



Report issued by the European Affairs Committee and the Finance Committee on 21 June 2013

## Report

on

# Consideration of the European Semester by the Danish Parliament

### *Introduction*

The European Semester, currently in its third cycle, involves key themes of national parliamentary democracy – namely the adoption of the economic framework for national budgets. It is therefore a matter of urgency to ensure democratic legitimacy and control of the process. This report aims at adapting the Danish Parliament's procedures so as to enable the Danish Parliament to ensure parliamentary control of the European Semester.

### *The European Semester*

The European Semester refers to the first six months of each calendar year when European coordination of EU Member States' economic policies is undertaken. The idea of a European Semester is that the EU provides policy guidance at an early stage which Member States take into consideration when drafting their economic policies, reforms and budgets. The Semester is to ensure ex ante discussion at European level of fiscal measures prior to the adoption of national budgets.

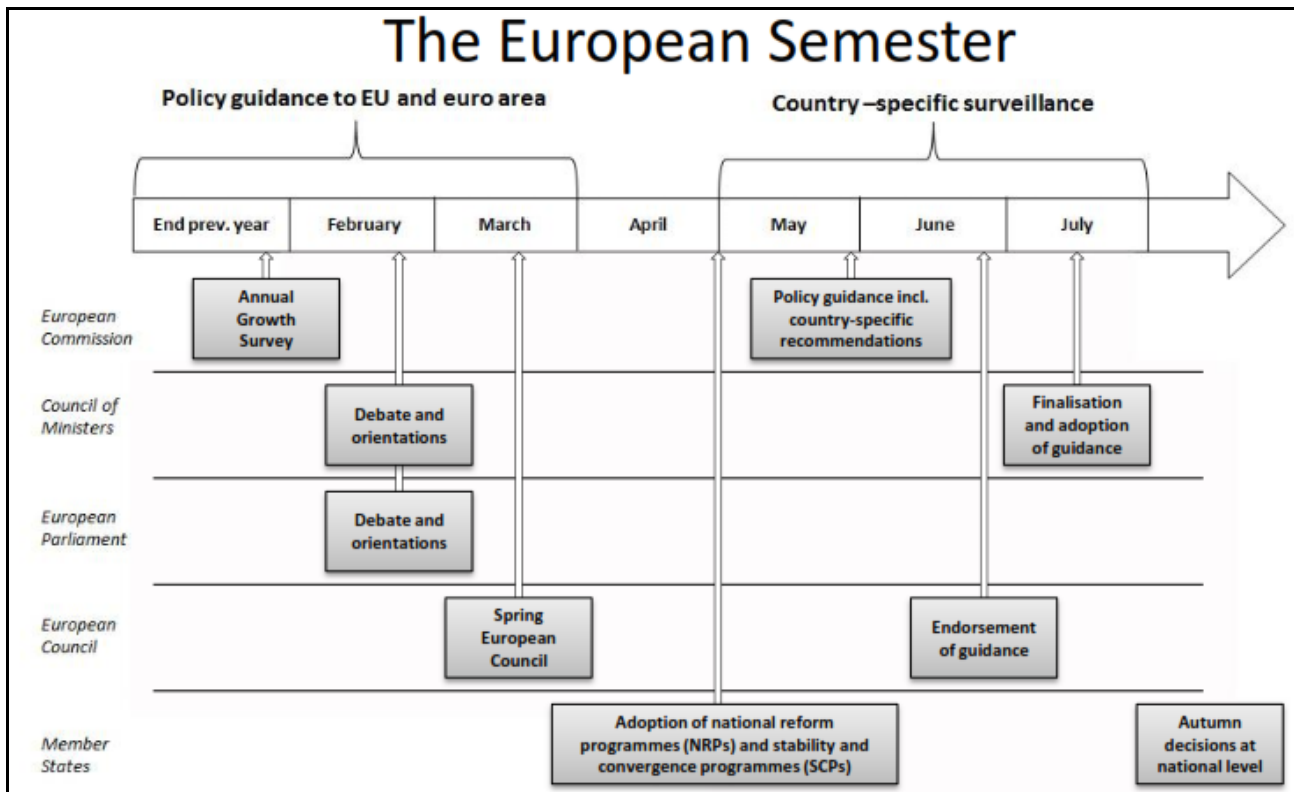
The Semester opens with the Commission's Annual Growth Survey in December which is discussed in various Council configurations in January-February and endorsed by the Spring European Council in March. In April, euro area countries submit *Stability Programmes* and countries outside the euro cooperation, including Denmark, submit *Convergence Programmes* to the European Commission. The programmes containing data and projections of various

economic variables are to take into consideration the priorities of the Annual Growth Survey and constitute the point of departure for the Commission's assessment of Member States' compliance with the Stability and Growth Pact – especially the requirement that public budget deficits may not exceed three per cent of GDP.

In parallel with this, Member States are also required in April to submit *National Reform Programmes*, containing national structural measures in areas such as employment, research, innovation, energy and social inclusion. The Commission will assess the national plans and in May publish recommendations for the euro zone as well as *country-specific recommendations* for each individual Member State. The Council and the European Council will endorse these recommendations in June-July.

Lastly, the European Semester also constitutes the framework for the implementation of the new rules regarding surveillance of *macroeconomic imbalances* in individual Member States.

With the European Semester, the role of the Commission has been strengthened vis-à-vis the Council. As the Semester involves key themes of national parliamentary democracy such as the adoption of budgets and economic reforms, it is a matter of urgency to ensure democratic legitimacy and control of the process.



**Figure 1: Timeline for the European Semester**

### *The Danish Parliament's control of the European Semester*

The aim and objective of the Danish Parliament's surveillance of the European Semester is to enable the Danish Parliament to control the action of the Danish Government. However, it remains the responsibility and prerogative of the Government to draw up and determine the content of the National Reform Programme and the Convergence Programme.

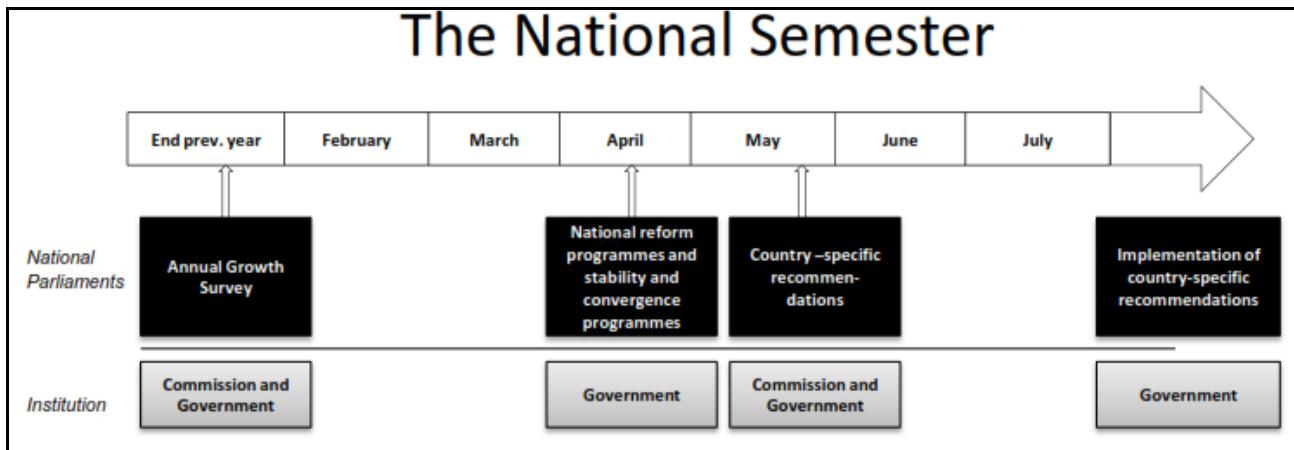
Today, the Danish Parliament is involved in the European Semester in that the Government in open consultations presents the Commission's Annual Growth Survey for the information of the European Affairs Committee prior to discussion in Council in January-February. Subsequently, in open consultations, the Prime Minister presents and reports to the European Affairs Committee on the Spring European Council in March where the priorities of the Annual Growth Survey are endorsed. Similarly, the Government presents the country-specific recommendations prior to discussion in Council and endorsement by the European Council in June-July. Furthermore, the Government's annual Convergence Programmes and National Reform Programmes are submitted for the information of the European Affairs Committee. To complete the picture it should be mentioned that part of the information in Denmark's National Reform Programmes is, naturally, the result of negotiation and compromises among the parties of the Danish Parliament.

With a view to involving the Danish Parliament to a greater extent in the European Semester, a majority in the committees propose that this practice be supplemented with a joint procedure established by the European Affairs Committee together with the Finance Committee, a so-called "National Semester". It is to consist of three annual joint consultations with the Government at the following points of time:

In December, the Government will present a briefing on the Commission's Annual Growth Survey, which may be combined with the Government's economic statement including a progress report on the previous year's country-specific recommendations. (The Government will draft a memo for the committees prior to the consultation).

In March, the Government will present an overall briefing on how it generally expects to reflect the broad economic policy orientations set by the Spring European Council in the National Reform Programme and the Convergence Programme.

At end-May, the Government will present a briefing on the Commission's draft country-specific recommendations to Member States before the recommendations are to be discussed at various Council meetings.



**Figure 2: The »National Semester«**

Furthermore, the two committees may invite the chairmen of the Danish Economic Council and/or representatives of Danmarks Nationalbank (the Danish central bank), etc. to present their economic assessments.

This model will place focus on EU economic forecasts for Europe and Denmark, ensure parliamentary co-ownership of the European Semester and make the process of the European Semester visible to the general public.

#### *Cooperation with the Parliaments of other EU Member States*

Lastly, the European Affairs Committee and the Finance Committee find it of decisive importance with respect to effective control of the European Semester that close cooperation is developed among EU Member States' national Parliaments regarding this issue. The European Affairs Committee will therefore work actively towards strengthening cooperation among national Parliaments in the EU on parliamentary control.

The European Affairs Committee and the Finance Committee request the Government to decide upon this procedure and timeframe for the Danish Parliament's consideration of the European Semester.

#### *Minority opinion*

The Danish People's Party, the Red-Green Alliance and Liberal Alliance welcome a clearer framework for the involvement of the Danish Parliament in the Government's economic policy activities. It is necessary at a time when the centre of gravity regarding the determination of the economic policy is moving from the Danish Parliament/Government to the Government/the EU. It is an obvious risk that the Danish Folketing will have less influence on the economic policy, resulting in major harmful consequences for Danish democracy.

This report, by contrast, is clearly insufficient. It does not ensure that the Danish Parliament maintains its position. There are several shortcomings, but on one point in particular the report is not good enough.

In spring, the Government will work on its statement to the European Commission on how it intends to respond to the economic challenges previously described by the EU. However, according to the report, the Government will not discuss this with the Danish Parliament until after the statement has been submitted to the EU.

It is the opinion of the minority that it is altogether crucial that the Government is under an obligation to discuss its statement with the Danish Folketing before it is submitted to the European Commission. If it is merely a matter of post-rationalisation, it will be difficult for the Danish Parliament to ensure its influence.

With this report, the Government will merely need to discuss its general ideas regarding the economic situation with the Danish Parliament on a non-binding basis. Once the statement to the EU becomes specific, the Danish Parliament will not be involved until subsequently. This is altogether insufficient, and there is a risk that the report will give the population an impression of the Danish Parliament's influence which is not borne out by reality.

On behalf of the Committees

Eva Kjer Hansen/Sofie Carsten Nielsen

Chairs