

//Meeting of the Chairpersons of Parliamentary Committees for Union Affairs of the European Union (COSAC)//

##Friday 14 January 2022##

Opening of the sessions

- Chaired by Mr Gérard LARCHER, President of the French Senate -

The meeting was opened at 09.00.

Mr Gérard LARCHER, President of the French Senate, after welcoming the participants to the French Senate, explained that this meeting of the Chairpersons of the Parliamentary Committees for Union Affairs of the European Union (COSAC) marked the kick-off of the French Presidency of the European Union (FPEU), in its parliamentary dimension.

He pointed out that the Senate would have the privilege, not only of inaugurating the parliamentary component of the French Presidency, but also of concluding it next May, with a conference on the challenges of migration, since, as it is the only one of the French Republic's institutions not to have elections in the first half of 2022, it will be able to carry through the Presidency uninterrupted.

He regretted the disruptions and health-related restrictions due to the Covid pandemic affecting the plans for the FPEU and commended the efforts of the Chairs of the European Affairs Committees of the National Assembly and the Senate to ensure that the COSAC meeting could be held under good conditions.

After expressing his pleasure in the presence of the delegations of the Member States in the chamber and by video conference, he welcomed the participation of delegations

from States that are parties to the *European Economic Area* (EEA), from candidate countries and from Member States of the Eastern Partnership in the work of COSAC, stating that it was necessary to seize every opportunity to bring the wider European family closer together, in a world where predatory power ambitions are being played out. He made the point that it is more essential than ever not to put parliamentary democracy on hold and that no state of emergency can justify treating parliamentary representation casually.

He said that he considers that the mobilisation of the parliamentarians who are members of COSAC is evidence of their collective determination to uphold the shared heritage represented by parliamentarism.

Referring to the death on 11 January of David SASSOLI which had saddened all of parliamentary Europe, Mr Gérard LARCHER reported that the French Senate had paid tribute to him and that he hoped each national parliament would do the same. He reminded the meeting that David SASSOLI was the very embodiment of democracy, parliamentarism, pluralistic debate and freedom, the values defended with one voice by the European Parliament and the national parliaments.

(The parliamentarians members of the COSAC Chairpersons' meeting stood for minute's silence)

Recalling that COSAC was celebrating thirty-three years of existence, which may be called the age of adulthood, but not yet maturity, Mr Gérard LARCHER remarked that the visionary Chairpersons of the national parliaments who created it in 1989, among others Mr Laurent FABIUS, would barely recognise the organisation in 2022, whose existence has been officialised by European treaties and seen its attributions extended. He lamented the fact that COSAC does not take advantage of all the possibilities offered by the treaties to adopt

contributions and pass them on to the European institutions on subjects of direct interest to citizens.

He said that COSAC's working methods, which the FPEU would provide an opportunity to update in consultation with the national delegations and the European Parliament, would be the subject of the second session and that it is a technical subject but one of critical importance.

Finally Mr Gérard LARCHER spoke about the euro, created twenty years ago and now used by more than 340 millions Europeans, whilst others aspired to adopt it or at least align with it. He pointed out that the euro, which has stood up to all the crises and represents a marker of European identity, would be the subject of the last session, attended by the President of the Central European Bank (ECB), Ms Christine LAGARDE.

Stressing that the national parliaments constitute the beating heart of Europe, along with the European Parliament, he considered that COSAC demonstrates that they also have a collective role to play within the European Union.

In conclusion, he quoted an analysis by a French geographer in the 20th century at a time when there was a great deal of tension on the European continent, "Europe is too big to be united. But it is too small to be divided. Therein lies its dual destiny." The President of the French Senate then added the famous expression from Alexandre Dumas' *The Three Musketeers*: "All for one and one for all."

Finally, he mentioned that COSAC's vocation, as the hinge between the sovereign and independent national parliaments and the collective European project, called for a better balance between the two dimensions. (*Applause*)

Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate, greeted the delegations, expressing his pleasure at being able to hold, for the first time in two years, an inter-parliamentary meeting that was not organised only by video conferencing, even though the pandemic had still prevented some parliamentarians from coming to take part in person. He hoped that all of the delegations would be able to attend the subsequent inter-parliamentary meetings of the FPEU.

He described COSAC's return to Paris as a return to its roots, since that is where it was created in November 1989, with a first agenda devoted to the reinforcement of parliamentary control over European affairs and the participation of the national parliaments in European affairs. He pointed out that the second session, devoted to COSAC's working methods, will allow their effectiveness with regard to these concerns, which remain relevant today, to be evaluated.

He explained that he believed that the national parliaments' wish to play a role in European construction is no longer seen as almost laughable as it was in 1989, due to a persistent perception of a democratic deficit in the European Union, that has not been overcome by the rise in importance of the European Parliament, leading to fears of an excessive gap between citizens' aspirations and the EU bodies. He considered that the necessity of a greater role for the national parliaments has therefore gradually become self-evident, to the point where this role has been enshrined in the treaties: national and European parliamentarians, direct representatives of citizens, are what makes the European Union democratic and therefore they are what ensures citizens' acceptance of the European project.

He reiterated the particular place held by COSAC, which brings together parliamentarians of Member States who are specialists in Community subjects, in regular contact with each other and with the actors in the European decision-making process. He

considered that it bears a special responsibility in the democratisation of the European Union and hoped that its work during these sessions would help it to move in that direction.

He thanked the Slovene delegation for the work done during its country's Presidency, which was marked by the setting up of the working groups of the Conference on the Future of Europe, as well as the members of the Troika for preparing this meeting.

Finally he welcomed to COSAC Mr Anton HOFREITER, Chairperson of the Committee of European Union Affairs of the *Bundestag*, Mr Raimond KALJULAIID, Vice-Chairperson of the European Union Affairs Committee of the Parliament of Estonia, and Mr SMOLJAK, Vice-Chairperson of the Committee on EU Affairs of the Senate of the Czech Republic. *(Applause)*

After welcoming the delegations, **Ms Sabine THILLAYE, Chair of the European Affairs Committee of the French National Assembly**, expressed her pleasure at chairing COSAC, with Jean-François RAPIN, at a pivotal time for the European Union.

She hoped that 2022 would be the year when we finally emerge from the public health, but also economic and social crisis, and she noted that Europe had played its role, by ordering and donating vaccines, as well as with the recovery plan. With the "*Fit for 55*" package and the Strategic Compass project, Europe is now in a position to look to its future with ambition in strategic areas, especially climate and defence.

She deplored the indifference of European citizens and the insufficient media coverage of these subjects, which leaves the impression that European policies have no impact. She noted that this leads to low participation in the elections for members of the European parliament, which is very far from the actual influence European policies have on

the lives of 450 million citizens: in spite of a slight fall in the abstention rate in 2019, France is situated among the middle-ranking countries, with a 50% turnout.

Ms Sabine THILLAYE considered that given their ties to citizens and territories and the fact that they are grass roots level elected representatives, national parliamentarians have a role to play in moving the situation forward, by approaching subjects from a triple angle, local, national and European. She considered that it was necessary to provide citizens with more information on the complex issues and to make sure political decisions are intelligible.

The FPEU holds two of its stated priorities particularly dear: the role of the national parliaments and the place of European values, which is closely linked to the definition of the rule of law. The application of the principle of legality to public authorities and the primacy of European Union law, although it can come across as an abstract concept, is what guarantees mutual trust between Member States and respect for the fundamental rights of every citizen – which means that it deserves to be dealt with as much by the national parliaments as by the European institutions.

Hoping that the exchanges between the delegations would be fruitful, she concluded by presenting the programme of the meeting: a presentation by Mr Clément BEAUNE, Secretary of State for European Affairs, of the FPEU's priorities, on which work has started in the last two weeks, the work on reforming COSAC's working methods to give them more structure and visibility and an exchange with Ms Christine LAGARDE, President of the ECB, on the future of the euro. *(Applause)*

Procedural matters

- Chaired by Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate -

Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate, announced that the Troika had approved the agenda and put it forward for the meeting's approval.

The agenda was adopted.

Mr Jean-François RAPIN stated that the Troika wished to focus the COSAC 37th bi-annual report on the role of the national parliaments, the rule of law and the Conference on the Future of Europe, which will hold its concluding plenary session next spring. To ensure that the report is ready for the plenary COSAC meeting on 4 and 5 March next, it will be necessary to complete the questionnaire that will be sent out very soon before 31 January.

He said that the Troika also adopted the draft agenda for the plenary COSAC meeting in March this morning: initial review of the French Presidency, European recovery plan and end of the crisis, the fight against climate change and the energy transition, work of the Conference on the Future of Europe, progress report on COSAC's internal working groups.

The Troika finally accepted the requests to take part in COSAC sessions of the Swiss Federal Assembly, the British House of Lords, the Norwegian Parliament and the Georgian Parliament, and, for the plenary meeting only, the Icelandic Parliament.

The meeting was adjourned at 09:30. It resumed at 10:00.

First session – presentation of the French Presidency's priorities

- Chaired by Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate -

Ms Sabine THILLAYE, Chair of the European Affairs Committee of the French National Assembly, pointed out the extent to which the current challenges – migratory pressure, climate crisis, digital transformation, trade tensions – are creating a need for Europe that places heavy obligations on the French Presidency.

She hoped that this Presidency would allow progress to be made on several texts currently under discussion: the Pact on Migration and Asylum, in order to move towards a system that introduces greater solidarity between European countries without removing responsibility from the receiving countries; the texts relating to the protection of platform workers and minimum wages, in order to reinforce the minimum social standards benefiting European workers without jeopardising certain social models that give a great deal of importance to collective bargaining; the texts on the regulation of digital markets, in order to allow the emergence of European leaders capable of competing with the large platforms.

She expressed her satisfaction that Europe is at the forefront of the fight against global warming – with its decarbonisation goals for the European economy by 2050 and the package of texts presented by the European Commission last July – and called for the creation of a carbon border adjustment mechanism, an overhaul of energy taxation and the introduction of a new carbon market. However, she wondered whether the disagreements between States concerning their energy mix could be overcome.

She hoped that COSAC and the national parliaments would find a way of supporting the European Commission's proposal on the taxonomy for green investments including nuclear energy and fossil gas on a transitional basis.

She hoped that the rule of law would remain a focus of concern and announced that COSAC would look into the possibility of setting up a working group on the question of European values in order to debate and analyse the achievements so far as well as the difficulties and draw up a report.

She stated that she considers COSAC as an irreplaceable forum for dialogue between the national parliaments and the European Parliament and a means of making European more visible for citizens.

Mr Clément BEAUNE, Secretary of State to the Minister of Europe and Foreign Affairs, in charge of European affairs, first of all paid tribute, on behalf of the French Government, to President David SASSOLI, a tireless fighter for the European project and a sincere and courageous defender of democracy. Mr Clément BEAUNE stated that he was honoured to welcome the delegations to Paris, to a place as emblematic as the Senate. The Palais du Luxembourg is modelled on Florentine architecture and the Secretary of State sees that as an illustration of the European project: a diversity that lifts us and a shared culture that enriches us.

He reasserted the essential role of the parliamentarians who are members of European Affairs Committees, as they are in close touch with local realities and familiar with the major European issues: a role that involves raising alerts, deciphering issues, playing a decisive educational role to enable all the citizens of the European Union to appropriate

European policies that remain unfamiliar and are often decried, and an essential role in controlling the proper application of the principles of subsidiarity and proportionality.

He paid tribute to the commitment of Chair Sabine THILLAYE in reinforcing the role of the national parliaments in the European institutional edifice, as illustrated by her information report published in June 2018, and that of Chair Jean-François RAPIN, whom he commended for his initiative in organising a conference on the issue at the Senate on 6 December last year.

Mr Clément BEAUNE hoped that the contribution provided for in the 37th COSAC Bi-annual Report on the reinforcement of European democracy would feed into the conclusions of the Conference on the Future of Europe, expected next May.

He pointed out that the French Presidency's priorities were presented by the President of the French Republic at his press conference on 9 December last.

In connection with the idea of a more sovereign Europe, therefore one that is able to define and control its borders, he announced:

- the continuation of the work on the Pact on Migration and Asylum and the Schengen reform, with more strongly asserted political steering and a strengthening of the emergency and mutual assistance mechanisms to cope with crises such as those Poland, Lithuania and Latvia have faced;
- support for the instruments deployed since 2017 for defence – *European Defence Fund (EDF)*, *European Intervention Initiative (EII)*, joint French-German arms programmes open to other Member States – which will be extended by the adoption of the Strategic Compass project at the European Council meeting in March;

- actions in favour of a Europe that stabilises its neighbourhood: summit between the African Union and the European Union on 17 and 18 February in Brussels – with a view to an in-depth overhaul of their relationship, which is not just limited to immigration and security issues, but also encompasses the questions of investment, growth, education, healthcare, the climate; conference on the Indo-Pacific on 22 February: the Western Balkans Summit – the Western Balkans being destined to join Europe one day – in June, in close cooperation with the Czech Presidency.

In favour of the definition of a new European growth and investment model, a model that has, as nowhere else, combined solidarity between companies and workers and the pursuit of democratic life, Mr Clément BEAUNE announced:

- an effort to push through the EU Climate and energy package, particularly the Carbon border adjustment mechanism in order to avoid European companies being penalised by unfair competition;
- the continuation of the work on the *Digital Markets Act* (DMA) and the *Digital Services Act* (DSA), which will establish a legal liability regime applicable to the main actors in this sector;
- and finalisation of several texts on social matters – minimum wages, equal pay and representation for men and women within companies.

He emphasised that preserving the values of the European Union, for a more human Europe and a sense of belonging, would be at the heart of the French Presidency's agenda.

He asserted that the Conference on the Future of Europe would be a unique opportunity to hold an open debate on the priorities for the reform of the European Union, and expressed the hope that the main axes coming out of it could be synthesised and lead to a moment of action. He mentioned the debates organised in each region of France and overseas as well as in many European countries, and welcomed the fact that the third chapter of the 37th COSAC Bi-annual Report was devoted to them.

He stated his personal commitment to the values of the European Union and announced that discussions on the rule of law would go forward and that there would be new actions to guarantee the major civil liberties and the fundamental rights – fight against attacks on the independence of the justice system, fight against corruption, hate speech and discrimination. In this respect, he hoped that two texts could be pushed through, one on the financing of political parties and the other on the regulation of political advertising.

Recalling that 2022 was the European Year of Youth, he mentioned the plan for a European civic service proposed by the President of the Republic and the promotion of the European Universities by organising an event in June 2022 – when these universities were launched in 2017, following the Sorbonne speech, the intention was that there would be twenty, whereas in fact there are now forty of them –.

Mr BEAUNE recalled President MACRON's proposal to create a European Academy that would bring together intellectuals from all disciplines, to relaunch an independent reflection on Europe's history and values in order to inform political debate.

He concluded by emphasising the ambition of the timetable of the French Presidency, which includes the organisation of more than 400 events. Democratic life has had to adapt to the public health situation and many meetings are still taking place in hybrid form,

even though in-person meetings will be preferred whenever possible, especially for the informal ministerial meetings. The French Government has undertaken to ensure lively debates and to defend European values and ambitions.

He considered that beyond national political sensitivities, everyone shared the same conviction that, if the European project were to weaken, every country would suffer as a result. He invited the participants to be demanding for Europe, proud to belong to it, ambitious for the future and committed to reforming it. (*Applause*)

Mr Nik PREBIL, representative of the National Assembly of Slovenia, pointed out that many challenges were met during the Slovene Presidency of the Council, which prepared the way for important decisions to be taken. He welcomed the fact that the French Presidency was continuing this work, especially for the digital transformation, the strengthening of resilience, the New Pact on Migration and Asylum, the green transition, and also the Western Balkans, a region that was very important to the security and future of Europe. He also welcomed the forthcoming publication of the conclusions of the Conference on the Future of Europe and the choice of youth as one of the French Presidency's priorities. Finally, he emphasised the paramount importance of the parliamentary dimension of the work of the next Presidency.

After paying tribute to Mr David SASSOLI, **Mr Dario STEFÀNO, representative of the Senate of Italy,** hoped that, at this important time for the European Union, the French Presidency would bring a major contribution. The NextGenerationEU package is an innovative instrument, which rests on mutual trust and the interdependence of fiscal policies and will allow a certain number of reforms to be carried out. The objective of the Stability and Growth Pact is to stimulate growth. As far as migratory flows are concerned, efforts must be reinforced to establish new strategic partnerships with the third countries,

especially to strengthen the role of the European Union in the Mediterranean region. Furthermore, he considered that Europe had to reinforce its efforts in the fight against Covid-19: only European cooperation and solidarity can overcome the pandemic and the current crisis.

For **Mr Sergio BATTELLI, representative of the Italian Chamber of Deputies**, this is a complex period and only a united Europe can deal with the challenges it faces. The ambitions of the French Presidency programme are totally shared. The Strategic Compass will enable Europe to strengthen its strategic autonomy and the growth strategy will make the European Union a more autonomous actor at world level. He also called for Europe to be more effective in its decision-making, particularly as far as migration policy is concerned.

Ms Satu HASSI, representative of the Parliament of Finland, welcomed the strong commitments of the French Presidency, especially in favour of environmental sustainability and growth. The objectives of the "*Fit for 55*" package – to limit emissions and achieve carbon neutrality by 2050 – must be taken into account in all European decisions. She supported the strengthening of the European Union strategic autonomy, which is all the more necessary in view of certain particularly worrying recent developments, such as the cyber-attacks on the Ukrainian government. The European Union's common defence and security policies must be reinforced, and certain European values and certain democratic principles – such as those of free, fair and open elections – must be reiterated. She welcomed the fact that protection of the European Union's core values – fundamental freedoms, democracy, rule of law – were part of the French Presidency's priorities.

Mr Gaëtan Van GOIDSENHOVEN, representative of the Belgian Senate, said that he shared the determination to respond to the contemporary issues set out in the

French Presidency priorities dealing with sovereignty, in particular by promoting a common approach to the situation at the gates of Europe with the European Union's partners and the other strategic actors, including NATO. He considered that the stated ambition of a new European growth model made the European Union a spearhead in sustainable development at world level, both as regards innovation and research and in economic development, job-creating sectors emerging to reach carbon neutrality by 2050. According to him, respect for the rule of law remains a pillar of the legal construction of the European Union and a major factor in the success of the European project and its longevity. He stressed the need to value cultural and linguistic diversity within Europe.

Ms Susana SULMEZO, representative of the Congress of Deputies of Spain, confirmed Spain's support for the French Presidency's priorities, to build a more sovereign Europe, and for more human digital, green and social growth, which meets European citizens' expectations. She said that she shared the wish to strengthen economic growth and employment and considered that it was necessary to progress on the matter of European strategic autonomy. She called for progress in the negotiation of the Pact on Migration and Asylum: the migration issue is a challenge of vital importance for Europe and Spain. Through effective solidarity and sharing responsibilities, the European Union must guarantee the effective management of migratory flows.

Ms Zita PLEŠTINSKÁ, representative of the National Council of the Slovak Republic, thanked the organisers of this face-to-face meeting, in spite of the difficult public health situation. She recalled the major challenges encountered by Europe, such as climate change and the migration issues. Although it is necessary to combat organised crime and people smugglers, non-democratic regimes are destabilising the situation at the European Union's external borders. Following the visit in November 2021 of a Slovak delegation to

Warsaw, a resolution was adopted by the National Council of the Slovak Republic to support the Member States concerned by the actions of Belarus. She considered that the European allies had to be able to count on the solidarity and support of the other Member States, as well as on the cooperation of the Frontex agency to protect the borders, the citizens and the democratic values of the European Union.

Mr Angel TÎLVĂR, representative of the Senate of Romania, welcomed the French Presidency's priorities for a stronger Europe. Drawing on the lessons learned from the Covid-19 crisis, he argued for organising a more effective European decision-making system to respond to crises and strengthen resilience. He said that Romania paid particular attention to the issue of seasonal workers, since they played an essential role in the smooth operation of the single market during the pandemic. The mobility package adopted in 2020 remains a particularly sensitive subject for Romania: although the objective was originally to modernise the role of road transport within the European Union and reinforce drivers' rights, some problematic provisions were introduced, with negative repercussions for businesses, which were emphasised in an opinion issued by the Romanian parliament. He also reasserted Romania's request to join the Schengen area.

According to **Mr Joe McHUGH, representative of the Irish Parliament**, the Pact on Migration and Asylum must address the issues of relations between the European Union and Africa, hence the importance of the scheduled summit. He announced that the French Presidency has his support on these points, as for the work programme for citizens and for a more human Europe.

Mr Domagoj HAJDUKOVIĆ, representative of the Parliament de Croatia, was pleased that this was a physical meeting, two years after the last one in Zagreb. He recalled that Croatia was the last country to join the European Union and he hoped that to

complete its European integration, his country would soon be able join the Schengen area and the euro area. He welcomed the invitation to representatives of the candidate countries to attend the COSAC meeting and welcomed the announcement of a conference on the Western Balkans, as the European perspective was important in this region. Furthermore, the European minimum wage seemed to him to be important in view of the ambition for a more human Europe.

In this Year of Youth, **Ms Danuta JAZŁOWIECKA, representative of the Polish Senate**, invited France to emphasise the reinforcement of climate education and to support the different bodies working in this direction. In her opinion, young people must have the right tools to turn the challenges of the climate transition into opportunities.

Mr Anton HOFREITER, representative of the German Bundestag, expressed his hope that the carbon adjustment mechanism and the "*Fit for 55*" package would be adopted during the French Presidency. In his opinion, although it is important to strengthen the Schengen area, the borders, in particular the Mediterranean ones, must remain welcoming. Finally, he considered that respect for the rule of law was necessary in all of the Member States, not only for Europe, but also with regard to other States.

Ms Radvilė MORKŪNAITĖ-MIKULĖNIENĖ, representative of the Parliament of Lithuania, congratulated the French Presidency for its very ambitious priorities. In the current context, with both the public health and the migration situations, she reiterated how important it was to defend the democratic values of the European Union. She called for the introduction of a CO₂ offsetting mechanism, in order to counterbalance the trade pressure being exerted by China on the single market.

Ms Hajnalka JUHÁSZ, representative of the National Assembly of Hungary, stated that Hungary supported the French priorities on the green and digital transitions and the fight against Covid-19. According to her, energy policy and climate policy are linked: energy must be affordable, in particular for vulnerable households, while the EU Taxonomy must take account of gas and renewable energies. She considered, furthermore, that the European Union's external borders had to be more protective. Finally, concerning the future of Europe, Ms Juhász insisted on the role of national parliaments and emphasized the place of the Western Balkans.

Mr Reinhold LOPATKA, representative of the National Council of Austria, gave his full support to the French Presidency's priorities. The National Council promotes the Conference on the Future of Europe, especially with young people from the Western Balkans. He thanked the French Presidency for organising a conference with these countries that hope to join the European Union.

Mr Harris GEORGIADES, representative of the House of Representatives of Cyprus said that he agreed with President Macron when he called for a totally sovereign and powerful Europe in the world. He wished for Europe to speak with one voice on the international stage and considered that Europe's credibility was being tested on the migration issue, especially due to instrumentalisation by the authoritarian regimes in Belarus and Turkey. He pointed out that Cyprus was the Member State of the European Union that received the largest number of migrants: this is why Europe must have an ambitious - but inspired by solidarity and the European values- Pact on Migration and Asylum.

Mr Nikitas KAKLAMANIS, representative of the Hellenic Parliament, gave his country's support to the objectives of the French Presidency, in particular in matters of European coordination and solidarity: the pandemic and the migration issues can only be dealt

with at European level. Mr Kaklamanis expressed some reservations on the functioning of the Conference on the Future of Europe: lack of written documents, insufficient role for parliamentarians, vacuity of the plenary session, difficulties due to the pandemic, etc. He therefore awaits the results, as well as the proposals relating to the creation of European constituencies.

Ms Ria OOMEN-RUIJTEN, representative of the Netherlands Upper Chamber, wondered about the means for obtaining the approval of the European Council on the migration issue. Concerning the strategic issue of security, she emphasised that in the absence of convergence, it would perhaps be necessary to take more initiatives.

Mr Peter KMEC, representative of the National Council of the Slovak Republic, congratulated the French Presidency for the choice of its slogan which reflected the challenges faced by the European Union. He considered that Europe had certainly to be more digital, greener and fairer, but also more social and more human, for the citizens (not the lobbies) to be the first to benefit. He supported the actions announced on the minimum wage, better paid and more decent jobs, gender pay equality and pay transparency. He encouraged the French Presidency to continue promoting employment, education and training and combating poverty.

Mr Marko PAVIĆ, representative of the Parliament of Croatia, congratulated the French Presidency for its ambitious programme. Croatia, which has the longest external border of the European Union, supports in particular the planned reform of the Schengen area and the extension of the European Union towards the Western Balkans.

Mr Ștefan MUȘOIU, representative of the Chamber of Deputies of Romania, welcomed the results of the Slovene Presidency, in terms not only of resilience and recovery,

but also concerning the maintaining of security on the Eastern borders. He asserted his support for the French Presidency's priorities and welcomed its ambitions in the field of the security as in those of growth economic and social protection . He considered that Europe had to be united if it wished to reinforce the protection of its external borders against hybrid threats. He recalled that Romania was in favour of the enlargement of the European Union to the countries of the Western Balkans: it awaits the opening of negotiations with the Republic of North Macedonia and Albania and invites Serbia and Montenegro to continue their efforts to reform.

Ms Katja MEIER, representative of the German Bundesrat, welcomed the French Presidency's ambitious goals in terms of economic recovery and climate neutrality. Europe must pave the way for a green and digital transition, whilst keeping the interests of citizens in mind. She wanted an assessment to be made of the Conference on the Future of Europe. As a representative of the *Land* of Saxony, Ms Meier also stressed the need to place the emphasis on cooperation in border areas, whilst also involving civil society.

According to **Ms Anita CZERWIŃSKA, representative of the Sejm of the Republic of Poland**, the success of the "*Fit for 55*" package will also depend on the level of investments and on the effectiveness of the CO₂ emissions reduction mechanisms that are adopted. With regard to the energy crisis, she invited Europe to adopt a prudent, balanced approach.

Ms Jorida TABAKU, representative of the Parliament of Albania, welcomed the fact that the Western Balkans were among the French Presidency's priorities, in spite of the scepticism of certain Member States and that of a part of the Albanian population. Certain criteria such as elections, democracy, human rights, the rule of law and the fight against illegal immigration are priority subjects for the countries of the Western Balkans. Ms Tabaku

considered that there was no greater transformation than the process of European integration, and that as the chairperson of the committee in charge of this process, she personally undertook to rigorously carry out her work.

Ms Dušica STOJKOVIĆ, representative of the National Assembly of Serbia, expressed her satisfaction at the reforms undertaken in connection with the negotiations with the European Union. The accession process will be an opportunity for Serbia to plead in favour of projects relating to the protection of the environment, biodiversity, the improvement of air, water and soil quality and the circular economy. Ms Stojković stressed that Serbia had already made considerable progress in the fight against money laundering, people trafficking, corruption and organised crime. She reasserted the strong political will in Serbia to carry through the necessary reforms.

Mr Ademi ARBER, representative of the Assembly of North Macedonia, asserted that North Macedonia, as a candidate country, wished to take the necessary measures to continue the accession process begun in 2020. Whilst thanking the Portuguese and Slovene Presidencies for the progress achieved, he said that he considered that these efforts had not yet borne enough fruit. North Macedonia wishes to implement all the reforms that will allow it to improve the lives of its citizens and come closer to the European Union. Mr Arber also stated that bilateral relations with Bulgaria were developing, especially due to the results of elections that had fuelled friendship and trust between the two countries.

Mr Branimir GVOZDENOVIC, representative of the Parliament of Montenegro, stressed that the French Presidency's priorities were synonymous with hope. He wished to draw the participants' attention to the necessity of fostering economic recovery in the countries of the Western Balkans and expressed his confidence in the new methodology adopted. He considered that each of the chapters of the negotiation had to be opened.

Mr Gvozdenović pointed out that the Parliament of Montenegro was playing a very important role in the accession process, which had to be continued – as it was only 75% complete – and which would require further reforms.

Ms Ine ERIKSEN SØREIDE, representative of the Norwegian Parliament, stated that Norway was pleased with the quality of cross-border cooperation between its country and the European Union during the pandemic. It congratulated France for its ambitious and very comprehensive programme: democracy, the rule of law, independence of the justice system and of the press and the fight against corruption are fundamental values of the European Union. Ms Søreide stressed that on the issue of security, the need for coordination was more urgent than ever. She also mentioned the need to move forward on defence, in order to complete the action of NATO.

Mr Charles KINNOULL, representative of the House of Lords of the United Kingdom, considered that the open, liberal democracies were facing the same difficulties: economic recovery, Covid-19 crisis, etc. He considered that interdependency between economies and the growing threat posed by authoritarian countries called for joint work. He stated that the House of Lords was already working in this direction.

Mr Clément BEAUNE, Secretary of State, began by thanking the COSAC members for their support for the priorities of the French Presidency.

Concerning the European Union's relations with its neighbours, he said that he wished to see the ongoing negotiations in the Western Balkans move forward, particularly with regard to Albania and North Macedonia, and he welcomed the restarting of discussions between Bulgaria and North Macedonia. Beyond the question of accession, the European Union must strengthen the support it provides to its close neighbours in the Western Balkans

in areas such as access to vaccines, infrastructure, the green transition, or the fight against trafficking. Mr Clément BEAUNE commits to continue the concrete measures taken by the European Commission on investment at the Conference next June. A summit will be organised with Africa, in conjunction with the President of the European Council, in February. He stressed that France was fully committed to the Eastern Partnership, in order to resolve a certain number of regional tensions and asserted that the European Union was today these countries' closest partner.

Mr BEAUNE then mentioned the issues of sovereignty, defence and security. The goal of the Strategic Compass is to reinforce the European Union in its relations with the great powers, in particular Russia and China. He reassured the Lithuanian representatives of the full support of the French Presidency regarding the trade threats coming from China, and the hybrid attacks of Belarus, which also threatened Poland and Latvia. In his opinion, the action taken by Europe in the last few weeks has de-escalated the tension and reduced the scale of the crisis: this is a success of European solidarity.

Concerning migration, European values on asylum must be respected and the protection of the borders must be more effective. The reform of Schengen does not exclude the integration of new members, Croatia, Romania, Bulgaria having prepared to join. The President of the Republic has shown that he was very open on this subject, as long as the criteria for entry are met.

Mr BEAUNE noted that several priorities of the new European model were shared by the participants, in particular concerning the climate issue. He reiterated the great ambitions of the French Presidency concerning the carbon adjustment mechanism, the objectives for 2030 and 2050 and the sector-based regulations, but insisted on the need to be

vigilant as regards extending the ETS (*Emission Trading System*) emission quota system or the social accompaniment of the green transition.

On social issues, Mr BEAUNE noted that it was necessary to find a balance between, on the one hand, the fight against social *dumping* and the reinforcement of social protections, and on the other hand, respect for the diversity of social models.

Answering the questions on health, Mr BEAUNE announced that the setting up of the HERA (*Health Emergency Response Authority*), the lack of which was felt during the public health crisis to finance innovation and access to the vaccine, constituted one of the French priorities.

Mr BEAUNE considered that the French Presidency had to launch the political discussions on the questions of growth, investment strategy and fiscal rules, in particular at the next informal meeting between Heads of State or government on 10 and 11 March. He believed that the rules needed to be adapted and that Europe had to give itself the means to invest in the priority sectors, through important projects of common European interest, allowing funding to be reinforced.

Mr BEAUNE noted that the question of respect for democratic values was raised by all of the participants. He thanked the participants for their involvement in the Conference on the Future of Europe, which aimed at reforming Europe on all the subjects raised – the European model, protection of the borders, the question of security and defence, that of the neighbourhood and of the integration of other countries into the European Union. In his opinion, this enlargement must be preceded by deep reforms driven by parliamentarians.

To finish, Mr BEAUNE especially thanked the Slovene Presidency of the Council of the European Union, which made progress on numerous subjects on which the final metres

to the finish line would need to be completed during the French semester. He also commended Germany, which launched the work on the Strategic Compass, and Portugal, which handled implementation of the recovery plan, as well as the partners that would come after France, the Czech Republic and Sweden, with which a common work programme was defined. Considering that the Presidency of the Council of the Union, by nature, was a collective job with a parliamentary dimension, Mr BEAUNE thanked all the parliamentarians for their cooperation.

The meeting was adjourned at 11:30. It resumed at 11:35.

Second session – New working methods within COSAC

- Chaired by Ms Sabine THILLAYE, Chair of the European Affairs Committee of the National Assembly of the French Republic -

Ms Sabine THILLAYE, Chair of the European Affairs Committee of the French National Assembly, opened the second session of the COSAC Chairpersons' meeting, devoted to the Conference's new working methods and, more precisely, to the French Presidency's plan to set up working groups to improve the effectiveness of COSAC work. This project was unanimously approved by the Troika, whose remarks and clarifications had been taken into account. First Ms THILLAYE invited Mr Jean-François RAPIN to set out the objectives of these working groups, as well as the means of implementing them, and expressed the hope that the decision to set them up could be taken in a consensual way.

Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate, stressed the consensus on the irreplaceable nature of COSAC as a forum for dialogue and cooperation between the national parliaments and the European Parliament and

as a source of parliamentary expression and proposals on subjects concerning European citizens; its role, its means and its actions are therefore major issues for democratising the European Union and bringing it closer to its citizens.

Mr RAPIN expressed the desire of the French Presidency of COSAC to contribute to the continued improvement of the effectiveness and visibility of the Conference's work and thereby to fostering citizens' sense of belonging to the European Union. That is why two working groups should be set up: one on the place of European values, at the heart of the feeling of belonging to the European Union, the other on the role of the national parliaments in the European Union.

The aim of these two groups is to facilitate joint work and debate on these themes, for a better mutual understanding of the parliaments; each of the groups would draw up a report giving an overview of the points of agreement, but also of the differences in approach between members.

Concerning the first group, Mr RAPIN remarked that, although the European values are set out in Article 2 of the Treaty on the European Union, questions still remain as to the definition and scope of some of the elements making up these values, such as the rule of law. This working group would be tasked with analysing the comprehension that the Member States have of these values and with exchanging on achievements and difficulties encountered by some in complying with these values while respecting their national identity.

As for the second group, its aim would be not only to draw up a complete overview of the way the national parliaments exercise their mission of controlling governments' European policy and monitoring the activities of the European institutions, but

also to analyse their collective role at European level and to make proposals on how that role can be enhanced.

Each of these groups would be chaired by Ms THILLAYE or himself, in application of the COSAC rules; each Parliament would be free to choose whether or not to participate; it could be represented by one or two of its members on each group – the total number of members would therefore not exceed 56 people. If the composition of the groups were fixed by the end of January, their work – hearings and discussions by video conference – could begin in February; at most two meetings would be held each month. The planning of the works and the choice of the persons to be heard would then be decided by the Chairperson, following suggestions by the members. Mr RAPIN proposed that a progress report be presented by each group at the COSAC plenary session in March, before a final report by the end of the French Presidency.

Mr RAPIN pointed out that Mr Ondrej BENESIK, Chair of the Committee of European Affairs of the Czech Chamber of Deputies, had informed the Troika that these groups could continue to exist under the Czech Presidency, although he was currently unable to provide any guarantees on this point; the objective therefore remains to have concluding reports drawn up by the chair of each group and respecting the plurality of points of view expressed ready by the end of June. The report would be put to the group for debate and could be adopted by consensus; contributions expressing a dissenting point of view could be attached. The modalities of the presentation of these reports remain to be defined; COSAC would in any case be free to take up some of their orientations, integrating them into conclusions or contributions adopted at the plenary session.

Mr RAPIN considered that the objection made to the constitution of these working groups, namely that they would duplicate the work of those of the Conference on the

Future of Europe, should not be seen as an obstacle given that the parliamentarians participating in the meeting are not all members of COSAC and that the latter, as a collective emanation of the national parliaments, must be able to conduct its own reflections on any European subject. Since one of the working groups of the Conference on the Future of Europe deals with democracy, the light COSAC could shed on that core theme will be particularly interesting: it could therefore even be considered, if COSAC agrees, that the reports of its working groups be submitted as contributions to the Conference on the Future of Europe.

Ms Sabine THILLAYE, Chair, thanked Mr RAPIN for his presentation, as well as the members of the Troika for the good working atmosphere that enabled the preparation of these proposals.

Mr Domagoj HAJDUKOVIĆ, representative of the Parliament of Croatia, expressed the view that these working groups represented an important step forward in the improvement of the quality of COSAC's work. A formal framework will need to be found; the planned hearings will be particularly useful. In his opinion, this proposal constitutes an effective extension of the thematic discussions undertaken under the Slovene Presidency; this is the reason why the Croatian delegation will support it.

Ms Sabine THILLAYE, Chair, confirmed that this approach would enable COSAC members to better understand and get to know each other.

Ms Danuta JAZŁOWIECKA, representative of the Senate of Poland, recalled that the European Parliament had begun to work on the "*Fit for 55*" package and asked if it would be possible to organise an online debate with the rapporteurs on the expectations of COSAC in this respect, so as to better cooperate with the European Parliament and get a better knowledge of the trajectory of these measures.

Ms Sabine THILLAYE, Chair, thanked Ms Jazłowiecka for this suggestion, which she said would be taken into account.

Ms Roelien KAMMINGA, representative of the Netherlands Lower Chamber, stated that she shared the priorities set out by the French Presidency and that she was confident that decisions would be taken. These working groups are an excellent opportunity to conduct far-reaching exchanges on citizens' feeling of belonging to the European Union and especially on the rule of law, a crucial concept for the European Union. The Netherlands are very preoccupied by the developments occurring in certain countries; the national parliaments must therefore also take up this subject. Ms Kamminga questioned the Chairs on how these working groups will operate on a practical level, as the planned programme was very ambitious – whilst also expressing the wish to be able to meet the expectations.

Ms Eva KJER HANSEN, representative of the Parliament of Denmark, thanked the Troika for having placed this excellent idea on the agenda. She proposed setting up another working group on the methodology itself of COSAC's work, which constitutes an extraordinary forum for exchanging and learning about the practices and positions of each Parliament, but whose working methods need to be reformed, in her opinion. There is a need for real, authentic discussions, more effective meetings with a clear purpose on the issues that count. This is what justifies the creation of a group tasked with reflecting on how to make the best use of the time available to COSAC. She said that she was convinced that COSAC was ready for such a reform.

Ms Sabine THILLAYE, Chair, said that she personally agreed with the position expressed by Ms Kjer Hansen, but pointed out that the proposal cannot be added to the agenda

without prior discussion within the Troika. The French Presidency will address this subject so that, if possible, it can be placed on the agenda during the Czech Presidency.

Ms Éliane TILLIEUX, representative of the Chamber of Representatives of Belgium, said that she was absolutely willing to cooperate in the setting up of the two working groups, then she put forward two proposals to support the French initiative.

Regarding the form, she suggested that the Chairpersons' preparatory meeting held before each COSAC meeting could take place online, in order to highlight the plenary session, the points on the agenda of this meeting of COSAC Chairpersons being potentially limited to the presentation of the priorities of the Presidency and a discussion on the themes dealt with in the COSAC bi-annual report.

On the substance, she recalled that the report of the working group tasked with reflecting on the issue of stronger political dialogue - the so-called Green Card initiative- launched by COSAC in 2015, was never followed up. She therefore submitted the idea that the future working group on the role of national parliaments could revive this dialogue, which would enable those parliaments to put new legislative initiatives to the European Commission, thereby forcing the European institutions to give an opinion on the subject. In her opinion, entrusting such a mission to this working group would help to reinforce COSAC's visibility in the media, as well as with the general public.

Ms Sabine THILLAYE, Chair, took note of these two proposals and confirmed that the reinforcement of political dialogue is one of the themes that could be addressed by the working group on the national parliaments.

Mr Dario STEFÀNO, representative of the Senate of Italy, pointed out that he had already asked, at an earlier COSAC meeting, that the role of the national parliaments be

better taken into account by the Conference on the Future of Europe. He added that many had already given their agreement to the reinforcement of the legislative initiatives of the European Parliament, of the national parliaments' powers of control, and of the legislative dialogue between European Parliament and national parliaments.

COSAC, which is the appropriate place for synthesising all of these proposals, should serve to give voice to the positions adopted by the national parliaments as part of the European legislative procedure. This is why he welcomed the French initiative to create two working groups. He also insisted on the fact that the political dialogue to which the COSAC plenary meetings give rise had to be given more value and visibility.

Finally, it is fundamental, in his opinion, to create some continuity between the periodic COSAC meetings, in particular by meetings and dialogue with the European Commissioners in charge of different European policies.

Ms Sabine THILLAYE, Chair, acknowledged that the visibility of COSAC needed to be strengthened and she pointed out that hearings with the European Commissioners were part of the work programme.

Ms Ria OOMEN-RUIJTEN, representative of the Netherlands Upper Chamber, said that she fully supported the French proposal. She welcomed Ms THILLAYE and Mr RAPIN's efforts, and those of the Troika, to start a reflection on the working methods, as COSAC's functioning was not as flexible as we might hope, and this was also due to its format. She considered that the creation of the working groups would help to turn COSAC into a genuine forum, a place for sharing good practices.

However, it would be wise, if the French initiative were adopted, to ensure continuity in the subjects addressed – role of national parliaments and European values – during future Presidencies.

To finish, she said that it would be desirable if the future working groups were to put forward proposals for the plenary meetings, with a view to including them in COSAC's contributions, if feasible.

Ms Sabine THILLAYE, Chair, thanked Ms OOMEN-RUIJTEN for her support and approved the idea of the continuity of the working groups' work. However, she could not commit the following Presidencies of the European Union, initially the Czech and Swedish Presidencies, which would be responsible for continuing the reflection on the working themes raised during the French Presidency. She recalled that it was up to the COSAC plenary meeting to decide whether or not to include proposals from the working groups in its contributions.

Ms Etila GJONAJ, representative of the Parliament of Albania, hoped that the question of the Western Balkans would continue to be among the European Union's priorities and that decisions would be taken in this area during the first half of 2022. It would indeed be useful that the two new working groups address the subject: COSAC would thus contribute to involving these countries in the discussion and, as a result, to strengthening their feeling of belonging to the European Union, but also their participation in the reflections on the future of Europe.

She concluded her intervention asking for Albania to be able to participate in the two future working groups.

Ms Sabine THILLAYE, Chair, thanked Ms GJONAJ for her proposal, but observed that the question of the role to be played by States that were not yet members of the European Union in the future working groups had not yet been decided.

Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate, thanked all of the contributors for seizing the opportunity and supporting the French initiative with their encouraging words. He appreciated that most of them had sought to improve the ambitious proposal that had been submitted to them. He saw it as a shared desire to update the way that COSAC expresses itself.

He indicated that the decision to widen the composition of the working groups was a part of their organisation and that it would have to be put to their members. He also expressed the view that, although the Danish proposal to create another new working group was an appealing one, it was necessary to ensure that too many things were not undertaken all at the same time, as this could lead to a risk of none of them being dealt with properly – in line with the saying "don't bite off more than you can chew."

He pointed out that the continuity of the working groups, laudable as it may be, went beyond the prerogatives of the French Presidency and that it was impossible to impose an agenda on future Presidencies. However, he said that Ms THILLAYE and himself would do everything to pass on this request.

Finally he pointed out, that during her visit to the Senate on 7 January, Ursula von der Leyen, President of the European Commission, seemed to him to be favourable to a reinforcement of COSAC's role in European democratic life, and that the European Commission seemed to have understood that the reinforcement of the links between national parliaments, European Parliament and European Commission would pass through national

parliamentarians, who were grass roots elected representatives, bringing another vision of politics, far away from an excessively top-down approach, but, instead, much closer to the field.

Ms Sabine THILLAYE, Chair, in turn thanked all the participants for their interventions.

She recalled that the COSAC rules provided that the creation of working groups could be decided by an absolute majority vote of the Chairpersons, but that it seemed to her more in line with the spirit of the COSAC's work to reach a consensus without going forward to a formal vote.

Finally, she noted that the debates had not revealed any formal opposition to the creation of two working groups, respectively on European values and on the role of national parliaments.

After consulting the meeting on this point, the Chairs concluded that it could be considered that the COSAC Chairpersons had decided, by a consensus, to set up the two working groups as proposed. (Applause)

The meeting was adjourned at 12:20.

It resumed at 14:15.

Third session – twentieth anniversary of the euro

- Chaired by Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate -

Mr Jean-François RAPIN, Chair of the European Affairs Committee of the French Senate, opened the third session of the meeting of the COSAC Chairpersons devoted to a review of the euro so far and the outlook for its future, on the occasion of the twentieth anniversary of the European single currency. He welcomed this visible and concrete achievement of the European Union, and its major importance to economic integration within the internal market, but also for European citizens, and emphasised that it was also a potential instrument of European assertion on the international stage, including in its digital dimension.

He reasserted the importance of the control of national parliamentarians over the development of the euro area and over the political decisions that determined it. Finally he thanked Ms Christine LAGARDE, President of the Central European Bank, for her presence at this meeting of the COSAC Chairpersons.

Ms Sabine THILLAYE, Chair of the European Affairs Committee of the French National Assembly, also thanked Ms Christine LAGARDE on behalf of the National Assembly.

Hailing the ground covered since the introduction of the euro into our daily lives twenty years ago already, she regretted that European citizens were not necessarily as aware of this. As a French-German citizen, she remembered the literal liberation that the appearance of the single currency was for her, including on a purely practical, everyday basis.

She expressed the view that the euro had made us collectively stronger: while some were speculating on the collapse of the euro area and the end of the euro, the fact that

we belong to the euro area and the responsiveness of the monetary policy of the Central European Bank (ECB), under the impetus of Mario DRAGHI and Christine LAGARDE have enabled us to come through the financial crisis and the public health crisis. Our response has demonstrated the power of the complementarity between fiscal policy and monetary policy. Without the resolute action of the ECB, a majority of the States in the euro area would not have been able to protect their citizens and their businesses as they have done, but only fiscal spending could target the support where it was the most effective.

She expressed the view that, after concluding the ongoing reflection on economic governance, one of the major challenges for the future of the euro was to find the means, to extend the complementarity between monetary policy and fiscal policy beyond the crisis for the future stability and prosperity of the euro area.

Ms Sabine THILLAYE explained, finally, that she remained convinced that this would require the right tools for coordinating national fiscal policies and an increase in our common budgetary resources beyond the *NextGenerationEU* (NGEU) recovery plan, although she recognised that this was a huge and difficult undertaking, and all the more so in a context of great uncertainty as regards the development of the economic situation and inflation.

In conclusion, she wondered whether there was a community of destinies in the European Union or whether we had for ever to remain competitors.

Ms Christine LAGARDE, President of the Central European Bank, took a moment to honour the memory of David SASSOLI, President of the European Parliament, whose funeral was taking place today in Rome. He declared when he took office: "Europe still has much to say if we can all speak with one voice."

Quoting President François MITTERRAND – "The more Europe there will be, the more democratic, the more parliamentary it must be" –, she expressed her gratitude for having been invited to debate with parliamentarians from across the European Union.

Retracing the road taken since January 2002, she expressed her satisfaction that today 340 millions people were using euro notes and coins in their everyday life. In her opinion, the single currency is more popular than ever.

The road has not always been easy, from the global financial crisis of 2008 until the pandemic, through the sovereign debt crisis, but, in spite of the sceptics and contrary to all expectations, the institutional framework has managed to evolve. Ms Christine LAGARDE considers that the countries in the euro area have managed to come through each crisis stronger than before. Above all she emphasised the remarkable collective response made to the pandemic. In her eyes, at a time when we are entering a new phase, it is imperative that we retain this sense of unity and this clear course and that we turn out achievements of the last two years into lasting progress for Europe.

She made a distinction between three different essential directions with this end in mind: providing stability, improving supply and reinforcing strategic autonomy.

To her mind, the Covid-19 pandemic has been a major shock for our societies and our economies, but it has demonstrated Europe's capacity to guarantee stability when its economy needs it. She insisted on this point: when leaders work together towards the same objective, the results can be spectacular. She recalled that seven years were necessary (from the beginning of the great financial crisis) for the gross domestic product (GDP) of the euro area to return to its pre-crisis level. Currently, we expect this GDP to exceed its pre-pandemic

level in the first quarter of 2022. She is convinced that this substantially shorter timeframe is in large part due to the joint response of the European and national public authorities.

Ms Christine LAGARDE stressed that the ECB quickly launched a set of exceptional measures to stabilise the financial markets, to ensure good transmission of the monetary policy and thereby to protect the stability of prices. This commitment to preserving favourable financing conditions enabled businesses, households and the public authorities to overcome the pandemic. At the same time, the banking supervisors at the ECB took all the measures necessary to enable the banks to pass on these measures. She expressed the view that all these measures contributed to saving a million jobs in the euro area.

Stressing that this monetary policy was accompanied by an ambitious response through fiscal policies aimed at stabilising employment and incomes, she hailed the parallel actions of the governments and parliaments in providing direct support to workers and businesses. The fiscal rules and those on State aid were temporarily suspended and new common fiscal instruments were put in place, in particular the *NextGenerationEU* or *NextGen* programme.

She nevertheless insisted on the persistence of the need for stabilisation. Although all these measures have created the conditions of a strong recovery, she deplored the fact that the rapid re-opening of the economy had led to sharp increases in the price of fuel, gas and electricity. The same has happened with durable goods and some services, due to demand being higher than the restricted offer. The annual inflation rate in the euro area reached 5% in December, with around half coming from energy prices. She regretted that these factors are having a negative impact on short-term growth, but expected that the drivers of inflation would ease over the course of the year. However, she takes very seriously the concern that rising prices represent for many people and promised that the ECB is doing everything

possible to ensure delivering its inflation target of 2% over the medium term: thus at the last meeting of the Governing Council on 16 December 2021, it was decided to gradually reduce the pace of net asset purchases in 2022, from about 80 billion euros to 20 billion euros net per month.

Addressing the reinforcement of supply, she stressed that the green transition, the digital revolution and demographic changes have all been accelerated by the pandemic. To ensure durable growth in the future, she explained that supply and demand had to develop together as the economy adapted to these transformations. She said that she remained convinced that Europe would find in them new potential for growth – nine of the twenty global players developing green-digital patents are European –, as long as the capacities for supply adapt quickly enough.

To illustrate her fears, she gave the example of the volatility of energy prices, due to "bridge technologies" such as natural gas, which would have to be used to make up energy production needs. She feared that our fellow citizens' confidence in decarbonisation would be weakened because of this situation. In her opinion, the solution is therefore to accelerate investment in renewable energies and the other green technologies in order to deploy them more rapidly.

Ms LAGARDE welcomed the fact that the European response to the crisis had not only focused on stabilising demand, but also redirecting supply towards the sectors of the future, contrary to what had happened in the United States or in other parts of the world. The *NextGen* programme is a unique instrument, which can trigger the investment dynamic that the euro area needs. It is therefore essential to fully guarantee its success. Thus, she encouraged the national parliamentarians to guarantee the fast and effective implementation of the reform and investment plans presented by the Member States.

However, she admitted that *NextGen* would not be enough to orient our economy towards the future. It has a capacity of 750 billion euros until 2026, but the green transition will require further investments of 520 billion euros per year by 2030. To catch up with our main competitors in the digital field – the United States and China –, an additional 125 billion euros more will have to be mobilised every year.

To bridge this gap, she wishes to find the means to mobilise the huge capacities for private investment in Europe, but also across the world, thanks to a robust, integrated and diversified financial sector. It will be necessary to go beyond the Banking Union, which is already two thirds implemented, and to ensure that the *capital markets union* (CMU) is extended in the coming years to further deepen Europe's capital markets. She recalled that, last year, she launched a call for members of the euro area to concentrate their efforts on achieving the "green capital markets union". Indeed, equity investors are more suitable to finance the riskier and most innovative projects that are essential for the green and digital transitions. Europe has a first-mover advantage in green finance, 60% of the world's green bonds being issued in the EU.

But she also said there were questions about how to move forward. Although the legislative proposals recently presented by the European Commission as part of its action plan for the capital markets union do indeed provide a good basis for useful discussion for co-legislators, she considers that progress is also necessary at national level. Tax and regulatory reforms intended to support equity and venture capital investment are an essential ingredient of greater integration of the capital markets. This progress must be made on the basis of close coordination between the different national parliaments. They will make it possible to energise the European equity landscape, which, at the moment, unfortunately lags behind our international peers.

Ms Christine LAGARDE then went on to discuss the third area where Europe could take advantage of what has been achieved during the pandemic, namely the reinforcement of its strategic autonomy. In the last two years the ECB has taken several measures in this area. A better mix between monetary and fiscal policy has thus contributed to the recovery in internal demand, whilst the *NextGenerationEU* programme has given credibility to the European Union's bond issuances, as a new class of common European safe asset, boosting the international role of the euro.

She identified the digital revolution, which accelerated during the pandemic, as a new front calling for reflection on the Europe's place in the world. The digital transition is a phenomenon on global scale and other economies have pulled ahead.

On these digital issues, she called for collective action to keep control of essential economic activities and to set standards at the highest level. The recent legislative initiatives on digital services and markets (*DSA* and *DMA*), as well as the *Path to the Digital Decade*, will help to bolster the European Union's global position in this area and to promote European standards around the world.

The President of the Central European Bank reported that the ECB was working hard on the digital euro project, investigating the key issues raised by its design and distribution. The stakeholders will have to decide in 2023 on whether and how to go ahead with the work. A digital euro would be a simple, reliable, no-risk means of payment issued by a Central Bank, benefiting from a public guarantee and accepted across the entire euro area. It would open up new opportunities for companies and would act as a catalyst for technological progress and innovation. European intermediaries would be able to improve their services and stay competitive on the payments market. It would also favour Europe's monetary and financial sovereignty.

Finally, she pointed out that the digital euros would not replace cash and that the ECB had started the process of designing new euro bank notes.

She concluded by expressing her satisfaction with the outcomes of collective action. Europeans are gradually emerging stronger from the crisis, with solid bases on which to construct the future. However, there is much still to be done and she called on everyone to show continued determination.

In her opinion, these words pronounced by Nicolas SARKOZY during the last French European Union Presidency still ring true today: "Europe needs to give itself the means to play the role it must have in the new world that is emerging." The phase that is now opening up should allow us to take decisions capable of meeting the challenges. This is the best way of showing the whole world that the euro unites Europeans and makes them stronger. *(Applause)*

Ms Satu HASSI, representative of the Parliament of Finland, said that she considered the euro as a vector of both stability and instability, as was shown by the crisis the currency went through ten years ago.

She listed the unresolved problems: growing debt, a monetary policy that is too "procyclical" and a lack of depth in the monetary union. She called for more weight to be given to the Member States to judge the durability of the debt. Although the rules must be relaxed when it is necessary, they must be relaxed according to uniform criteria chosen by all.

Finally, she hoped that during the European semester, the interactions between employment, the social field and the economy will be better taken into account in order to restructure the economies and make them greener.

Mr Rubén FAUSTO MORENO, representative of the Senate of Spain, recalled that it was in Madrid that COSAC was conceived in 1989, but also that the name "euro" was chosen by the Member States in 1995. By providing stability, competitiveness and economic prosperity, the euro has improved the lives of European citizens and European businesses. Its ability to resist the 2008 economic and financial crisis or the coronavirus pandemic can be explained by the growing cooperation and integration between Member States, which are the best responses to the detractors of the common currency.

Considering that the euro is a symbol of European identity, unity and values, he called for its role to be reinforced at international level and for it to be given its digital dimension. He expressed the view that the fiscal rules should be strengthened and reformed to make them simpler and more transparent. The national parliaments must be able to appropriate them to ensure better coherence between national budgets and the rules adopted in Brussels.

Finally, he deplored the lack of a supervision and sanctions mechanism. He considered that a link should be established between the breaching of fiscal rules and access to European funds. Only a constant effort of adaptation will allow the euro and the ECB to retain their strength.

Mr Domagoj HAJDUKOVIĆ, representative of the Parliament of Croatia, said that with hindsight, he considered the euro a historic success, as the common currency has proved its advantages in spite of a few difficulties. As a representative of a candidate country for its adoption, what he feared most was a rise in inflation as certain countries have seen, and he cited an example to be followed, that of the successful path taken by Slovakia. He hoped that this twentieth anniversary would open the way for Croatia to join the euro area,

which would mean, along with its entry into the Schengen area, the true integration of his country into European family.

Ms Danuta JAZŁOWIECKA, representative of the Senate of Poland, admitted that she was hoping to hear more from the president of the ECB on the digital euro project. She expressed the view that it was indispensable to have a strategy on this subject and to prepare minds, but she wondered about the practicalities. She confirmed that the pandemic had overturned the lives of Europeans, and in particular in the area of the use of digital tools.

Mr Dario STEFÀNO, representative of the Senate of Italy, expressed his satisfaction that the European Union had made some profound changes to its paradigms, particularly in terms of protecting jobs. The Recovery and Resilience Facility programme is a reference that should facilitate the twin green and digital transition. The reinforcement of the role of the European Investment Bank, that of the European Stability Mechanism and the ECB's interventions in connection with the management of the pandemic are also to be commended.

He said that he considered that the very nature of European integration required continuing to move forward, even in exceptional crisis situations. In his opinion, Europe does not yet have all the tools it needs to meet the great challenges facing it. The *NextGenerationEU* programme could be the first step towards the creation of a genuine fiscal union, which would allow recourse to European debt on a permanent and autonomous basis. This programme also heralds common policies that will be able to guarantee the green and digital transitions.

Finally, he expressed the wish to see the indissoluble link between the economic dimension and the social dimension be the subject of a particular effort during this semester.

He therefore suggested strengthening the Stability and Growth Pact by adding social criteria to it and by making quantitative indicators on well-being, inclusion and social cohesion binding.

Mr Christian BUCHMANN, representative of the Federal Council of Austria, noted that the euro, which had become important factor of stability, had also contributed to the resilience of the European economy.

He called for compliance with the fiscal rules and approved the objective announced by the President of the ECB of keeping inflation down to 2% in the medium term. He welcomed the banking union and capital markets union projects.

Finally, he said that he was ready, subject to a rigorous evaluation, to support the ECB in pursuing its digital euro project, which he believes is a promising instrument, profitable both to the economy and European citizens.

Mr Raimond KALJULAIID, representative of the National Assembly of Estonia, stressed how much the European Union and the euro were synonymous with prosperity and security, and had marked his generation.

He recalled that Estonia, which began to use the euro on 1 January 2011, had to prepare for its adoption at a time when it was going through a terrible financial crisis. Explaining to Estonian citizens, under those conditions, that it was necessary to abide by very strict fiscal rules was not always easy, but Estonia has managed to turn that difficulty into a fine success.

He expressed the view that if the euro area was to remain a space for opportunities, it was necessary to grasp the nettle of innovation and digitalisation. With this in

mind, digital euro project seems to him to be very interesting. He nevertheless insisted on the fact that the corollary of this innovation had to be fiscal responsibility.

Mr Dimitris KAIRIDIS of the Hellenic Parliament, recently welcomed the President of the Senate, Gérard LARCHER, on a visit to the Greek Parliament in Athens and expressed his pleasure at seeing him again in March.

He recalled that Greece was the country that had suffered most in the euro area over the last ten years, without the Greek people's support for the European project wavering for all that. He wondered what the prospects for growth could be for the euro in southern Europe in the near future, especially in Greece, a country where the gap with the European average had widened in recent years.

When she was Managing Director of the International Monetary Fund, Ms Christine LAGARDE denounced the chronic underperformance of the euro area on several occasions. And what of more recent times? What about the policy implemented in the face of rising interest rates and the prospect of inflation in 2022?

Finally, he thanked Ms Christine LAGARDE for her encouraging remarks concerning fiscal support for the euro area and the transformation of the *NextGenerationEU* recovery plan into a long-term tool.

Mr Dragomir STOYNEV, of the National Assembly of Bulgaria, recalled that implementation of the euro and the common monetary policy were strategic in the development of the European project.

He noted that, in the first decade, the creation of the euro area eliminated the exchange risk and reduced costs; this increased trade flows and movements of capital.

He noted that after 2008, and especially after the debt crisis in 2014 and 2015, then during the crisis due to the pandemic, the European Union and the Central European Bank had to change in an environment characterised by shocks and divergences. Nonetheless, the large-scale support provided to the States by the ECB has had the effect not only of preserving the euro, but also of reinforcing its appeal at international level.

Mr STOYNEV pointed out that the euro, far from only being a reserve currency, was now an institutional anchor point for a certain number of countries, a debt issue currency and a means of invoicing commercial transactions. The euro has got stronger as the dollar has got weaker.

Mr STOYNEV stressed that, on top of the values inherent in the European project, the euro was now a monetary institution of particular importance in accelerating the development of the European project in the Balkans region. The great majority of citizens, businesses, banks and public institutions in the Balkan countries have already chosen the euro. Bulgaria and Croatia joined the European Banking Union in 2020. They plan to adopt the euro in 2023 and 2024, respectively. Mr Stoynev wondered to what extent the process could be accelerated and extended to all the countries in the Balkans.

Mr Sergio BATTELLI, of the Italian Chamber of Deputies, welcomed the success of the euro, which twenty years after its introduction, had become the second most important international currency, after the US dollar. He insisted on the need to consolidate the euro even further, in particular by guaranteeing its unified representation within the international financial institutions and conferences.

Today the euro is the main currency used to finance green investments, since it concerns half of *green bonds*. He said that we had to continue on this path. The European

Union can and must be a model, on a global level, when it comes to financing projects with positive repercussions for the environment.

Mr BATTELLI expressed the view that strengthening the single currency would also require the introduction of the digital euro. The ECB is working on this, and it will be necessary to analyse the benefits and possible adverse effects of this project. It is in everyone's interest to support it, as it will encourage the digitalisation of the European economy and stimulate the innovation of payment systems. Nevertheless it will be necessary to reassert the sovereignty of the ECB in the monetary and financial field, and to protect the stability of digital finance.

Mr BATTELLI stated that he considered that the reform of European economic governance, which had to be more transparent, could also be discussed during the Conference on the Future of Europe. It is necessary to take account of the new macro-economic scenario that has emerged from the crisis linked to the pandemic. The rules of the Stability and Growth Pact would gain from being simplified and clarified, based on easily determined indicators. They must stimulate growth and facilitate investments to accelerate the digital and green transformations. The social and economic gaps between the Member States should also be reduced.

In this sense, the SURE plan (*Support to mitigate unemployment risks in an emergency*), the temporary support instrument designed to mitigate the risk of unemployment in emergency situations, and the *NextGenerationEU* recovery plan can serve as models for the future.

Finally, Mr BATTELLI expressed the view that the Banking Union had to be completed by working on its third pillar: a common deposit guarantee scheme.

Mr Gaëtan Van GOIDSENHOVEN of the Belgian Senate, said that he considered the euro as the symbol materialising the best of the European Union with its citizens, who used it in their daily lives. Its history is far from having been uneventful, since the European currency was even considered as being under threat of extinction, after the euro crisis in 2008. As has often happened in the history of the European Union, this crisis has been overcome thanks to the values of solidarity and resilience.

Since its beginning, the euro has been a facilitator of everyday life for private individuals and businesses, by removing the difficulties related to currency exchange. It has therefore accelerated trade within the single market and helped to tighten the ties between the countries that are part of the euro area. Recently, the euro has contributed to the recovery and resilience plan, which constitutes one of its very concrete technical implications in the short term.

Nevertheless Mr Van GOIDSENHOVEN said that he believed it was necessary to consider, in the longer term, how to reinforce this collaboration, to make it strong and permanent, since it now constitutes a fundamental asset for the competitiveness of the European Union.

He was keen to commend the proactive and lucid message given by Ms LAGARDE, in a climate marked by uncertainty and rapidly rising inflation. He concluded from this that there was an unfailing commitment to price stability, the acceleration of investments in renewable energies and the taking into account of the digital issue.

He finished with encouragements to overcome the obstacles that would not fail to arise, in a context of crisis.

Ms Christine LAGARDE, President of the Central European Bank, thanked all of the parliamentarians for their interventions, their interest and their curiosity. She stressed how attentive the Central European Bank was to the different points of view expressed.

She welcomed the members of the Croatian and Bulgarian parliaments, whose countries are candidates to join the euro area and adopt the single currency. She said she knew that public opinion in these two countries was keen to join the euro area, but that it was never simple to give up one currency to adopt another one. It is in fact necessary to set up principles of operationalisation and payment systems between the different countries. She hoped that the euro area would have two new members, after the convergence report of June 2022. She said she considered that Croatia and Bulgaria's determination illustrated the factor of unity and resilience that the single currency had represented for twenty years.

Ms LAGARDE recalled that the different currencies were sometimes the cause of great economic and monetary difficulties. Far from bringing Europeans together, they had often divided them. Today, the euro is a stable, durable currency anchored in a space-time. It is the world's second international reserve currency. Ms LAGARDE stressed that the volume of Central Banks' reserves in euros fell after the great financial crisis, between 2008 and 2011. Now, the euro has not weakened in the last few months, no doubt because of the Union European capacity to respond to the economic crisis caused by the pandemic.

She explained that she considered it necessary to continue moving forward on the path of the development and reinforcement of the Union European, and in particular of the euro area, through the Banking Union, through the European capitals market union and through the reinforcement of fiscal integration. She is convinced that following this path will enable the continued construction of the European edifice.

The President of the ECB stressed that the position of the Central European Bank's Governing Council on the Stability and Growth Pact was close to that of certain speakers. In her opinion, fiscal discipline on the part of the Member States is imperative, in particular for those that are bound by a common currency. Effective discipline is required, which cannot be evaded, she pointed out, but also the pact must be simpler, easier to understand and more effective in its modalities. This pact must also allow for contra-cyclical fiscal policies and must, in some cases, be backed by an autonomous fiscal capacity.

She expressed the view that long debates would be undertaken in the coming months to clarify how this fiscal solidarity could be expressed, under what conditions, with what guidance, what controls by the different parliamentary institutions, both at European and national level, and according to what timeframes. This project is a major undertaking, as the exemptions put in place during the pandemic cannot last for ever. She expressed the wish that the new rules be accepted before any return to the normal regime.

Ms LAGARDE noted that several speakers mentioned the digital currency and the way a Central Bank can participate in such a movement of innovation. She is convinced of the need to move forward with determination and speed to weed out the problems, find solutions, identify the right channels of intervention, determine at what technological, political and even philosophical level this digital euro can be introduced.

She explained that the Chinese Central Bank has been working on a digital *renminbi* (RMB) project for seven years, which was supposed to see the light of day in time for the Beijing Olympics, but that nothing was yet certain. Likewise, the Swedish national bank, which has been working for four years on a similar project, is still not ready to put its e-krona on the market.

She insisted on the complexity of such projects, which raised multiple problems, which was not surprising given the goals and ambitions claimed. This digital currency must be simple and easy to use for Europeans, who are very protective of their individual freedoms, and it must guarantee the confidentiality of the personal data gathered when it is used.

These imperatives lead to a high level of requirements in terms of both technology and interoperability between different countries. She stressed that much detailed work remained to be done and that the technology underpinning digital currency exchanges was constantly changing. She mentioned, for example, that *distributed ledger technologies*, i.e. the blockchains that tracked and enabled transactions to be identified confidentially, were now virtually yesterday's technology.

Ms Christine LAGARDE hoped that it would be possible to set up a European digital currency within five years, perhaps a little sooner. This is a project that does not only depend on the Central European Bank; it also depends on governments and parliaments, she insisted. It involved the protection of individual freedoms, personal data protection and the development of a currency that represents European regional sovereignty.

Finally, she stressed the climate dimension of the European Central Bank's activities. Although she said she understood that this could seem surprising insofar as the mandate of the ECB was to ensure price stability in the course of its exercising of monetary policy, she nevertheless pointed out that, in light of the European commitments made in this area, as well as the imperatives relating to the protection of the environment and biodiversity, all institutions, including the ECB, had to take these issues into consideration. The Central European Bank, she explained, therefore also seeks to participate, in connection with its monetary policy and its mandate, in the protection of the environment and biodiversity, as well as the fight against the climate change.

Ms Sabine THILLAYE, Chair of the European Affairs Committee of the National Assembly, thanked the Senate for hosting this meeting of the COSAC Chairpersons and expressed her satisfaction at the good cooperation with the National Assembly, emphasising the importance of a such collective, cross-party cooperation. She commended the work done by the administrative staff of the two chambers, who would now have plenty to do since the project to create the working groups was approved, and pointed out that the method of designating the members would soon be communicated by letter.

Ms THILLAYE warmly thanked Mr Clément BEAUNE and Ms Christine LAGARDE for presenting, respectively, the French priorities for the Presidency of the Council of the European Union and an assessment of twenty years of the euro.

She expressed her satisfaction with the wide support expressed in favour of the French priorities. A Presidency is a short period of time and as it requires co-construction, she called for account to be taken of the previous mandate, but also the ones that would follow. She stressed that all the Member States were facing the same challenges – climate, digital, innovation, borders, security, defence, rule of law –, whose interdependence meant that they could not be treated in "silo" mode.

Ms THILLAYE insisted on the constant need for adaptation in a changing world and mentioned the movements that, in each country, were challenging our democracies and the rule of law. She pronounced herself in favour of a "software reboot" and recalled that the European Union was created to deal with internal divergences, against which it had to defend itself without respite. In a world where it is indispensable to adopt a position in relation to the outside world, she notes, no Member State is capable of meeting that requirement alone. She made it clear that it was reason and pragmatism that dictated that position.

Using the watchwords chosen for the French European Union Presidency – Recovery, Strength and a Sense of Belonging –, she insisted more particularly on the last of these three notions, which committed the parliamentarians and rendered them responsible through the messages they send to their electors.

Mr Jean-François RAPIN, Chair of the Senate European Affairs Committee, concluded the session by expressing his satisfaction with the good outcomes obtained, in particular the creation of the working groups within COSAC. He thanked Ms LAGARDE for her intervention, which he judged fascinating, and expressed his satisfaction to see the euro so well guarded.

Concerning the public health situation, Mr RAPIN said that he hoped that things were now improving, and this perspective allowed him to envisage organising the next COSAC plenary meeting at the National Assembly, in a larger chamber that would allow all the participants to attend in person. (*Applause*)

The meeting was adjourned at 16:35.