, and calls on the Commission to improve the quality of its responses to reasoned opinions;
50. Reminds national parliaments of their key role in monitoring application of the subsidiarity principle; points out that the formal possibilities for national parliaments to ensure the principles of subsidiarity and proportionality offer ample opportunities in this respect, but that practical cooperation between national parliaments needs to be strengthened, inter alia to enable them, in close cooperation among themselves, to reach the necessary quorum under Article 7(3) of the Protocol on the application of the principles of subsidiarity and proportionality in case of an alleged breach;
51. Stresses the importance of Article 9 TFEU for ensuring that the social consequences of legal and policy measures of the EU are taken into account;

*Extending and deepening the Economic and Monetary Union*

52. Recalls that the further development of the EMU must be based on, and build on,

existing legislation and its implementation, and must also be linked to a deepening of the social dimension;

53. Calls for further institutional reforms in order to provide the EMU with an effective and democratic economic government with improved capacities that is integrated within the institutional framework of the Union, whereby the Commission acts as the executive and Parliament and the Council as co-legislators;

*New legal act on economic policy*

54. Recalls its resolution of 12 December 2013 on ‘Constitutional problems of a multitier governance in the European Union’<sup>1</sup>, which vented the idea of a Convergence Code adopted under the ordinary legislative procedure with a view to creating a more effective framework for economic policy coordination (with a number of convergence criteria, which are to be determined), open to all Member States and supported by an incentive-based mechanism;
55. Believes that a limited number of crucial areas for structural reforms that increase competitiveness, growth potential, real economic convergence and social cohesion over a five-year period to strengthen the European social market economy, as outlined in Article 3 (3) TEU, should be laid down;
56. Underlines the importance of a clear division of competences between the EU institutions and the Member States increasing the Member States’ ownership of, and the national parliaments’ role in, implementation programmes;
57. Calls for better use of available instruments in conjunction with Article 136 TFEU to facilitate the adoption and implementation of new measures in the euro area;
58. Calls for the creation of a framework for an orderly sovereign default procedure to reconcile Article 125 TFEU and existing stabilisation instruments such as the ESM;

*A simplified, more focused and more democratic European Semester process*

59. Points out the need for fewer and more targeted Country Specific Recommendations (CSR), based on the policy framework set out in the Convergence Code and the Annual Growth Survey (AGS), and on the concrete proposals presented by each Member State, in line with their respective key reform objectives, from a broad range of structural reforms, fostering competitiveness, real economic convergence and social cohesion;
60. Underlines the importance of demographic trends for the European semester, and calls for this indicator to be afforded greater significance;
61. Recalls that economic dialogue mechanisms already exist, notably through the creation of the ‘economic dialogue’ within the framework of the ‘6-pack’ and ‘2-pack’ legislation; considers that this is an effective tool to enable Parliament to be vested with a more substantial role in negotiations within the framework of the European Semester in order to enhance dialogue between Parliament, the Council, the Commission and the

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<sup>1</sup> P7\_TA (2013)0598.



Eurogroup, and proposes formalising Parliament's scrutiny role in the European Semester through an interinstitutional agreement (IIA); underlines that the democratic legitimacy of the Semester process would be strengthened by an IIA, which should allow for the framing of the Broad Economic Policy Guidelines and the Employment Guidelines by Parliament and the Council, thus providing for meaningful and regular parliamentary scrutiny of the process; underlines in this respect that the Commission could commit to sending draft recommendations concerning the European Semester to Parliament before their adoption; considers it furthermore in principle not necessary to treat information about the negotiation and monitoring of macroeconomic adjustment programmes as confidential; furthermore welcomes and encourages involvement of national parliaments at the national level and cooperation between national parliaments and the European Parliament in the framework of the European semester and economic governance more in general, e.g. through the 'European Parliamentary Week' and the 'Article 13 Conference'; considers moreover that the involvement of social partners in the European Semester could be improved;

62. Considers it necessary to have an overall assessment of the budgetary situations and prospects in the EU and the euro area as a whole, of the individual Member States in the euro area and of all members of the fiscal compact, ahead of the spring European Council, while ensuring that it is the individual Member States that are obliged to comply with the requirements of the '6-pack' and '2-pack';
63. Calls for the integration of the relevant provisions of the fiscal compact into the EU legal framework, on the basis of a comprehensive assessment of its implementation and to the extent that it is not yet covered by existing secondary legislation;

#### *The role of the EU budget in the EMU*

64. Points to the possibility to switch from unanimity to QMV for the adoption of the Multiannual Financial Framework (MFF) Regulation, by using the provisions of Article 312(2) TFEU when adopting the forthcoming MFF Regulation; highlights the importance of establishing a link between the duration of Parliament's legislative term, the Commission's mandate and the duration of the MFF, which can be reduced to five years under the provisions of Article 312(1) TFEU; calls for the alignment of future MFFs with the next parliamentary term; calls on the Council to subscribe to this democratic requirement;
65. Awaits with interest the report of the High Level Group on Own Resources; wishes to return to the letter and spirit of the Treaties and to change the current system based on Gross National Income (GNI) contributions to one based on real own resources for the EU and, eventually, a euro area budget, for which a whole range of ideas exists, such as a reformed Value Added Tax (VAT), a Financial Transaction Tax (FTT), a carbon tax, a share of a Common Consolidated Corporate Tax Base, a European wealth tax, and revenue from other sources such as the Emissions Trading Scheme or the profits of the ECB;
66. Points out that under Article 24 of Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 all expenditure and revenue of the Union and Euratom must be included in the general budget of the Union in accordance with Article 7 of the Financial Regulation;

67. Proposes to introduce a euro area budget with a revenue originating from the Member States whose currency is the euro that is, in accordance with Article 21 of Regulation (EU, Euratom) No 966/2012, assigned to expenditure that may be used only within a Member State whose currency is the euro; considers that such revenue requires the introduction of a new 'own resource' financed by the Member States whose currency is the euro; recalls that assigned revenue within the terms of Article 21 of Regulation (EU, Euratom) No 966/2012 is not covered by the MFF regulation or the ceilings set by it;

*An increased EU investment capacity*

68. Calls for optimised use of the existing Structural Funds in the direction of fostering the EU's competitiveness and cohesion, and for an increase in EU investment capacity through the exploitation of innovative approaches such as, e.g., EFSI, which includes specific facilities to finance and guarantee infrastructure projects in the interest of the Union;
69. Insists on the full implementation of the '6-pack' and '2-pack' framework and the European Semester and on the need in particular to address macroeconomic imbalances and secure long-term control over the deficit and the still extremely high levels of debt by growth-friendly fiscal consolidation and by improving spending efficiency, prioritising productive investments, providing incentives for fair and sustainable structural reforms, and taking account of business cycle conditions;

*Establish a fiscal capacity within the euro area through part of the EU budget*

70. Recalls that the euro is the currency of the Union and that the EU budget is intended to fulfil the objectives for the Union laid down in Article 3 TEU, and to fund common policies, assist weak regions by applying the principle of solidarity, complete the internal market, promote European synergies, respond to existing and emerging challenges that call for a pan-European approach, as such also contributing towards helping less developed Member States catch up and become able to join the euro area;
71. Takes note of different proposals for the establishment of a budgetary capacity within the euro area; points out that these proposals assign different functions to such capacity and may have different designs (e.g. a convergence instrument providing conditional support for structural reforms or a shock absorption mechanism); recalls that Parliament has insisted that such capacity should be developed within the EU framework;
72. Points out that, whilst it will depend on the design, function and size of a new budgetary capacity whether such capacity can be established within the current Treaty framework, it is possible under the Treaties to raise the own resources ceilings, to establish new categories of own resources (even if such own resources would come only from a number of Member States), and to assign certain revenue to finance specific items of expenditure; points out furthermore that the EU budget already provides guarantees for specific lending operations and that several flexibility instruments exist for which funding can be mobilised over and above the MFF expenditure ceilings;
73. Recalls the creation of the European Supervisory Authorities and the Banking Union; calls for further work to be undertaken on the issue of sovereign debt and to further increase the resilience of the EMU when facing economic shocks and speculative

behaviour in sovereign bond markets; calls for the adoption of policies designed to absorb asymmetric shocks and foster convergence among Member States while preventing permanent fiscal transfers, in line with Articles 125 and 136(3) TFEU;

74. Reiterates that it is in favour of integrating the European Stability Mechanism into the Union legal framework provided that appropriate scrutiny is established within the European Parliament;
75. Believes that the establishment of a European fiscal capacity and the European Monetary Fund may be steps in the process of creating a European Treasury, which should be accountable to the European Parliament;
76. Calls for due consideration to be given to the main findings of the Expert Group created by the Commission with a view to constituting a Redemption Fund;

#### *Single market and financial integration*

77. Believes that the single market is one of the cornerstones of the EU and is fundamental for prosperity, growth and employment in the Union; points out that the single market, which offers tangible benefits to both companies and consumers, contains a growth potential that has not yet been fully exploited, particularly with reference to the Digital Single Market, financial services, energy, the banking union and the capital markets union; calls, therefore, for closer control of the correct application and better enforcement of the existing acquis in these domains;
78. Calls for the rapid but step-by-step completion of a banking union, based on a single supervision mechanism (SSM), a single resolution mechanism (SRM) and a European deposit insurance scheme (EDIS), and sustained by an adequate and fiscally neutral backstop; appreciates the agreement on a bridge financing mechanism until the Single Resolution Fund becomes operational, and calls for a European Insolvency Scheme;
79. Recalls that the European Supervisory Authorities should act with a view to improving the functioning of the internal market, in particular by ensuring a high quality, effective and consistent level of regulation and supervision taking account of the varying interests of all Member States and the differing nature of financial market participants; considers that issues that affect all Member States should be raised, discussed and decided by all Member States, and that to strengthen the level playing field inside the single market a single rulebook, applicable to all financial market participants in the EU, is essential in order to avoid fragmentation of the single market in financial services and unfair competition through lack of a level playing field;
80. Calls for the establishment of a true capital markets union;
81. Supports the creation of a system of competitiveness authorities tasked with bringing together the national bodies responsible for tracking progress in the area of competitiveness in each Member State, and proposes that tracking of progress of such a system should be under the supervision of the Commission;
82. Considers it necessary to improve the automatic information exchange between national tax authorities in order to avoid tax fraud and tax evasion, tax planning, base erosion

and profit shifting, as well as to promote coordinated actions to fight tax havens; calls for the adoption of a Common Consolidated Corporate Tax Base directive establishing a minimum rate and spelling out common objectives for progressive convergence; deems it necessary to embark on a comprehensive review of the existing VAT legislation, addressing inter alia the introduction of the country of origin principle;

*A more democratic institutional set-up for the EMU*

83. Recalls the need for proper democratic legitimacy and accountability to be ensured at the level of decision-making, with national parliaments scrutinising national governments and with an enhanced scrutiny role for the European Parliament at EU level, including a central role, together with the Council, in the adoption of the Convergence Code following the ordinary legislative procedure;
84. Advocates the general use of the ‘passerelle clause’ enshrined in Article 48(7); Recalls that the Commission, in its blueprint for a deep and genuine EMU,<sup>1</sup> suggested the establishment of a Convergence and Competitiveness Instrument based on Article 136 TFEU or on Article 352 TFEU, if necessary by enhanced cooperation; points out that in case of enhanced cooperation the use of Article 333(2), providing for the use of the ordinary legislative procedure, would strengthen the democratic legitimacy and effectiveness of EU governance and Parliament’s role therein;
85. Reiterates that interparliamentary cooperation should not lead to the establishment of a new parliamentary body or a new institution, because the euro is the currency of the EU and the European Parliament is the parliament of the EU; recalls that the EMU is established by the Union, whose citizens are directly represented at Union level by Parliament, which has to find and be able to implement ways to guarantee the parliamentary democratic accountability of euro area-specific decisions; suggests drawing inspiration from past solutions to differentiate involvement in decision-making, recalling, for instance, the status of the Berlin members of the German Bundesrat before reunification, who had the right to participate but whose votes were not taken into account;
86. Insists that the Commission be endowed with powers to implement and enforce any future or existing instruments adopted in the area of EMU;
87. Considers it necessary to address the weaknesses in the existing institutional structure of the EMU, particularly its democratic deficit, taking into account also that certain parts of the Treaty may be overseen by the Court of Justice while others are excluded from such scrutiny; considers that stronger parliamentary scrutiny is needed for the detailed implementation of Article 121(3) and (4) TFEU, concerning closer coordination of economic policies;
88. Is of the opinion that differentiated integration should remain open to all Member States;
89. Recalls that priority should be given to the ordinary legislative and budgetary procedures at EU level by making use when necessary of derogations and the

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<sup>1</sup> COM(2012)0777/2, 30 December 2012

establishment of dedicated budget lines; recalls that any other provisions, such as euro area or enhanced cooperation provisions, should only be used when the aforementioned procedures are not legally or politically possible;

*Completion of the internal market as the first generator of growth*

90. Is convinced that the deepening of the EMU should go hand in hand with the completion of the internal market by removing all remaining internal barriers, especially as concerns the Energy Union, the common digital market and the market in services;
91. Calls for full enforcement of existing internal energy market legislation according to Article 194 TFEU, in order to establish an Energy Union;
92. Supports the strengthening in duties and competences of the European Agency for the Cooperation of Energy Regulators (ACER) towards, in the end, the creation of a European Energy Agency under Article 54 of the Euratom Treaty, as well as the integration of energy markets, the establishment of a European strategic reserve based on combining national reserves and of a joint negotiating centre with suppliers, with a view to completing the institutional structure of the Energy Union;
93. Encourages the use of 'project bonds', in close cooperation with the EIB, for financing infrastructure and energy projects;
94. Calls on the Commission to use Article 116 TFEU, which provides the necessary legal basis for Parliament and the Council to act according to the ordinary legislative procedure in order to eliminate practices that result in a distortion of competition in the internal market through harmful tax policies;

*The social dimension*

95. Stresses that the workers' rights, particularly when they exercise their right of mobility, should be guaranteed along with their social rights, making full use of the relevant legal instruments provided for in Titles IV, IX and X and according to the EU Charter of Fundamental Rights, in order to ensure a stable social basis for the Union; points in this context in particular to the rights derived from Directive 2004/38/EC on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States;
96. Stresses the importance of establishing a social Europe, so that the European integration project continues to have the support of workers;
97. Points out the importance of promoting the idea of a minimum wage determined by each Member State, and exploring options for a minimum unemployment benefit scheme, which would necessitate the existence of common rules and conditions for an EU labour market, and suggests that, under current Treaty provisions, an 'Employees' Mobility Directive' could be adopted to reduce still-existing barriers for employees;
98. Points out the facilities provided by the Union and the need to actively include young workers in the labour market and further encourage the exchange of young workers, in accordance with Article 47 TFEU;

99. Calls on the Commission to include social criteria in the evaluation of Member States' macro-economic performance, and for recommending and supporting structural reforms also with a view to ensure better use of regional and social funds;
100. Calls on the Commission to properly assess the need for EU action and the potential economic, social and environmental impacts of alternative policy options before it proposes a new initiative (e.g. legislative proposals, non-legislative initiatives, implementing and delegated acts), in keeping with the Interinstitutional Agreement on Better Law-making of 13 April 2016;
101. Calls for the establishment of a new social pact (which could take the form of a social protocol) aimed at fostering Europe's social market economy and reducing inequalities, ensuring that all citizens' fundamental rights are respected, including inter alia the right to collective bargaining and freedom of movement; points out that such a pact could enhance the coordination of the social policies of the Member States;
102. Calls on the Commission to revitalise the EU social dialogue through binding agreements among the social partners in accordance with Articles 151 to 161 TFEU;

### ***External action***

#### *Increasing the effectiveness, coherence and accountability of the Common Foreign and Security Policy (CFSP)*

103. Takes the view that the European Union's comprehensive approach to external conflicts and crises should be reinforced by bringing together more closely the different actors and instruments in all phases of the conflict cycle;
104. Insists on using the provisions of Article 22 TEU to set up an overall strategic framework for, and take decisions on, strategic interests and objectives laid down in Article 21 TEU, that can extend beyond the CFSP to other areas of external action, and which requires consistency with other policies such as trade, agriculture and development assistance; recalls that decisions taken on the basis of such a strategy could be implemented by QMV; points out that the democratic legitimacy of such decisions could be enhanced if the Council and Parliament would adopt joint strategic documents on the basis of proposals by the VP/HR;
105. Calls for parliamentary oversight of EU external action to be strengthened, including by continuing the regular consultations with the Vice-President/High Representative (VP/HR), the European External Action Service (EEAS) and the Commission, and for negotiations on replacing the 2002 Interinstitutional Agreement on access to sensitive information of the Council in the field of CFSP to be concluded;
106. Considers it necessary that the EU Special Representatives be integrated into the EEAS, including by transferring their budget from the CFSP lines to the EEAS lines, as this would increase the coherence of EU efforts;
107. Calls for the use of Article 31(2) TEU, which allows the Council to take certain decisions on CFSP matters by QMV, and the 'passerelle clause' contained in Article 31(3) TEU to switch progressively to QMV for decisions in the area of the CFSP that

do not have military or defence implications; recalls that Article 20(2) TEU, which lays down the provisions for enhanced cooperation, provides additional possibilities for Member States to move forward with the CFSP and should therefore be used;

108. Believes that there is a need to increase the flexibility of the financial rules for external action in order to avoid delays in the operational disbursement of EU funds and thereby increase the EU's ability to respond to crises in a speedy and effective way; considers it necessary, in this regard, to set up a fast-track procedure for humanitarian assistance to ensure that aid is disbursed in the most efficient and effective way possible;
109. Urges the Council, the EEAS and the Commission to uphold their respective obligations to immediately and fully inform Parliament at all stages of the negotiating and concluding processes of international agreements, as stipulated in Article 218(10) TFEU and as detailed in interinstitutional agreements with the Commission and the Council;
110. Points out that the European Court of Justice has confirmed that Parliament has the right under Article 218(10) TFEU to be fully and immediately informed at all stages of the procedure for negotiating and concluding international agreements - also where it concerns the CFSP - to enable it to exercise its powers with full knowledge of the European Union's action as a whole; expects therefore that the interinstitutional negotiations that are to take place on improved practical arrangements for cooperation and information-sharing in the context of the negotiation and conclusion of international agreements will take proper account of the case law of the ECJ;

#### *Towards a common defence policy*

111. Calls for progressive steps to be taken towards a common defence policy (Article 42(2) TEU) and, eventually, a common defence, which can be set up by unanimous decision of the European Council while also strengthening civilian and civil society on the basis of conflict prevention and resolution approaches based on non-violence, notably through an increase in financial, administrative and human resources aimed at dealing with mediation, dialogue, reconciliation and civil society organisation-based immediate crisis response;
112. Suggests, as a first step in this direction, that the provisions of Article 46 TEU regarding the establishment of Permanent Structured Cooperation (PESCO) through a QMV vote in Council be implemented, as this instrument would allow more ambitious Member States to cooperate more closely in a coordinated way in the area of defence under the umbrella of the EU, and empower them to use the EU's institutions, instruments and budget;
113. Recommends setting up a permanent Council of Defence Ministers, to be chaired by the VP/HR with a view to coordinating the Member States' defence policies, particularly with regard to cybersecurity and anti-terrorism, and jointly developing the EU's defence strategy and priorities;
114. Insists on the establishment of an EU white book on security and defence on the basis of the EU global strategy for foreign and security policy presented by the VP/HR as well as the Bratislava agenda, as such a document would further define how the EU's strategic objectives in the field of security and defence, and identify the existing and

required capabilities; calls on the Commission to base its ongoing preparatory work on a European defence action plan on the results of the future EU white book on security and defence, which should also address the question of how and under what circumstances the use of military force is appropriate and legitimate;

115. Underlines the need to define common European capabilities and armaments policy (Article 42(3) TEU), which would encompass the joint planning, development and procurement of military capabilities and which should also include proposals to react to cyber, hybrid and asymmetrical threats; encourages the Commission to work on an ambitious European Defence Action Plan, as announced in the 2016 Work Programme;
116. Stresses the great potential of the European Defence Agency (EDA) in helping develop a single defence market that is competitive, efficient, underpinned by intensive R&D&I and focused on creating specialised jobs, and advocates, to that end, looking into possible public-private partnerships; reiterates the urgent need to strengthen the EDA by providing it with needed resources and political backing, thereby allowing it to play a leading and coordinating role in capability development, research and procurement; repeats its view that this would be best done by financing the Agency's staffing and running costs from the Union budget;
117. Recalls the existence of Article 44 TEU, which provides additional flexibility provisions and introduces the possibility of entrusting the implementation of crisis management tasks to a group of Member States, which would carry out such tasks in the name of the EU and under the political control and strategic guidance of the Political and Security Committee (PSC) and the EEAS;
118. Suggests that Article 41(3) TEU be used to establish a start-up fund consisting of Member States' contributions to finance preparatory activities pertaining to CSDP activities not charged to the Union budget;
119. Stresses the importance of extending common financing in the area of military CSDP, including through the Athena mechanism, as this would reduce financial disincentives on the part of Member States to contributing to military CSDP missions and operations and, thereby, improve the EU's ability to react to crises;
120. Calls for the creation of a permanent civilian and military headquarters, with Military Planning and conduct capability (MPCC) and Civilian Planning and Conduct Capability (CPCC); calls for the institutionalisation of the various European military structures (among others the different battlegroups, Euroforces, France-UK defence cooperation and Benelux air defence cooperation) into the EU framework, and for an increase in the usability of EU battlegroups, inter alia by extending common financing and by considering, by default, their deployment as an initial entry force in future crisis management scenarios;
121. Notes that this permanent headquarters could engage in permanent contingency planning and play a major coordinating role in future applications of Article 42(7) TEU; is of the view that the 'mutual defence clause', as laid down in that article and invoked by France during the Foreign Affairs Council on 17 November 2015, can constitute a catalyst for further development of the EU's security and defence policy, leading to stronger commitment by all Member States;



122. Considers that there is a need to enhance EU-NATO cooperation at all levels in areas such as capability development and contingency planning for hybrid threats, and to intensify efforts to remove the remaining political obstacles; urges a comprehensive EU-NATO political and military partnership;
123. Calls for decisive action to ensure policy coherence for development (PCD), under Article 208 TFEU), and demands the improvement of the PCD impact assessment system and the establishment of an arbitration mechanism to remedy any discrepancies in the EU's various policies, giving the President of the Commission political responsibility for its broad guidelines and settling matters in accordance with the EU's commitments on PCD;

### *Justice and home affairs (JHA)*

124. Underlines that, whilst upholding fundamental rights and freedoms and insisting on the need for democratic and judicial oversight over counterterrorism policies, in the light of the recent attacks and the increase of the terrorist threat, a systematic, mandatory and structured exchange of information and data between national law enforcement authorities and intelligence services, and with Europol, Frontex and Eurojust, is absolutely essential and must be put in place as soon as possible;
125. Points out that, as with previous attacks, the perpetrators of the Paris attacks were already known to security authorities and had been the subject of investigations and supervision measures; expresses its concern that existing data on such individuals were not exchanged between Member States, despite the requirements of Article 88 TFEU; calls on the Council to adopt, on the basis of Article 352, a mandatory exchange of data between Member States; takes the view that the potential of enhanced cooperation should be exploited if unanimity cannot be reached;
126. Calls on the Commission and the Council to conduct a comprehensive evaluation of the EU's counterterrorism and related measures in particular as regards their implementation in law and in practice in the Member States, the degree to which there is cooperation with the EU's agencies in the area, notably Europol and Eurojust, and a corresponding assessment of remaining gaps, as well as their compliance with the EU's fundamental rights obligations, making use of the procedure provided for in Article 70 TFEU;
127. Recalls, in this context, that Article 222 TFEU provides for a solidarity clause that can and should be activated when a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster;
128. Regrets that the Temporary Protection Directive has not been activated in light of the refugee crisis, despite having been established to deal with a mass influx of third-country nationals;
129. Highlights the need to establish a fair and effective EU common asylum and immigration policy, based on the principles of solidarity, non-discrimination, non-refoulement and sincere cooperation among all Member States, which should provide as well for the fair redistribution of asylum seekers within the EU; takes the view that such a policy should involve all Member States; reminds Member States of their existing

obligations in this regard, and stresses that a new asylum and migration framework should be based on the fundamental rights of the migrant;

130. Points out that further steps are necessary to ensure that the Common European Asylum System becomes a truly uniform system; calls on Member States to harmonise their legislation and practices with regard to the criteria as to who qualifies as a beneficiary of international protection, and with regard to guarantees regarding international protection procedures and reception conditions, following the jurisprudence of the ECtHR and CJUE and established best practices in fellow Member States;
131. Welcomes the adoption of Regulation 2016/1624 expanding the tasks and powers of Frontex and renaming it the European Border and Coast Guards Agency; considers that the agency could be supported, when necessary, by military instruments such as a European Maritime Force (Euromarfor) and an upgraded European Corps (Eurocorps), together with the resources pooled through Permanent Structured Cooperation; stresses that the regulation insists that Member States should, in their own interest and in the interest of other Member States, enter data into the European databases; suggests that interoperability of the databases of border agencies such as Eurodac and interoperability with the databases of Europol should also be envisaged;
132. Calls for an urgent review of the Dublin Regulation by establishing a permanent EU-wide and legally binding system of distribution of asylum seekers between the Member States, based on fair and compulsory allocation;
133. Points out that, given the unprecedented flows of migrants that have reached and continue to reach the Union's external borders, and the steady increase in the number of people asking for international protection, the Union needs a binding and mandatory legislative approach to resettlement, as set out in the Commission's Agenda for Migration;
134. Calls for the signature of agreements with safe third countries in order to control and reduce migration flows before migrants arrive at the EU border; insists, at the same time, on strict procedures for returning applicants with unfounded claims;
135. Calls the Commission and Member States to increase spending on training asylum specialists and enhancing the efficiency of asylum-seeking procedures;
136. Considers that the external dimension should focus on cooperation with third countries in tackling the root causes of, and addressing, flows of irregular migrants to Europe; takes the view that partnerships and cooperation with key countries of origin, transit and destination should continue to be a focus; recommends that cooperation with third countries should involve assessing those countries' asylum systems, their support for refugees, and their ability and willingness to tackle the trafficking and smuggling of human beings into and through those countries; acknowledges that there is a need to improve the effectiveness of the Union's return system, but believes that the return of migrants should only be carried out in conditions of safety, in full compliance with the fundamental and procedural rights of the migrants in question;
137. Welcomes the fact that the new Regulation 2016/1624 on the European Border and Coast Guard Agency foresees that should control of the external border be rendered

ineffective to such an extent that it risks jeopardising the functioning of the Schengen area, either because a Member State does not take the necessary measures or because it has not requested sufficient support from Frontex or is not implementing such support, the Commission can propose to the Council a decision identifying the measures to be implemented by the Agency and requiring the Member State concerned to cooperate with the Agency in the implementation of those measures; points out furthermore that the regulation also contains stipulations with regard to civil and criminal liability of team members and a complaints mechanism for monitoring and ensuring respect for fundamental rights in all the activities of the Agency;

138. Believes that an upgrade of the human and financial capabilities of the European Asylum Support Office (EASO) would be needed if it were called upon to coordinate all EU asylum applications as well as being deployed to support Member States under particular migratory pressure in the processing of asylum requests, including in its mandate for the deployment of joint operations, pilot projects and rapid interventions similar to those added by Regulation 1168/2011 to the mandate of Frontex;
139. Underscores the importance of improved coordination between EASO, Frontex and the Office of the European Ombudsman in order to allow for smoother adoption of Early Alert Reports in the event of particular migratory pressure, which is likely to put at risk respect for the fundamental freedoms of asylum seekers; considers it possible for the Commission to use these Early Alert Reports as a basis to trigger the contingency measures provided for in Article 78(3) TFEU;
140. Finds it imperative to strengthen the role of Parliament as co-legislator, on an equal footing with the Council, through the use of Article 81(3) TFEU, which makes it possible to switch decision-making in the field of family law with cross-border implications to the ordinary legislative procedure if the Council decides so unanimously, after having consulted Parliament; calls for a switch in decision-making on all other policies in the field of JHA to the ordinary legislative procedure, using the 'passerelle clause' in Article 48(7) TEU;
141. Calls on the Commission, on the basis of Article 83 TFEU, to propose minimum rules concerning definitions and sanctions related to the fight against terrorism, trafficking in human beings and sexual exploitation of women and children, illicit drug trafficking, illicit arms trafficking, money laundering, corruption, counterfeiting of means of payment, computer crime and organised crime;
142. Insists on putting into practice the principles enshrined in the Lisbon Treaty, namely solidarity and the sharing of responsibility between Member States, the principle of mutual recognition in the implementation of JHA policies (Article 70 TFEU), and the provisions of the EU Charter of Fundamental Rights;
143. Considers that the EU must guarantee the protection of human rights and fundamental freedoms and continuing respect for the Copenhagen criteria, and ensure that all Member States respect the common values enshrined in Article 2 TEU;
144. Stresses the importance of completing the 'package of procedural guarantees', particularly by drafting legislation on administrative detention and the detention of minors, areas in which the rules of many Member States are not fully compatible with

- human rights and other international standards;
145. Stresses the importance of making further progress in developing European criminal law, particularly concerning the mutual recognition and enforcement of criminal law rulings;
  146. Stresses the importance of developing a European judicial culture, as a key prerequisite for making the area of freedom, security and justice a reality for citizens and ensuring better application of EU law;
  147. Takes the view that a European Public Prosecutor needs to be appointed in order to combat organised crime, fraud and corruption, protect the financial interests of the Union and remedy the fragmentation of the European law enforcement area;
  148. Stresses that, according to Article 86 TFEU, a European Public Prosecutor's Office (EPPO) can be established to combat crimes affecting the financial interests of the EU ('PIF crimes') only with the consent of the European Parliament; therefore reiterates the recommendations made in its decisions of March 2014 and April 2015 on the precise organisation of the EPPO, and underlines that the EPPO Regulation should be adopted without delay so that the EPPO may have the power to investigate all PIF crimes, including VAT fraud, and prosecute suspected offenders;
  149. Recalls the obligation for the accession of the Union to the Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR), in line with Article 6(2) TEU, and urges the swift relaunch of negotiations with the Council of Europe to this effect, taking into account the opinion of the ECJ of 18 December 2015; reminds the Commission, in its role as chief negotiator, that such accession will improve the human rights protection of all European citizens;
  150. Reiterates that this resolution aims only to provide an assessment of the legal possibilities in the Treaties and should be the basis for improving the functioning of the European Union in the short term; recalls that further fundamental reform in the future would require a revision of the Treaties;
  151. Instructs its President to forward this resolution to the European Council, the Council, the Commission, the Court of Auditors, the ECB, the Committee of the Regions, the European Economic and Social Committee, and the parliaments and governments of the Member States.

26.5.2015

## OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Constitutional Affairs

on improving the functioning of the European Union building on the potential of the Lisbon Treaty  
(2014/2249(INI))

Rapporteur: Jean Arthuis

### SUGGESTIONS

The Committee on Budgets calls on the Committee on Constitutional Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas the Treaty on the Functioning of the European Union (TFEU) has strengthened the democratic legitimacy of EU policies and has put Parliament on an equal footing with the Council as regards the annual budget procedure; whereas the EU does not currently have the budgetary means to comprehensively fulfil the tasks assigned to it by the Member States signatory to the Treaties;
  - B. whereas the Lisbon Treaty has been only partially implemented in the budgetary field, mainly owing to the absence of genuine own resources;
  - C. whereas the agreed level of commitments in relation to the level of payments has proven unsustainable over the past years, posing a serious risk of a constantly growing structural deficit of the EU budget, which would be in breach of the Lisbon Treaty;
  - D. whereas the legislator was faced with great challenges in ensuring consistency in the parallel negotiations of the Multiannual Financial Framework (MFF) 2014-2020 and the multiannual programmes;
  - E. whereas under the Lisbon Treaty, the budget procedure has to be concluded within a very strict timetable, with a yearly deadline of 1 September for the submission of the draft budget and a 21-day term to reach agreement with the Council once Parliament has decided on the budget; whereas the conciliation processes of 2011, 2013 and 2015 ended without results;
1. Calls on the European Council to make use of Article 48(7) of the Treaty on European Union (TEU) and Article 312(2) of the TFEU and to abandon the unanimity requirement

in favour of a qualified majority when adopting the forthcoming MFF Regulation, thereby facilitating a balanced agreement;

2. Stresses that the European Council is not empowered to exercise legislative functions, and that this prohibition is clearly expressed in Article 15(1) of the TEU; regrets the fact that, when adopting the 2014-2020 MFF, the European Council took preliminary decisions touching upon the content of certain programmes funded by the EU budget, thereby undermining Parliament's legislative prerogatives;
3. Regrets the fact that the EU budget is based principally on national contributions rather than on genuine own resources as provided for in European treaties since the Treaty of Rome; deplors the fact that, consequently, the debate on expenditure in the Council revolves around net receipts rather than European added value and around 'juste retour' rather than the imperative of solidarity as prescribed by the preambles of the TFEU; calls on the Council to return to the letter and spirit of the Treaties and establish a system of genuine own resources that would be clear, simple and fair, and which would improve the visibility and efficiency of the EU budget while alleviating pressure on national budgets; stresses the role of the High-Level Group on Own Resources steered by Mario Monti; calls on the Council to take the Group's recommendations into account;
4. Condemns the accumulated delays in the settlement of commitments due to the insufficiency of payment appropriations from which the EU budget suffers in contravention of Articles 310 and 323 of the TFEU, thus endangering the authority of the Union; regrets that the unsustainable situation is a symptom of mutual lack of understanding and reiterates the need for a shared problem analysis; believes that the post-electoral revision of the 2014-2020 MFF, to be launched at the end of 2016 at the latest, offers a good opportunity to revisit the issue and make the necessary adjustments to alleviate the problem;
5. Calls on the Council to accompany any of its decisions that have a budgetary impact with a detailed budgetary explanation;
6. Stresses that the use of the EU budget as a guarantee against borrowing on the market by some of these instruments, such as the facility providing financial assistance for balances of payments, the European Financial Stability Mechanism (EFSM) and foreign policy instruments such as the guarantee for the EIB's external mandate, macro-financial assistance, and the soon-to-be-established European Fund for Structural Investments (EFSI), effectively places the Union in a state of indebtedness, which is in itself contrary to the principle of budgetary equilibrium enshrined in the Lisbon Treaty; notes that, under the EFSM, EU budget contributions are not subject to oversight by the European Parliament, and proposes that oversight be exercised jointly by the latter and the national parliaments;
7. Notes that, contrary to current practice, the Lisbon Treaty provides for the possibility of adopting an MFF for a five-year period; calls for the alignment of future MFFs with the next parliamentary term in order to disassociate the legislative process from the adoption of the multiannual programmes, thus facilitating legislative coordination and effectively preventing the European Council from exercising legislative functions; calls on the Council to subscribe to this democratic requirement on the occasion of the post-electoral revision of the MFF;

8. Calls on the Council to deliberate in public when adopting its position on annual and amending budgets and to avoid excessive use of the written procedure, which undermines the openness of decision-making as foreseen in Article 10(3) TEU and should be reserved for situations of genuine urgency;
9. Points out that, under Article 24 of Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020, all expenditure and revenue of the Union and Euratom must be included in the general budget of the Union in accordance with Article 7 of the Financial Regulation;
10. Calls on the Commission to prepare an annual report to accompany the general budget of the Union, bringing together available and non-confidential information relating to:
  - the assets and liabilities of the Union, including those arising from borrowing and lending operations carried out by the Union in accordance with its powers under the Treaties;
  - the revenue, expenditure, assets and liabilities of the European Development Fund (EDF), the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM), and other possible future mechanisms, including trust funds;
  - the expenditure incurred by Member States in the framework of enhanced cooperation, to the extent that this is not included in the general budget of the Union.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	6.5.2015
<b>Result of final vote</b>	+: 30 -: 4 0: 0
<b>Members present for the final vote</b>	Jean Arthuis, Lefteris Christoforou, Jean-Paul Denanot, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Jens Geier, Ingeborg Gräßle, Iris Hoffmann, Monika Hohlmeier, Carlos Iturgaiz, Bernd Kölmel, Vladimír Maňka, Ernest Maragall, Siegfried Mureşan, Victor Negrescu, Liadh Ní Riada, Jan Olbrycht, Paul Rübig, Patricija Šulin, Eleftherios Synadinos, Paul Tang, Indrek Tarand, Inese Vaidere, Marco Valli, Monika Vana, Daniele Viotti, Marco Zanni
<b>Substitutes present for the final vote</b>	Andrey Novakov, Claudia Tapardel, Miguel Urbán Crespo, Anders Primdahl Vistisen, Tomáš Zdechovský
<b>Substitutes under Rule 200(2) present for the final vote</b>	Emilian Pavel



24.2.2016

## OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Constitutional Affairs

on improving the functioning of the European Union building on the potential of the Lisbon Treaty  
(2014/2249(INI))

Rapporteur: Petri Sarvamaa

### SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Constitutional Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas the scarcity of resources is still deepened by a difficult economic and financial environment; whereas the institutions of the Union and the Member States should therefore cooperate fully in order to maximise the potential of the Lisbon Treaty when it comes to implementing and effectively protecting the budget of the European Union;
- B. whereas the EU budget remains a valuable source of funding for Member States, and in some cases the main source of public investment, with an emphasis on growth, jobs and competitiveness;
- C. whereas all EU institutions ought to be transparent and fully accountable to the citizens of the Union for the funds entrusted to them;
- D. whereas the Treaty of Lisbon reaffirmed the legal framework for the Court of Auditors to promote public accountability and assist Parliament and the Council in overseeing the implementation of the EU budget, thereby contributing to the protection of citizens' financial interests;
- E. whereas Article 318 of the Lisbon Treaty provided for additional dialogue between Parliament and the Commission and should stimulate a culture of performance in the execution of the EU budget;
- F. whereas Article 166(1) of Regulation (EU, Euratom) No 966/2012 requires each EU institution to take all appropriate steps to act on the observations accompanying Parliament's discharge decisions;

## **EU budget – Article 318 of the Treaty on the Functioning of the European Union**

1. Bearing in mind that, as the tasks of the Union have expanded, Parliament's annual scrutiny of the Commission and other institutions and bodies in their task of implementing EU budget appropriations has taken on growing importance for the Union's taxpayers;
2. Considers it fundamental to observe budgetary discipline and use available EU funds more efficiently and effectively; notes that the existing Structural Funds should be used more effectively and in a more transparent way to foster competitiveness and social cohesion, with stringent supervision of their proper implementation;
3. Emphasises that, when providing Parliament and the Council with the evaluations of the Union's performance provided for in Article 318 of the Treaty on the Functioning of the European Union (TFEU), the Commission should report on the results achieved, with a strong focus on performance on the basis of precise analysis of the economy and of the efficiency and effectiveness of the outcomes achieved using EU funds, as well as an analysis of compliance with the objectives and policies laid down in the treaties;
4. Points out that to date, despite some progress, the evaluation report as provided for in Article 318 TFEU is not yet a useful contribution to the evidence available when Parliament, in its power as discharge authority, grants discharge to the Commission (Article 319 TFEU); calls on the Commission to specify and set out clear and quantifiable performance indicators in its annual evaluation report;

### **Council discharge**

5. Is concerned by fact that since 2009 the Council has refused to cooperate with the discharge procedure as implemented by Parliament, failing to provide the necessary information, answer written questions and attend hearings and debates on the implementation of its own budget; stresses that, after several years of refusing to grant discharge to the Council, that institution has still not taken the necessary action to meet the requirements of transparency and accountability to Parliament – the only directly and democratically elected European institution and the only one with a mandate to grant discharge for the entire European budget – and by doing so undermines the legitimacy and the legality of Parliament's responsibilities;
6. Points out in this connection that Parliament is the only institution to be directly elected by citizens, and considers that effective supervision of the Union's budget implementation requires cooperation between Parliament, the European Council and the Council in order to enhance the transparency of financial management and improve democratic accountability to EU taxpayers;
7. Considers that the sustained lack of cooperation by the Council makes it impossible for Parliament to take an informed decision on granting a discharge, which as a result, has a lasting negative effect on citizens' perceptions of the credibility of the EU institutions and of transparency in the use of EU funds; believes this lack of cooperation also has an adverse impact on the functioning of the institutions and discredits the procedure for political scrutiny of budget management laid down in the treaties;
8. Deplores the fact that not all the EU institutions apply the same standards in relation to

transparency, and believes that the Council should make improvements in that regard; is convinced that Parliament and the Council, as joint legislators, should apply the same standards of transparency;

### **Court of Auditors**

9. Acknowledges the crucial role of the Court of Auditors, the only European public auditing authority, in ensuring better and smarter spending of European funds; recalls that in addition to its important duty to provide information on the reliability of accounts and the legality and regularity of underlying transactions, the Court is in a pre-eminent position to provide Parliament with the information necessary for it to carry out its task and mandate of democratic scrutiny of the European budget and to offer information on the results and outcomes achieved by the Union's policies, with a view to improving the economy, efficiency and effectiveness of Union-financed activities;
10. Recommends, therefore, that the European Court of Auditors be strengthened; expects the Court to remain committed to independence, integrity, impartiality and professionalism, while building strong working relationships with its stakeholders;
11. Is of the opinion that, pursuant to Article 287(3) TFEU, closer cooperation between the Court and national supreme audit institutions, in particular in connection with conducting the value-for-money audit reports of different EU policies and programmes and with the auditing of shared-management arrangements, should be pursued; expects concrete results as regards the sharing of the Court's annual work programme;
12. Stresses that the Court's composition and its appointment procedure are laid down in Articles 285 and 286 TFEU; considers that Parliament and the Council should be on an equal footing when appointing Members of the Court of Auditors, in order to ensure democratic legitimacy, transparency and the complete independence of those Members; calls for the Council to respect decisions taken by Parliament subsequent to hearings of candidates nominated as Members of the Court of Auditors;
13. Regrets the fact that women currently make up less than 20 % of Members of the Court of Auditors; calls on the Member States to coordinate their appointments to the Court to ensure that there are equal numbers of men and women among its members;

### **European Public Prosecutor's Office**

14. Recalls that Article 86 TFEU introduces the possibility of creating a European Public Prosecutor's Office to combat crimes affecting the financial interests of the Union; points out, likewise, that the European Public Prosecutor's Office will be able to prosecute such offences and the perpetrators and accomplices and will have the power to bring criminal proceedings before the national courts; points out that Parliament already delivered its opinion on the proposal for a regulation on the European Public Prosecutor's Office in April 2015, and urges the Council, taking account of the position expressed by Parliament, to adopt this regulation, as soon as possible, which will enable the EU to protect its financial interests more effectively.

## RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	23.2.2016
<b>Result of final vote</b>	+: 25 -: 0 0: 0
<b>Members present for the final vote</b>	Nedzhmi Ali, Louis Aliot, Inés Ayala Sender, Zigmantas Balčytis, Ryszard Czarnecki, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Ingeborg Gräßle, Bogusław Liberadzki, Verónica Lope Fontagné, Monica Macovei, Dan Nica, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Michael Theurer, Marco Valli, Derek Vaughan, Tomáš Zdechovský, Joachim Zeller
<b>Substitutes present for the final vote</b>	Cătălin Sorin Ivan, Benedek Jávor, Markus Pieper, Julia Pitera, Patricija Šulin

## RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	8.12.2016
<b>Result of final vote</b>	+: 16 -: 6 0: 1
<b>Members present for the final vote</b>	Mercedes Bresso, Elmar Brok, Fabio Massimo Castaldo, Richard Corbett, Pascal Durand, Danuta Maria Hübner, Diane James, Ramón Jáuregui Atondo, Constance Le Grip, Jo Leinen, Paulo Rangel, Barbara Spinelli, Claudia Țapardel, Kazimierz Michał Ujazdowski, Guy Verhofstadt
<b>Substitutes present for the final vote</b>	Gerolf Annemans, Sven Giegold, Charles Goerens, Jérôme Lavrilleux
<b>Substitutes under Rule 200(2) present for the final vote</b>	Inés Ayala Sender, Pál Csáky, Teresa Jiménez-Becerril Barrio, John Procter