



Sunday February 24 2019
Venue: European Youth Centre Budapest, Zivatar utca 1, Budapest

POLITICAL COMMISSION MEETING (internal UEF/JEF meeting)

Rotating group discussions

Session II: Preparing JEF and UEF policies - Deep dive into selected topics:

What measures can Europe implement to safeguard democracy and rule of law across Europe?

- Proposed conditionality on EU funds
- Review mechanism on Democracy, Rule of Law and Fundamental Rights
- Article 7 procedure of the European Public Prosecutor’s Office
- The role of media / common European Media space

**The “Article 7”
 procedure and
 Review
 mechanism on
 Democracy, Rule
 of Law and
 Fundamental
 Rights**

*Facilitated by
 Leonie MARTIN,
 Vice-president of
 JEF*

The first table discussed the Art. 7 procedure and the European Parliament's proposal to introduce a review mechanism.

Following points were raised:

- Some pointed out that the Art. 7 procedure was going too slow; others questioned the political character of the process (with Member States deciding on Member States) and argued in favor of reducing the role of the Council, strengthening the role of the European Parliament, European Court of Justice (ECJ) in it. Some wondered what the goal of Art. 7 procedure is and whether Member States "fear" losing the right to vote in the Council. It was difficult to conclude how sanctioning a Member State can work without hurting the citizen (i.a. with conditionality to the budget).
- One short-term demand would be to allow a representative of the European Parliament to attend the General Affairs Council (GAC) meetings in which Art. 7 procedures are currently discussed. Furthermore, as the Hungarian case shows, debates on procedural issues take time; thus guidelines on how the procedure works are deemed helpful. Everyone agreed that this is needed to add more transparency to the procedure and to make the EU into a global role model for democracy again. A strong debated issue was whether there should be a time line added to the procedure: on one hand, it would add the necessary pressure to act, on the other hand, this might go sideways. One interesting proposal was

to reconsider the framing of the procedure: this includes renaming the Art. 7 procedure into something that is understandable for everyone who is not familiar with the European legal system (e.g. Rule of Law procedure, or in a federal Europe constitutional values procedure) as well as renaming the "preventive" mechanism that is Art. 7(1) TEU.

- DRF mechanism: as the EP has proposed this mechanism already in 2015, it's up to the European Commission to propose such a mechanism. The table participants discussed what sources should be used and whether data from the Member State itself should be taken into account. On the one hand, these might be presented in a more favorably way; on the other hand, including the Member State makes it later on more difficult to scapegoat "Brussels".
- How would we guarantee that a Federal Europe is based on Rule of Law? We need "something bigger that survives" - as suggestions, a clear division of competences as well as the reduced role of the Council were named. There definitely should be a watchdog mechanism.

The role of the European Public Prosecutor's Office

*Facilitated by
Eszter NAGY,
Secretary General
of UEF Hungary*

A lively discussion on the role of the European Public Prosecutor's Office took place. It is especially important for Hungarian citizens, as the government decided to opt out from this cooperation while in the meantime there are numerous obvious case of misspending the EU-funds in the country. There is one independent MP, Mr. Ákos Hadházy, who even started to gather signatures from Hungarian citizens for the support of joining the European Prosecutor's Office, and actually there are over 450.000 people who signed it. It means that the citizens in general would like Hungary to join, but the government is not willing to consider it.

The [EPPO](#) would be an important instrument to provide European solutions to European problems. On one hand the EU institutions say that they don't want to interfere in the domestic issues of the member states, but the scale of EU financial support is already a kind of intervention. (In Hungary it reaches 6% of the GDP) That's why we agreed that it is also a responsibility of the EU to control the spending of the money and to provide the transparency and the accountability, and to be able to take measures in case of a fraud or misuse of the financial support.

The EPPO could repair the current system that is not working especially in relation with the countries where there are the biggest problems with corruption and state capture. But in order to make it an efficient institution, participation cannot be optional for the member states, especially for the net beneficiary countries. During our discussions we had the idea to make it conditionally linked to participation in the cohesion and structural funds. It could be a compulsory check-box for the member states if they want to benefit of the EU financial support. This way the EU could also increase its credibility towards the citizens of the net contributor states that their taxpayer money is not going to fund corrupt regimes. Otherwise the EPPO could become again a "toothless lion" (similar to [OLAF](#)), a lot of effort and energy invested, but not providing a viable solution to the current problems that undermine EU solidarity.

It is important to have transparency in the functioning of the EPPO, the rules and the processes should not be overcomplicated.

The EPPO could also have a sourcing/database function providing an overview of the member states using of EU-funds:

- Gathering information;
- Using available sources: OLAF, professional NGOs, like transparency international;
- Providing Expertise

The EPPO should be an independent body, but in the meantime accountable to the European Parliament.

The judicial process initiated by the EPPO should be conducted at the European level involving the European Court of Justice (ECJ). The decisions of the European Court of Justice should be reinforced by EU institution (also Europol could be involved), and could entail the reduction of EU funding. (In case of a serious democratic backsliding in a member state, the national judicial system could be also under the influence of a governing party).

It is important that the prosecution is a relatively fast procedure including the ECJ-s decision-making.

The EPPO should pay special attention to the countries concerned by rule of law deficiencies.

**Rule of Law
conditionality in
the EU budget**

*Facilitated by
Sebastiano
PUTOTO,
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JEF*

After a broad presentation of what the proposed mechanism consists of (find here the [Commission's Proposal for a Regulation](#), and here a [commentary/recap by the European Parliament Research Service](#)), the group delved straight in the discussion with participants.

As a starting point, the proposal does **not** concern the mismanagement of funds per se, but should be rather understood as an alternative mechanism to induce Member States to respect the rule of law. Mismanagement of funds is the remit of OLAF (EU anti-fraud office), the European Public Prosecutor's Office, and to some extent of the European Court of Auditors.

The first point is that said **conditionality should not affect social programmes and programmes like Erasmus+**.

There was more discussion on how it should work, and particularly on who should bear the burden of the suspension of funds.

- The mechanism should impact Governments, rather than citizens. How to guarantee that a Member State would continue to pay out commitments to beneficiaries, though? Furthermore, if citizens feel its impact, this might help them understand that there are consequences for their Government's behavior.
- On the other hand, the **risk of anti-EU backlash** is extremely high. How do you counter that?

General information campaigns, from the EU directly to citizens, to try and counter authoritarian and illiberal Governments' propaganda.

- There is a financial issue for independent media. Lack of funding has led in some countries to a consolidation of ownership. The EU could buy ad pages to explain its rule of law budgetary sanction?
- The **signs of EU funded projects should be more visible**, in particular for structural and investments funds, both before and after the project is carried out (e.g. infrastructure projects: big EU flag to indicate the construction site is funded by the EU, and a big plaque explaining where the money come from once the infrastructure is built).
- Creative ideas: suspend funds in "more pro-European sectors" (if applicable): would these citizens be more keen to withstand the consequences and support the EU's effort to explain its actions?
 - One concern that emerged was the **legitimacy for the EU to suspend funds from the EU budget**, as it's almost wholly funded by Member States (i.e. it's "their money")
 - This actually led to a **further rationale for EU taxes/own resources** (as it would be democratically more legitimate for the EU to suspend disbursement of its own funds).
- **What should be done with such suspended funds?** Alternative ideas:
 - **Education to democracy** (Europe for Citizens/Rights and Values Fund)
 - **Mobility** (Erasmus+/DiscoverEU)
 - A **fund for free press** in direct management by the European Commission. But would this just replace one "Governmental propaganda" with another?
 - **Target-oriented communication strategies**: address those who are most affected. If funds suspended are from CAP, develop communication specifically for farmers; etc.
- **Alternatives/improvements to a Rule of Law mechanism in the EU budget**:
 - European Taxes, as these would increase the legitimacy of withholding payments
 - OLAF: limited to corruption and fraud, but it should be given more resources to fight mismanagement of funds more effectively, including with EPPO. Another suggestion was "**OLAF conditionality**": someone convicted of EU budget fraud cannot access EU funds for a set period of time (e.g. 2 years, case of oligarchs in Hungary were mentioned as an example). This includes both legal and natural person (i.e. the company/association and its legal representatives under any other form).