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

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The Committee on Constitutional Affairs adopted an own-initiative report by Mercedes BRESSO (S&D, IT) and Elmar BROK (EPP, DE) on improving the functioning of the European Union building on the potential of the Lisbon Treaty.

Members recalled that the European Union and its Member States are facing **unprecedented challenges**, such as the refugee crisis, 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. These challenges cannot be adequately tackled individually by the Member States but need a **collective response** from the Union.

The report stressed that the **Community method** is best suited for the functioning of the Union and that intergovernmental solutions should only be an instrument of ultima ratio, subject to strict conditions.

Moreover, the directly elected European Parliament is the Parliament of the whole Union, and **proper democratic accountability** must be ensured also in the areas in which not all Member States participate, including euro area-specific actions and decisions.

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

- ***Parliaments***: Members insisted that Parliament's legislative powers and rights of control must be guaranteed, consolidated and strengthened. Parliament should reform its working methods by limiting first-reading agreements to exceptional cases of urgency in order to improve the transparency of the procedure leading to the adoption of such agreements. It should make more use of legislative initiative reports under Article 225 TFEU. The report encouraged **political dialogue with national parliaments** on the contents of legislative proposals. Decisions must be taken at the level of constitutional competences and there should be a clear delineation of the respective decision-making competences of the national parliaments and the European Parliament.
- ***European Council***: Members considered that the European Council's practice of 'tasking the Council' **goes against the letter and the spirit of the Treaties**, which stipulates that the European Council shall define the general political directions and priorities of the Union but shall not exercise legislative functions; it is therefore necessary to improve the working relations between the European Council and Parliament.
- ***Council***: the report proposed that the Council be transformed into a **true legislative chamber** by reducing the number of configurations, thus creating a genuinely bicameral legislative system involving the Council and Parliament, with the Commission acting as the executive. It insisted on the importance of guaranteeing the **transparency of Council legislative decision-making** in general and demanded that the Council switch completely to qualified majority voting wherever this is possible under the Treaties.
- ***Commission***: the role of the Parliament should be strengthened in the **election of the Commission President** in order to ensure that the European Council takes full account of the election results when presenting a candidate for Parliament to elect. Moreover, all Commission proposals should be fully justified and accompanied by a detailed impact assessment, including a human rights assessment.

The report also called for:

- the role of the **European Court of Auditors** in ensuring better and smarter spending of European funds to be strengthened;
- 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, to be improved;
- a framework regulation for Union **agencies** to be adopted;
- **cooperation between national parliaments** to be enhanced to enable them to play their role as regards the application of the principles of subsidiarity;
- institutional reforms to be introduced in order to provide the **Economic and Monetary Union** with an effective and democratic economic government with improved capacities that is integrated within the institutional framework of the Union;
- a convergence code to be adopted under the ordinary legislative procedure with a view to creating a more effective framework for economic policy coordination;
- a simplified, more focused and more democratic **European Semester** process to be established and for the relevant provisions of the fiscal compact to be integrated into the EU legal framework.

**The role of the EU budget in the EMU**: the report pointed to the possibility of switching from unanimity to **qualified majority voting for the adoption of the Multiannual Financial Framework** (MFF) Regulation and stressed the importance of establishing a link between the duration of Parliament's legislative term, the Commission's mandate and the duration of the MFF. It is proposed to introduce a **euro area budget** with revenue originating from the Member States whose currency is the euro.

Members called for:

- use of the existing **Structural Funds** to be optimised 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. the European Fund for Strategic Investments (EFSI);
- the establishment of a **fiscal capacity** within the euro area through part of the EU budget;
- a 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);
- the establishment of a true **capital markets union**;
- the improvement of the **automatic information exchange** between national tax authorities in order to avoid tax fraud and tax evasion;
- a more democratic institutional set-up for the EMU;
- 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 service;
- the importance of establishing a **social Europe**, so that the European integration project continues to have the support of workers; the importance of promoting the idea of a minimum wage determined by each Member State is stressed.

**External action**: the report advocated:

- **increasing the effectiveness, coherence and accountability of the common foreign and security policy (CFSP)**: Members insisted on using the provisions of the TEU to set up an overall strategic framework for, and to take decisions on, strategic interests and objectives, that can extend beyond the CFSP to other areas of external action. This would require consistency with other policies such as trade, agriculture and development assistance. They are in favour of parliamentary oversight of EU external action being strengthened;

- the adoption of progressive steps to be taken towards a **common defence policy and, eventually, a common defence**, which can be set up by unanimous decision of the European Council: Members recommended 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.

**Justice and home affairs (JHA)**: in the light of the recent attacks and the increasing 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.

The report also highlighted 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 also provide for the fair redistribution of asylum seekers within the EU.