

**NOTE**

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Subject :           **Summary report of the plenary session**  
                          **– Brussels, 7 and 8 November 2002 <sup>1</sup>**

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**I.    OPENING OF THE SESSION**

**1.    Coordination of economic policies**

- (a)   debate on the report by Working Group VI chaired by Mr Hänsch  
       (CONV 357/02)

The Chairman introduced the debate by congratulating Mr Hänsch and all the members of the Group for the report they were submitting to the Convention. He recalled that the mandate of the Working Group on Economic Governance was no easy undertaking, as, when discussing economic governance, this very rapidly led to discussion of the actual content of policies. He said that although the Working Group had succeeded in reaching conclusions on many points, the report still raised many questions which the Convention would have to debate.

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<sup>1</sup>     The verbatim record of the plenary session may be found on the following website:  
       <http://european-convention.eu.int>

The Chairman underscored the purpose of the debate, which was not to discuss the direction to be taken by the economic policy which some wanted to see developed within the Union, but to define an institutional framework to enable the Union to conduct a policy effectively, without prejudging the direction it should take.

(i) the Working Group's report

Mr Hänsch presented the conclusions of the Working Group's report in the following terms:

There was broad consensus in favour of maintaining the allocation of competences as between the Union and the Member States for economic policy and monetary policy, with competence for monetary policy within the euro zone being attributed to the Union and managed through the Central Bank, and competence for economic policy remaining in the hands of the Member States.

Regarding monetary policy, there was broad consensus in favour of maintaining the independence from political influence of the Central Bank and of retaining its current structure and its mandate, with its priority task remaining the stability of prices. Some members, however, were in favour of greater transparency on the part of the Central Bank and wanted its mandate widened to include growth and employment.

On how to improve coordination of economic, social, fiscal and employment policies, Mr Hänsch pointed to the four existing instruments: the Broad Economic Policy Guidelines (BEPGs), the stability and growth pact, the open method of coordination and tax harmonisation.

There was clear agreement among the members of the Group on reinforcing and improving coordination. However, there was no consensus on the role to be played by the Commission in reinforcing that coordination. The area of taxation was a particularly sensitive one. Although a majority of members would like the Council to legislate by a qualified majority under the co-decision procedure for indirect taxation, company taxation, and energy and environmental taxation, others were opposed to any use of a qualified majority in this area.

The Working Group considered that the Eurogroup was very important as an informal forum for discussion among Member States in the euro zone, and wanted to retain that informal nature. Regarding the formal decisions on the euro zone, a number of members of the Group felt that these should be taken by the ECOFIN Council, bringing together only the Member States in the euro zone.

The Working Group stated its view that the effectiveness of the external representation of the euro in international fora needed to be improved. One section of the Working Group felt that the President of the Eurogroup should continue to assume this task, while others wanted an enabling clause in the treaty to confer this role upon the Commission, along the lines of what was being done in the area of commercial policy.

Views were very divided over the proposals for redrafting Articles 2, 3 and 4 TEC and Article 2 TEU, and the various political opinions were at odds. Some advocated that reference be made to full employment, social and territorial cohesion and the social market economy. Others put the emphasis on sustainable growth and competitiveness. Mr Hänsch wanted the plenary session to debate this point, as it went beyond the Working Group's sphere of competence.

(ii) plenary debate/conclusions

In the ensuing general debate, the consensus within the Working Group was confirmed as to the current allocation of competences as between the Union and the Member States for economic policy and monetary policy, viz.:

- competence for monetary policy within the euro zone is attributed to the Union;
- competence for economic policy remains in the hands of the Member States.

Likewise, there was consensus on the need to include economic and social objectives in the new constitutional treaty. The Chairman said that in the light of the debate, the Praesidium would in due course study the possible forms of words for defining objectives which covered both the economic and the social aspects; in January or February, the Praesidium would put to the plenary its ideas on the content of the articles on the Union's values and objectives, which would be intended for insertion in the initial titles of the constitutional treaty.

Many argued in favour of improved coordination of national economic policies. For some, this meant giving the Commission a greater role.

Consensus was reached on the Commission being able to issue an initial warning on the implementation of the Broad Economic Policy Guidelines (BEPGs) directly to the Member State concerned. Several members also supported the suggestion that the Council should take its decisions on the basis of a Commission proposal and should exclude the vote of the Member State concerned.

On the stability pact, the feeling prevailed that it should be maintained, but that it was a "political instrument" which should not appear in the treaty. However, the Chairman pointed out how essential it was for budgetary stability and the coordination of economic policies.

On the excessive deficits procedure, many members of the Convention wanted the Commission to be able to issue a first warning to the Member State concerned by an excessive deficit. For the subsequent phases, several members supported the idea of having the Council take its decisions by a qualified majority on the basis of a Commission proposal, while continuing to exclude the Member State concerned. Nevertheless, some were opposed to this idea; the Praesidium would have to continue to give thought to the matter.

With regard to taxation, no-one called into question the fiscal competences provided for by Articles 93, 94 and 175 of the Treaty. Regarding the procedures themselves, a large number of members wanted changes in the procedure enabling progress to be made in the area of fiscal policy with the objective of ensuring the proper functioning of the single market by including in the constitutional treaty a list of measures to which qualified majority voting would be applied in the Council.

On the other hand, those members wanting to maintain unanimity were vociferous in stating this. The Chairman concluded that the matter should be the subject of a further proposal to the Convention.

On the open method of coordination, many voices were raised in favour of its inclusion in the treaty, with provisions concerning the roles of the European Parliament and of the Commission. The Praesidium would consider how to include the open method of coordination in the constitutional treaty, taking account of the concerns that had been expressed, and in the light of the report from the Group chaired by Mr Amato, which was to make its recommendations at the next plenary session.

Many members highlighted the difficulties that the Eurogroup would have to face following enlargement. There was no consensus in favour of formalising the Eurogroup. The Chairman said that the Praesidium would consider the matter. As for decisions in the strict sense concerning the euro zone, some wanted them to be taken by the ECOFIN Council comprising only the States in the euro zone, while others advocated use of the enhanced cooperation method.

Many spoke in favour of a greater role for the social partners.

Although the Working Group had proposed no concrete solutions in this respect, a clear tendency emerged in favour of single representation of the euro zone at international level, with the difficulty being that a large number of Member States of the Union would not form part of that zone, at least not in the near future. Several suggestions were made. The Chairman proposed that Working Group VII chaired by Vice-Chairman Dehaene should consider them and include this matter in its report.

(b) debate on a Social Europe

(CONV 300/02 + COR 2 and CONV 347/02)

The President introduced the debate by recalling the request put forward by several members of the Convention, and supported by a number of others, for a debate in the plenary session on social issues. This was an important issue, to which Europe's citizens attached considerable importance. Since the task of the Convention was to address questions of a structural nature, the debate should centre on possible changes to the existing Treaty provisions.

A large number of those who intervened on this issue underlined the importance of addressing this issue in a sufficiently ambitious manner in the future Constitutional Treaty. It would not be understood if the Treaty contained no references to social issues. The Treaty should foresee the creation of a European social market; the single market was not an end in itself.

Several speakers set out some of the specific elements to which the Treaty should refer. These included basic social rights, social protection, full employment, gender equality and the need to protect services of general interest.

A number of speakers called for the provision of the appropriate instruments needed to put the Union's social objectives into effect. For some, this implied an extension of the Union's existing competences in the social field. It was important that, for example, an ambitious approach on

employment was backed up by provisions allowing for adequate legislation in this area. It was also pointed out that there needed to be appropriate instruments in place to encourage coordination of those social policy areas which remained the responsibility of Member States. For some, this meant introducing the Open Method of Coordination in the Treaty. Several considered that the Treaty should recognise the wider application of social policy through the introduction of a horizontal clause. The view was also expressed that Qualified Majority Voting should be the rule for all decisions in the social field.

Several speakers underlined the importance of giving an adequate role to the social partners, and that this should be better reflected in the new Treaty. Some also referred to the value of wider consultations with civil society.

Most speakers called for the creation of a Convention Working Group on social issues.

One speaker considered that the creation of a single European social model was not possible. Social policy was primarily a matter for individual Member States and should remain so; there should therefore be no extension of competence in this area.

The President concluded that there was a strong feeling that Europe should be more than just a single market, and that this should be reflected not just in the Union's overall objectives, but also in its policies. However it was clear that the EU also needed to retain its competitiveness vis-à-vis the rest of the world. Both these elements had come up in the Economic Governance Working Group, and both would need to be reflected in the Constitutional Treaty.

On the issue of competences, there were differences of view, but a number had called for extending the existing competences, and there had even been the suggestion that horizontal clauses referring to other policy areas should be included. There had been significant support for ensuring an appropriate role for the social partners.

The President noted that there was considerable support for the creation of a Working Group on a "Social Europe". This would follow the usual procedures, with the results of the plenary debate being taken into account in the preparation of a mandate for the Group.

2. **Progress report by Mr Amato on the proceedings of Working Group IX on the Simplification of Instruments and Procedures**
3. **Progress report by Mr Bruton on the proceedings of Working Group X on Security and Justice**

The Convention heard oral presentations on the proceedings of each of these two Groups, which will present their reports at the next meeting (5 and 6 December).

### **Friday 8 November**

4. **Resumption of the preliminary debate on the preliminary draft Constitutional Treaty (CONV 369/02)**

The consensus which had emerged at the previous plenary with regard to the constitutional nature of the Treaty and its structure was confirmed by all speakers.

More specific comments were also made:

- some members stressed that the Convention's objective should be to draw up the entire Treaty, including Part Two, and therefore to submit a complete version to the IGC;
- the Union should be defined not only as a union of States, but also as a union of citizens;



- several members emphasised the desire for rapid clarification of the institutional architecture; the institutional triangle as a whole should be reinforced; some felt that new arrangements for electing the President of the Commission could facilitate agreement on an elected President of the European Council;
- with regard to the Congress of the Peoples of Europe, it was suggested that it not be included among the "institutions", which would give it an unintended status, but elsewhere in the Treaty, as a forum intended to increase democratic participation in European life;
- other suggestions were made:
  - put the competition provisions in the internal market title;
  - mention explicitly the role of the regions;
  - put social dialogue in Part One of the Treaty;
  - emphasise the transparency requirement;
  - strengthen the provisions on good administration;
- some members expressed misgivings with regard to a specific title on defence.

In conclusion, the Chairman noted that the draft structure of the Treaty had been favourably received and that the other matters raised concerning the content or place of specific provisions should be reexamined during the discussion on the texts which the Praesidium would submit to the Convention as of the beginning of 2003, drawn up in the light of the plenary debates.

## 5. Complementary competences

- debate on the report by Working Group V chaired by Mr Christophersen (CONV 375/02)

Before presenting the conclusions of Working Group V (CONV 375/02), Mr Christophersen clarified a number of points in response to certain comments made to him. In particular, he said that the Group's primary objective was to clarify the respective responsibilities of Member States and the Union, and that at no time had it envisaged any sort of renationalisation of Community policies. Nor did it wish to call into question the legislative powers of the European Parliament. The Group's proposal to change the name to "supporting measures" did not prejudge the importance of the policy areas concerned.

### (i) the Working Group report

In his statement, Mr Christophersen stressed the following elements of the report:

- One of the Group's fundamental recommendations was that a separate, single title on competence be inserted in Part One of the Treaty. This title should include a succinct description of competences (an issue which had given rise to some reservations within the Group), the definition of the types of competence, and the principles applicable to the exercise of Union competence.
- With regard to the definition of complementary competence itself, by concluding that "Union legislation (regulations and directives) ... cannot be adopted as supporting measures", the Group did not mean to anticipate a definition of what falls within the "legislative" sphere of the Union, which was the responsibility of the Working Group chaired by Mr Amato, or to call into question the European Parliament's participation via the codecision procedure in decision-making in the areas under consideration.

The Group wished to indicate, using the terminology of the current Treaty, that supporting measures covered areas where Member States had not transferred legislative competence to the Union and that in those areas the Union could therefore only adopt measures to supplement or support the action of States but which could not under any circumstances harmonise, replace, amend or definitively affect Member States' legislation in any way.

- The Group had listed the principles which should govern the exercise of Union competence. Mr Christophersen emphasised the balance of the list. The principles were those of allocated powers, subsidiarity, proportionality, primacy of Community law, implementation at national level, solidarity, common interest and respect for national identity.
- The Group's proposed wording for the principle of allocated powers (stating that competences not allocated to the Union remain with the Member States) and for the principle of respect for national identity (which included a list of examples) did not seek to alter the scope of these principles, but solely to make them clearer for citizens.
- With regard to overlapping between functional competence (for example, the internal market) and competence in specific areas, in particular those covered by supporting measures, the Group proposed inserting into the Treaty the principles enshrined by case-law. The "centre of gravity" (i.e. the "principal objectives, content and intended effect") of a given proposal should guide the choice of legal basis in the Treaty.
- Article 308 should be retained as a "safeguard clause". Mr Christophersen highlighted the fact that the mechanisms to make recourse to this clause more difficult were counterbalanced by the proposal to create new specific legal bases in areas where Article 308 had been used systematically and by the proposal to extend it beyond the internal market to include all the Union's objectives.

(ii) debate/conclusions

During the ensuing debate, a large number of members took issue with the approach adopted in the Group's report.

Many felt that the proposed new name "supporting measures" was confusing in that it did not make clear that the reference was to "areas" in which the Union was empowered to act.

Several members were opposed to the Working Group's proposal to reword the expression "an ever closer union" (Article 1 TEU) to avoid the impression that the future transfer of competence was in itself an objective of the Union. Some said that the problem stemmed from a misinterpretation, as the Article referred to a union among peoples and therefore had no impact on competence. In his reply Mr Christophersen stressed that the recommendation should not be seen as an attempt to limit the political scope of the Article. On the contrary, although the Group had not been able to agree on an alternative wording, it had examined a number of options, all of which expressed the same commitment to union among the peoples of Europe. He pointed out that amendments to this Article had also been suggested by the European political groups in their positions for the Convention.

No one called into question the recommendation to include in the new Constitutional Treaty a separate title covering all matters relating to competence, including the definition of categories of competence and principles applicable to the exercise of Union competences.

Many members, however, expressed their disagreement with the idea of inserting into the Constitutional Treaty a "basic delimitation of Union competence", regarding it as an attempt to put the catalogue of competences, which the Convention had already ruled out, back on the agenda.

A large majority opposed the Group's proposed ban on using legislative instruments in the context of complementary competence. Some speakers felt that such a ban could instantly call into question the legislative powers of the European Parliament under codecision in the areas considered. A large number of members felt that the idea of establishing a link between type of competence and instruments should be ruled out. However, no speaker disputed that the ban on harmonising national legislation was an element of almost all the areas under consideration.

Many members were opposed to the inclusion of policy areas such as social policy or research in the list of areas identified in the report as being complementary competence areas.

The clause of respect for national identity also met with reservations from a large number of speakers. Several felt that it was an attempt to reintroduce the idea of a list of Member States' competences, an idea which had already been roundly rejected by the Convention, and expressed their preference for the more general wording of Article 6(3) of the TEU. Mr Christophersen pointed out that in the final version of the report the Group had inserted the words "among others" before the list of examples in order to emphasise clearly its indicative and non-exhaustive nature. The Group's intention was to clarify the principle and rule out any possible tendency to regard the list of examples as a catalogue of Member States' competences.

With regard to Article 308, there was broad consensus on the need to retain a "flexibility clause" with tight decision-making procedures, in particular unanimity in the Council. Members were more critical of the safeguard mechanisms of the "flexibility clause". Many were opposed to the break with the parallelism of forms, enabling an act adopted by unanimity to be repealed by a qualified majority, and to preliminary rulings. As Mr Christophersen himself noted, there was a clear preference for the idea of political control both by the European Parliament, with its assent required for decision-making, and by national parliaments, via a link with the early-warning system proposed by the Working Group on Subsidiarity.

Closing the debate, Mr Dehaene, who was in the chair, said that the plenary debate had shown that a large majority of members did not agree with the approach adopted in the report and that the Praesidium would subsequently consider the matter in the light of the various points arising from the debate.

## **6. Question time**

This agenda item was dropped because of lack of time.

## **II. NEXT SESSION OF THE CONVENTION**

The Chairman announced that the Convention's next meeting would take place on Thursday 5 December, starting at 15.00, and Friday 6 December, starting at 9.30. It would essentially be devoted to examination of the reports by the Working Group on the Simplification of Legislative Procedures and Instruments and the Working Group on Security and Justice.

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**THE EUROPEAN CONVENTION**  
**Plenary session 7 and 8 November 2002**

**LIST OF SPEAKERS**  
**following order of intervention**

Thursday 7 November

**1. Coordination of economic policies**

**(a) debate on the report by Working Group VI on Economic Governance chaired by  
Mr Hänsch (CONV 357/02)**

1. Mr Caspar EINEM – Austria (Parliament)
  2. Mr Timothy KIRKHOPE – European Parliament
  3. Mr Evrypidis STYLIANIDIS – Greece (Parliament)
  4. Mr Pierre MOSCOVICI – France (Government)
  5. Mr Elmar BROK – European Parliament
  6. Ms Danuta HÜBNER – Poland (Government)
  7. Mr Andrew DUFF – European Parliament
  8. Mr Michel BARNIER – Commission
  9. Mr Erwin TEUFEL – Germany (Parliament)
  10. Mr Pierre LEQUILLER – France (Parliament)
  11. Mr Hans Martin BURY – Germany (Government)
  12. Mr Gianfranco FINI – Italy (Government)
  13. Mr Josep BORRELL FONTELLES – Spain (Parliament)
  14. Ms Pervenche BERES – European Parliament
  15. Mr Peter HAIN – United Kingdom (Government)
  16. Mr Johannes VOGGENHUBER – European Parliament
  17. Mr Henrik dam KRISTENSEN – Denmark (Parliament)
  18. Mr Alfonso DASTIS – Spain (Government)
  19. Ms Marie NAGY – Belgium (Parliament)
- (Blue cards: FARNLEITNER, FAYOT, d'OLIVEIRA MARTINS)*
20. Ms Lena HJELM-WALLÉN – Sweden (Government)
  21. Mr Josef ZIELENIEC – Czech Republic (Parliament)
  22. Mr Giorgos KATIFORIS – Greece (Government)

23. Mr Valdo SPINI – Italy (Parliament)
24. Mr Ernani LOPES – Portugal (Government)
25. Mr William ABITBOL – European Parliament
26. Mr Gijs de VRIES – Netherlands (Government)
27. Ms Sylvia-Yvonne KAUFMANN – European Parliament
28. Mr Adrian SEVERIN – Romania (Parliament)
29. Mr Hubert HAENEL – France (Parliament)
30. Mr Göran LENNMARKER – Sweden (Parliament)
31. Mr Louis MICHEL – Belgium (Government)
32. Ms Ayfer YILMAZ – Turkey (Parliament)
33. Ms Hildegard PUWAK – Romania (Government)
34. Mr Lamberto DINI – Italy (Parliament)
35. Mr Jacques SANTER – Luxembourg (Government)
36. Ms Linda McAVAN – European Parliament
37. Ms Cristiana MUSCARDINI – European Parliament  
(Blue card: THORNING-SCHMIDT)
38. Ms Gisela STUART – United Kingdom (Parliament)
39. Ms Piia-Nora KAUPPI – European Parliament
40. Mr Oguz DEMIRALP – Turkey (Government)
41. Mr Dick ROCHE – Ireland (Government)
42. Ms Riitta Lisa KORHONEN – Finland (Parliament)
43. Mr Emilio GABAGLIO – (European Trade Union Confederation) Observer
44. Mr Roger BRIESCH – (Economic and Social Committee) Observer  
(Blue card: HEATHCOAT-AMORY)



Thursday 7 November

**1. Coordination of economic policies**

**(b) debate on a Social Europe (CONV 300/02 + COR 2 and CONV 374/02)**

1. Ms Anne VAN LANCKER – European Parliament
2. Mr Proinsias DE ROSSA – Ireland (Parliament)
3. Mr Vytenis ANDRIUKAITIS – Lithuania (Parliament)
4. Mr Ben FAYOT – Luxembourg (Parliament)
5. Mr Jürgen MEYER – Germany (Parliament)
6. Ms Eduarda AZEVEDO – Portugal (Parliament)
7. Mr Paraskevas AVGERINOS – Greece (Parliament)
8. Mr Carlos CARNERO – European Parliament
9. Mr Danny PIETERS – Belgium (Parliament)
10. Mr Antonio TAJANI – European Parliament
11. Mr Jan KOHOUT – Czech Republic (Government)
12. Mr Frans TIMMERMANS – Netherlands (Parliament)
13. Mr Per DALGAARD – Denmark (Parliament)

**3. Progress report by Mr Bruton on the proceedings of Working Group X on Security and Justice**

*(Blue cards: STUART, ROCHE, HAENEL)*

**THE EUROPEAN CONVENTION**  
**Plenary session 7 and 8 November 2002**

**LIST OF SPEAKERS (revised)**  
**following order of intervention**

Friday 8 November

– **Resumption of the preliminary debate on the preliminary draft Constitutional Treaty**

1. Mr Sören LEKBERG – Sweden (Parliament)
2. Mr Antonio TAJANI – European Parliament
3. Mr Henning CHRISTOPHERSEN – Denmark (Government)
4. Mr Pierre LEQUILLER – France (Parliament)
5. Mr Joschka FISCHER – Germany (Government)
6. Mr Olivier DUHAMEL – European Parliament
7. Mr Alberto COSTA – Portugal (Parliament)
8. Mr Kimmo KILJUNEN – Finland (Parliament)
9. Mr Hannes FARNLEITNER – Austria (Government)
10. Mr Johannes VOGGENHUBER – European Parliament
11. Mr Jürgen MEYER – Germany (Parliament)
12. Mr Jacob SÖDERMAN – (European Ombudsman) Observer
13. Mr Reinhard RACK – European Parliament
14. Mr Pierre CHEVALIER – Belgium (Government)
15. Ms Liia HÄNNI – Estonia (Parliament)
16. Mr Jos CHABERT – (Committee of the Regions) Observer

**5. Complementary competence**  
**Debate on the report by Working Group V chaired by Mr Christophersen**  
**(CONV 375/02)**

1. Mr Pierre LEQUILLER – France (Parliament)
2. Mr Alfonso DASTIS – Spain (Government)
3. Mr Lamberto DINI – Italy (Parliament)
4. Mr Joschka FISCHER – Germany (Government)
5. Mr Erwin TEUFEL – Germany (Parliament)
6. Mr David HEATHCOAT-AMORY – United Kingdom (Parliament)

7. Mr Andrew DUFF – European Parliament
  8. Mr Alain LAMASSOURE – European Parliament
  9. Mr Michael FRENDON – Malta (Parliament)
  10. Mr Pierre MOSCOVICI – France (Government)
  11. Ms Helle THORNING-SCHMIDT – European Parliament
  12. Mr Diego LOPEZ GARRIDO – Spain (Parliament)
  13. Mr Gijs de VRIES – Netherlands (Government)
  14. Mr Hannes FARNLEITNER Austria (Government)
  15. Mr Klaus HÄNSCH – European Parliament
  16. Mr René van der LINDEN – Netherlands (Parliament)
  17. Mr Michael ATTALIDES – Cyprus (Government)
  18. Mr Olivier DUHAMEL – European Parliament
  19. Ms Pervenche BERES – European Parliament
  20. Mr Pierre CHEVALIER – Belgium (Government)
  21. Mr António VITORINO – Commission
  22. Mr Ernani LOPES – Portugal (Government)
  23. Mr Jens-Peter BONDE – European Parliament
  24. Ms Lena HJELM WALLÉN – Sweden (Government)
  25. Mr Edmund WITTBRODT – Poland (Parliament)
  26. Ms Liia HÄNNI – Estonia (Parliament)
  - (Blue card: TOMLINSON)*
  27. Mr Francesco SPERONI – Italy (Government)
  28. Ms Marie NAGY – Belgium (Parliament)
  29. Mr Peter SERRACINO-INGLOTT – Malta (Government)
  30. Mr Joachim WUERMELING – European Parliament
  - (Blue cards: TIILIKAINEN, MacCORMICK, VANHANEN)*
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