

English

Manifesto of Slovak Eurorealism

Marking the 60th anniversary of signing
of the Treaties of Rome on 25 March 1957



European
Conservatives
and Reformists
Group

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of the Treaties of Rome on 25 March 1957



European Union Reform | March 2017

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Foreword

We are Eurorealists. Unlike Eurooptimists, who say that if something does not work, further competences need to be transferred to Brussels, and unlike Europessimists, who are calling for withdrawal from the EU, we Eurorealists say that the European Union is an excellent project, but it needs to be reformed.

*The basic idea of the European Union – **the common market** – and the four fundamental freedoms associated with this idea – **free movement of goods, services, capital and persons** – are so great that they deserve to be fought for. These ideas of its founding fathers, great politicians such as Schuman, Adenauer, de Gasperi, Spaak and others, gave Europe 70 years of growth without the wars and apocalyptic crises that had regularly plagued it. Without the European Union, Slovakia would not be what it is today and it would not be enjoying these fundamental freedoms.*

The idea to wait and see how it works out for the Brits and then consider withdrawing from the EU is an illusion. Apart from our geographical location, which plays a significant role in our case, the UK is a military, political and economic power with a tradition of the rule of law spanning over eight centuries. For the UK, withdrawing from the EU does not entail a change in the character of the state. For Slovakia, it would.

Therefore, we neither want to destroy nor leave the EU. The opposite. This EU reform proposal stems from our effort to ensure that it continues successfully. All of our ideas have one thing in common – we want to bring the EU back to the state in which it worked best or can work best.

This Manifesto is an answer to all those who are accusing us of constant criticism without concrete solutions. Well, here they are – 23 very concrete and, with enough political will, practicable proposals. And, as a heads-up to our voters – whenever there is an opportunity, we will act in line with the proposed changes.

On 1 March 2017, the President of the European Commission introduced the so-called White Paper¹, in which he presented five possible scenarios of the EU's future:

*1/ Carrying on | 2/ Nothing but the single market | 3/ Those who want more do more
4/ Doing less more efficiently | 5/ Doing much more together*

We welcome this initiative. It is about time we start an honest debate about the future of the EU and discuss all possible scenarios. The present Manifesto goes in line with scenario number 4. Please take it as a contribution to the debate on the future of Europe.

We wish you an interesting read!

¹ http://europa.eu/rapid/press-release_IP-17-385_sk.htm



1. The EU – more integration or less of it?

The European Union has undergone a quiet but significant change since the signing of the Treaty of Maastricht, a period roughly a decade longer than Slovakia's membership. A community of sovereign states built on clear agreements has turned into a bureaucratic juggernaut heading straight to socialism.

In the initial phase, when the European Union more or less stuck to the original idea from which it had sprung, i.e. free movement of goods, services, capital and persons, the world was all right – economies grew and debts were relatively low, as was unemployment. The first significant change came three years before the introduction of the euro when European leaders for the first time grossly violated their own rules by accepting Italy and, a year later, Greece to the euro area. The ensuing convergence of interest rates was a strong prelude to debt socialisation.

Problems started to accumulate but had yet to become visible. It was like when you put fresh paint on a damp wall. It only took a few years for the first crisis to arrive – the banking crisis in 2007. It started when, on the interbank market, the banks in northern countries were no longer willing to lend to the banks in southern countries. Since then, the European Union has been staggering from one crisis to another and money-wasting, redistribution of debt from those who create it to those who act prudently and bureaucratisation continue at an increasing rate. This year, we will 'commemorate' the 10th anniversary of a continuous crisis and the saddest thing is that today's European leaders consider a success the mere fact that the EU is still holding together.

If the European Union wants to survive, it must be deeply reformed.

Some say – more integration, more Europe – and by that, they mean giving more competences to Brussels. Yet, since the Treaty of Maastricht (1992), the EU has been functioning more and more as a project for the economic and political unification of Europe, which is not proving effective in reality. This project, based on shifting power further away from under people's control, is being implemented behind the backs of the citizens of the Member States². The conditions are generally not suitable for it – there is nothing like a European nation, common language or sense of solidarity between the populations of the Member States. Natural economic integration and, perhaps, over time, a political union is a project for many generations and it is utopic to think that it can be done over a few years and without adequate democratic legitimacy. This is the reality faced by today's European Union, which is running into ever greater difficulties. If the EU fails to do away with its unnecessary and fatal bureaucratic, economic and political ballast and go back to its original ideas, its existence will be threatened.

Therefore, we propose a different approach. Bring the European Union back to the state when it worked best and transfer competences back to the Member States. Less bureaucracy and less regulation, but more freedom and more competition. That is the reform that we at the Freedom and Solidarity Party want to sketch out.

2 JUNKER, J. C.: "We take a decision, then we put it on the table and wait a while to see what happens. If it does not cause protests or riots, because most people do not understand anything of what has been decided, we go step by step to the point of no return." In: Der Spiegel, 27 December 1999 <http://www.spiegel.de/spiegel/print/d-15317086.html>

2. Membership of the EU as Slovakia's key interest

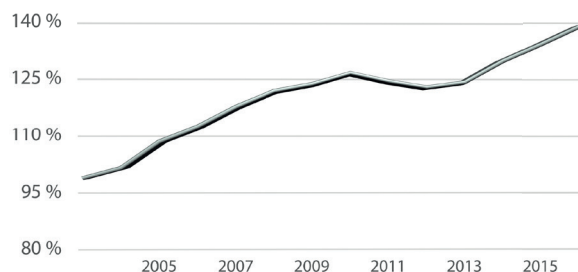
After the turbulent transformation period ensuing 1989, in 2004 Slovakia succeeded in anchoring itself in the West, in particular by becoming a member of NATO and the EU. Membership of both institutions continues to be key for Slovakia's future growth and political stability – NATO as a security pillar and the EU as a political and economic pillar.

The Freedom and Solidarity Party is a major critic of the European Union, but it is not an advocate of withdrawing from it. Due to the ties between Slovakia's industry and EU markets, such a step would cause significant damage to the Slovak economy. Unlike the UK, due to its size, Slovakia would not be able to negotiate the necessary conditions, especially a duty-free exchange of goods.



Source: National Bank of Slovakia

Real wage growth in Slovakia after accession to the European Union (2003=100 %)



Source: Slovak Statistical Office

2.1 Slovakia is a small and open economy, we do the vast majority of our trade with EU countries. In 2015, our exports amounted to €67.5 billion, of which €57.7 billion (85 %) went to EU countries and €32.2 billion (48 %) to euro area countries. In the same year, imports amounted to €64.2 billion, of which €42.2 billion (66 %) were from EU countries and €25.6 billion (40 %) from euro area countries. Slovakia's GDP was €78.1 billion in 2015.

2.2 In order to maintain competitiveness and production efficiency, transaction costs are critical to businesses. The free-trade area, free movement of goods and services, the Schengen area, but also the euro area facilitate export companies' logistics and trade between the Member States – these are the elements of EU membership (in combination with the then reforms undertaken in Slovakia) that made our country an attractive place for western investors.



- 2.3** *The capital, technology and know-how brought to our country by investors would have taken us decades to accumulate ourselves. The added value of production increased, as did Slovak employees' wages, which rose by 37 % in real terms since our accession to the European Union. Car manufacturers, the most visible result of our membership to this date, still pay higher-than-average wages compared to the rest of the economy. Around 80 thousand people are working in automotive production³ and the automotive industry indirectly (including around 300 subcontractor companies) employs as many as 200 thousand people, generating 9 % of employment⁴.*

| Export Commodity | Exports (€ billion) | Share |
|--|----------------------------|--------------|
| Vehicles | 18,6 | 27,5% |
| Electrical machinery | 13,9 | 20,5% |
| Nuclear reactors, boilers, machinery, appliances | 8,3 | 12,3% |
| Iron and steel | 2,8 | 4,2% |
| Mineral fuels | 2,5 | 3,7% |
| Rubber and articles thereof | 2,1 | 3,1% |
| Plastics and articles thereof | 2,1 | 3,1% |
| Articles of iron or steel | 1,6 | 2,3% |
| Furniture | 1,4 | 2,0% |
| Aluminium and articles thereof | 1,0 | 1,5% |
| Other | 13,3 | 19,7% |
| Slovak exports in total | 67,5 | 100% |

Source: NBS, ŠÚ SR, MH SR, 2015

- 2.4** *Our exit from the EU could cause significant damage, in particular to the automotive industry and its subcontractors. In 2015, vehicle exports accounted for more than a quarter (€18.6 billion) of Slovakia's entire exports. Passenger cars accounted for €12.7 billion and were exported mostly to Germany (€2.0 billion), the United Kingdom (€1.7 billion) and France (€1.4 billion). EU vehicle imports from third countries are subject to a 10 percent duty. The higher cost of cars manufactured in Slovakia would motivate Germans, Brits, French and other EU citizens to buy more cars from domestic producers or the EU single market. Should cars manufactured in Slovakia become subject to customs duties, it would make them less attractive to European consumers. Electrical machinery was Slovakia's second most important export article (€13.9 billion) and most of the exports went to EU markets (Germany, the United Kingdom, Netherlands, France, Poland).*

Hence, Slovakia's continued membership of the European Union and the EU's single market is a key strategic interest of the Slovak Republic. This makes us care even more about a functional and prosperous European Union. But the reality is different today.

3 <http://autobild.cas.sk/clanok/201073/na-slovensku-sa-za-rok-vyrobilo-milion-aut>

4 <http://www.teraz.sk/ekonomika/novi-zamestnanci-auta-cudzinci/156581-clanok.html>

3. The EU after 60 years – critical condition

On 25 March 1957, representatives of the six founding states ⁵ signed the so-called Treaties of Rome (the Treaty establishing the European Economic Community and the Treaty establishing the Atomic Energy Community). This date is generally regarded as the date the EU was established. This means that in 2017, the EU is commemorating the 60th anniversary of its establishment and, regrettably, the 10th anniversary of an ongoing crisis.

In recent years, the long unattended problems have brought about events that plunged EU countries into economic and political instability and, ultimately, put the very existence of the EU under threat.

3.1 10 years of a crisis – a brief overview

3.1.1 Summer 2007⁶ – for the first time, the ECB provides a strong liquidity injection to European banks (almost €95 billion in cheap loans).

3.1.2 Spring 2010 – a loan to Greece is approved (€110 billion), the temporary EFSF mechanism is set up (August 2010) and Ireland and Portugal receive a loan from the facility. A devastating political signal is sent that bankruptcy is not allowed in the euro area.

3.1.3 Autumn 2011 – the interbank market in the euro area freezes, there is a threat that the euro area. More extraordinary summits – a write-off of Greek debt, agreement to recapitalise European banks, strengthening of the EFSF.

3.1.4 Summer 2012 – creation of the ESM as a permanent stability mechanism. The total capacity of the ESM reaches €705 billion. Greece is promised €86 billion from this amount in three tranches over three years⁷, the country had used almost €32 billion by the end of 2016⁸. Before that, the country also received a €141.8 billion loan from the EFSF (the second bailout programme), which followed a bilateral loan from euro area countries amounting to €52.9 billion (the first bailout programme).

⁵ Belgium, France, West Germany, Italy, Luxembourg and the Netherlands

⁶ In June 2007, the mortgage investment fund Bear Stearns stops paying investors, which leads to a market freeze and subsequent coordinated intervention by central banks. Bear Stearns collapses in March 2008, but the FED intervenes to avert its bankruptcy. When the Lehman Brothers investment bank collapses in September, however, the FED decides not to step in. The financial crisis breaks out in full force.

⁷ <https://www.esm.europa.eu/content/how-much-committed-greece-esm-programme>

⁸ <https://www.esm.europa.eu/assistance/greece>



- 3.1.5 Spring 2013** – banking crisis in Cyprus accompanied by the introduction of control over capital transfers and expropriation of bank deposits.
- 3.1.6 Summer 2015** – another Greek crisis, a threat of bankruptcy, Greek banks and stock exchange are closed. Even though Greeks reject an agreement with the creditors in a referendum, Greek Prime Minister Tsipras is forced to agree to reforms and de facto deny the referendum results. The Greek Government did not want to leave the euro area and the euro area did not find the strength to remove Greece
- 3.1.7 Summer 2015** – An enormous influx of refugees brought about by three specific events:
- On 21 August 2015**, German authorities stop sending back Syrian refugees who have been refused asylum. Even though this only concerned around 150 persons, the news sparked euphoria in the Middle East.
- On 31 August 2015**, Angela Merkel declares that “Wir Schaffen Das” (We’ll manage it) and de facto invites refugees to Germany
- On 5 September 2015**, Angela Merkel decides to accept around four thousand refugees staying at the Budapest Keleti train station.
- 3.1.8 Autumn 2015** – European Council summits on the migration crisis. Vote on refugee quotas at the Council of the EU in September 2015 (approved by a qualified majority). Several controversial resolutions of the European Parliament mentioning quotas. Violations of the Dublin system rules, weak external border protection.
- 3.1.9 Summer 2016** – a referendum on the UK’s withdrawal from the European Union. Neither side is prepared for the Brexit scenario, unclear negotiation positions. In February 2017, the British government presents the Brexit white paper outlining every step towards leaving the EU.
- 3.1.10 Winter 2016** – a referendum on constitutional changes in Italy, Italian voters reject the proposed reforms. Prime Minister Matteo Renzi resigns after the referendum. Thus, Italy finds itself just ‘3 mishaps’ away from shattering the entire euro area (early elections, the victory of the Five Stars Movement and a referendum on withdrawal from the euro area).

3.2 **The EU's biggest problems today**

- 3.2.1** *Poor condition of the banking system, unwillingness to provide credit. According to the ECB, banks hold around €1 200 billion of non-performing loans on their balance sheets (approximately 11 % of euro area GDP) ⁹, one-third of which is in Italian banks.*
- 3.2.2** *Permanently high unemployment rate (8.3 %; in the US, less than 5 %). There are 20.4 million people without a job in the EU today, which is still 4 million more than in pre-crisis period, despite the decrease in recent years.¹⁰*
- 3.2.3** *Public debt is close to maximum levels, dozens of percentage points above the pre-crisis levels; this is due to a general resistance to austerity measures. In 2015, EU28 debt reached 85 % of GDP and the euro area debt (EU19) exceeded 90 % of GDP.*
- 3.2.4** *Migration crisis. According to Eurostat, more than 1.2 million and 1.1 million asylum applications were received in 2015 and 2016, respectively. According to the UN, more than ten thousand migrants have drowned trying to reach Europe by sea since 2014 ¹¹. In September 2015, the Council of the EU obliged its members to redistribute 120 000 refugees, but no redistribution has taken place. In May 2016, the European Commission proposed to sanction the Member States which fail to meet the quota for accepting refugees by a fine of €250 000 per rejected asylum seeker.*
- 3.2.5** *Commencement of negotiations on the future arrangement of the relations between the EU and the UK. Several European leaders, including Jean Claude Juncker, François Hollande and Robert Fico, expressed the opinion that leaving the EU would hurt the Brits economically. In January 2017, UK Prime Minister Theresa May announces that retaining free movement of persons is unacceptable to the UK, even at the cost of a hard Brexit. With the British Parliament having passed a law on the activation of Article 50 of the Treaty of Lisbon, the two-year exit process is expected to launch officially in the spring of 2017.*

⁹ <https://www.bloomberg.com/news/articles/2016-06-02/european-banks-trillion-dollar-bad-loan-burden-spurs-cash-calls>

¹⁰ Source: Eurostat, seasonally adjusted data from November 2016, "Harmonised unemployment (1 000) - monthly data" and "Harmonised unemployment rates (%) - monthly data"

¹¹ <http://echo24.cz/a/i6Fyb/u-egyptskych-brehu-se-potopila-lod-se-600-migrantu>



3.2.6 Transfer union – a union of debt going back to at least 2010

3.2.6.1 *In the first phase of the crisis starting in August 2007, the ECB poured money into the European financial system by increasing the frequency and stretching the maturity of refinancing operations.*

3.2.6.2 *In the second phase of the crisis, between late 2007 and the end of 2008, the ECB started to provide liquidity without volume caps and further stretched the maturity of refinancing loans.*

3.2.6.3 *In the third phase of the crisis, starting in early 2010, the ECB stepped over the red line by starting to buy government bonds. The SMP programme of 2010 used for bond purchases was replaced by the OMT¹² programme in 2012.*

3.2.6.4 *In combination with a negative rate on deposits placed with the ECB by commercial banks, the central bank tries (in vain) to pour the fiat money pumped into banks into the private sector through loans. The ECB has created a variety of programmes of favourable loans for banks in an attempt to address the euro area's problems:*

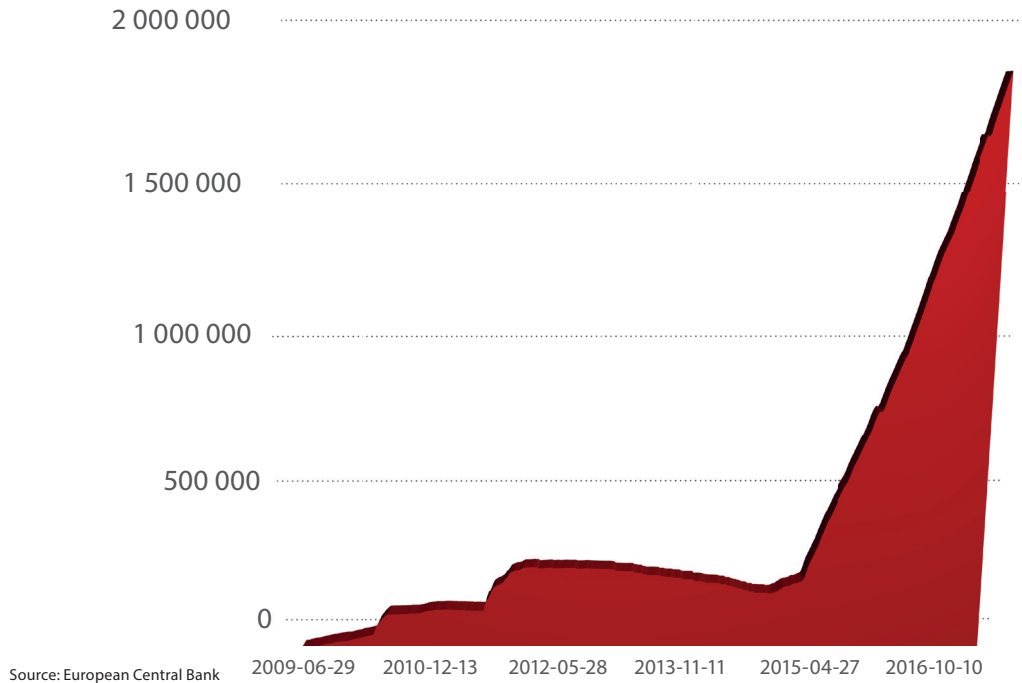
- 1/ ELA** – a programme through which national central banks created new euros and provided them to banks that did not have a good enough collateral and, therefore, could not borrow directly from the ECB.
- 2/ LTRO** – an unlimited refinancing programme for long-term loans.
- 3/ TLTRO** – targeted long-term refinancing operations, similar to the LTRO.
- 4/ ANFA** – Agreement on Net Financial Assets, sets out the rules and limits for holding of financial assets, which are related to national tasks of national central banks and, therefore, are not directly related to monetary policy¹³.
- 5/ ACCF** – Additional Credit Claims Framework, which made it possible to increase collateral availability by accepting additional performing credit claims by central banks¹⁴.

¹² The OMT represents a promise to purchase bonds of a euro area member state requesting financial aid to avert its bankruptcy (debt monetisation). It is, therefore, focused on country-specific fiscal assistance. No volume cap has been set for the programme, hence, for the time being, the promise of activation has been enough to avert bankruptcy of problematic countries.

¹³ https://www.ecb.europa.eu/explainers/tell-me-more/html/anfa_qa.sk.html

¹⁴ https://www.ecb.europa.eu/press/pr/date/2012/html/pr120209_2.sk.html

3.2.6.5 In addition, since the beginning of 2015, the ECB is implementing a quantitative easing (QE) programme under which it purchased bonds amounting to €60 billion monthly and, from March 2016, €80 billion monthly. Hence, towards the end of 2016, it had purchased bonds totalling €1 500 billion under the programme ¹⁵. The programme has been extended to the end of 2017 with estimated total purchase volume amounting to €2 280 billion.



3.2.6.6 The euro area's settlement system TARGET 2 is suffering from high deficits and surpluses. In February 2017, Germany recorded the highest ever surplus of €814 billion¹⁶. Italy's closing balance in February was a deficit of €386 billion¹⁷.

¹⁵ goo.gl/f2d0oD, Allianz Global Investors

¹⁶ <http://www.verschuetter.de/deutschland-buba-target2-saldo-februar-2017/>

¹⁷ <http://www.verschuetter.de/italien-target2-saldo-februar-2017/>



3.2.6.7 *A ruling of the Court of Justice of the EU of 16 June 2015 and a subsequent ruling by the German Constitutional Court of 21 June 2016 okayed bond purchases under the OMT¹⁸.*

3.2.6.8 *In May 2010, the EC EFSM funding programme was created with a relatively small capacity. In June 2010, the creation of the temporary bailout fund EFSF followed. Since 2012, both have been replaced by the permanent bailout fund ESM.*

3.2.7 *Violations of agreements - the Schengen Agreement¹⁹ (or the Schengen Borders Code²⁰), Dublin III Regulation²¹ (formerly the Dublin Convention), the Stability and Growth Pact²² (fiscal rules), abuse of the ECB monetary policy to achieve fiscal targets²³, the principle of subsidiarity (Article 5(3) TEU²⁴), Sixpack²⁵, Fiscal Compact²⁶, Twopack²⁷.*

3.2.8 *Increase in the number of European agencies and EU personnel. Even though we have an increasing number of a variety of agencies, this trend seems to be part of the problem, rather than a solution.*

3.2.9 *Overstaffed European Union. The European Union has around 55 thousand employees today²⁸, 33 thousand of whom are employed by the European Commission²⁹ and six thousand by the European Parliament³⁰ (for comparison: The European Parliament has five times more MPs than the Slovak parliament, yet it has 15 times more employees).*

18 OMT (Outright Monetary Transactions) and QE (Quantitative Easing) are similar instruments serving different purposes. The quantitative easing programme means regular purchases of bonds by the European Central Bank at monthly volumes set in advance with the aim of speeding up the velocity of money circulation by increasing the lending capacity of banks. The OMT represent a promise to purchase bonds of a euro area member country requesting financial assistance to avert bankruptcy (debt monetisation).

19 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2000.239.01.0001.01.ENG&toc=OJ.L:2000:239:TOC
http://www.minv.sk/swift_data/source/policia/schengen/Schengenska%20dohoda.pdf

20 <http://eur-lex.europa.eu/legal-content/SK/TXT/?uri=celex:32016R0399>

21 <http://eur-lex.europa.eu/legal-content/SK/TXT/?qid=1486543160709&uri=CELEX:32013R0604>

22 <http://eur-lex.europa.eu/legal-content/SK/TXT/?qid=1486543876084&uri=CELEX:01997R1466-20111213>

<http://eur-lex.europa.eu/legal-content/SK/TXT/?qid=1486544271365&uri=CELEX:01997R1467-20111213>

23 Article 127 et seq. TFEU and Protocol No 4 https://www.ecb.europa.eu/ecb/legal/pdf/c_32620121026sk.pdf

24 <http://eur-lex.europa.eu/legal-content/SK/TXT/?uri=CELEX%3A12012M%2FTXT>

25 http://eur-lex.europa.eu/legal-content/SK/TXT/?uri=URISERV:140302_1

26 <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2013/18/20130130>

27 <http://eur-lex.europa.eu/legal-content/SK/TXT/?qid=1486547924579&uri=CELEX:32013R0473>

<http://eur-lex.europa.eu/legal-content/SK/TXT/?qid=1486547957005&uri=CELEX:32013R0472>

28 https://europa.eu/european-union/about-eu/figures/administration_en

29 http://ec.europa.eu/civil_service/about/figures/index_en.htm

30 <http://www.europarl.europa.eu/aboutparliament/en/20150201PVL00012/The-EP's-budget>

4. Principles of the functioning of the European Union

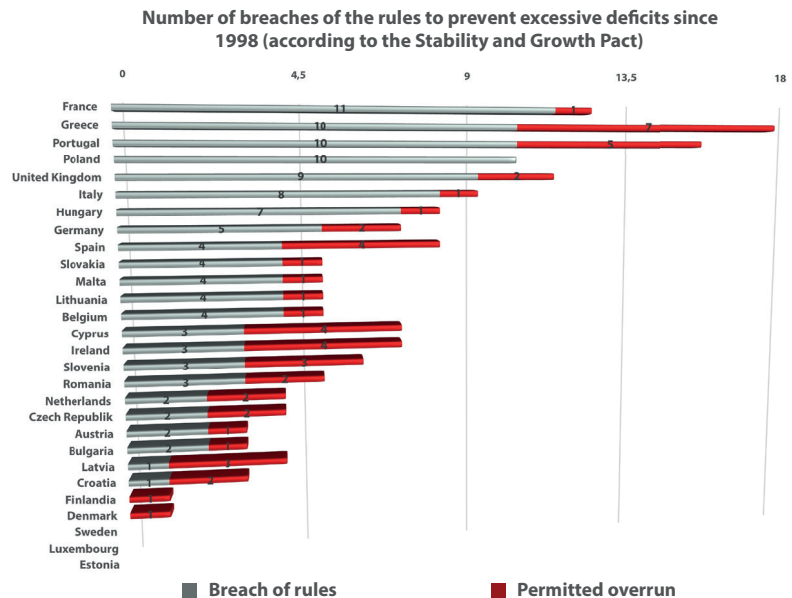
In our view, the European Union is a **treaty-based community of sovereign states built on a common market with the four fundamental freedoms**. Each of our EU reform proposals is geared towards this objective and based on the following principles:

4.1 Common market

The European Union constitutes a single consistent economic area based on the free movement of goods, services, capital and persons. This means that the Member States will, based on joint agreements, remove barriers hindering free movement between them. However, it is very important not to confuse the removal of barriers with uniform regulation or unification of rules at any cost³¹.

4.2 Treaty-based community honouring agreements

The EU cannot function fairly and predictably without clear rules and agreements that are respected. The failure to honour agreements is, indeed, a major weakness of today's European leaders. For example, the Stability and Growth Pact has been breached more than 150 times since its inception in 1998, yet no sanctions have ever been imposed³². There have also been breaches of the Dublin Convention (1990) and Dublin III (2013), the Schengen Agreement (1995), Sixpack (2011), Fiscal Compact (2013), Twopack (2013) and others. Therefore, unconditional compliance with agreements must be the second principle of the functioning of the EU.



Zdroj: Hans-Werner Sinn, Der Schwarze Juni, 2016

31 One example is the ban on the production and import of incandescent light bulbs in the EU or limitation of the wattage of vacuum cleaners. This places restrictions on consumers and manufacturers, which have no justification at the European level. Environmental protection is a false argument considering that, for example, the production of electricity from coal is subsidised at the same time.

32 [http://www.europarl.europa.eu/RegData/etudes/note/join/2014/528745/IPOL-ECON_NT\(2014\)528745_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/note/join/2014/528745/IPOL-ECON_NT(2014)528745_EN.pdf)



4.3 Automatic sanctions

The sanctions for breaches of agreements should be automatic. Nevertheless, in the case of a breach of debt rules, sanctions in the form of a fine could be counter-productive. Therefore, sanctions should include a temporary loss of the right to vote in the European Parliament and the Council of the EU and the freezing of EU funds. The highest sanction would be removal, either from the euro area or the Schengen area, depending on the agreement whose rules have been breached.

4.4 Principle of subsidiarity

This principle was introduced into the treaties back in 1992 (Maastricht), however, it is not defined clearly – words such as ‘satisfactorily’ and ‘better’ (see also A.2) give too much room for subjective decisions and disputes. We believe that the principle of subsidiarity should be defined so that if something can be decided by the Member States alone, it should not be decided by the EU. The question whether Member States’ decisions are better or worse should not play a role at all, the key is whether they can decide on the matter at all. For example, the offsetting of pension claims of persons paying contributions in the neighbouring state is not something a Member State could decide alone, on the other hand, it can decide on its Labour Code without the EU³³.

4.5 Prohibition of discrimination

Any discrimination on the grounds of nationality is prohibited³⁴. Even though disputes will arise in practice over whether a subject is still a country’s internal policy or a basis for discrimination, we consider this to be a particularly important principle. Any disputes will be dealt with (as is the case today) by the Court of Justice of the European Union.

4.6 Principle of flexibility

Integration must be voluntary. Every country must be able to choose the extent and speed of integration that it deems suitable and for which democratic legitimacy exists. Forcing countries towards an ever closer union through bureaucratic methods is dangerous and threatens the EU – it can, for example, result in voters favouring withdrawal from the EU in a referendum (see Brexit). On the contrary, the little-used Enhanced Cooperation (Part Six, Title III TFEU) promotes the principle of flexibility.

33 For example, in 2013, the unemployment rate in France was over 10 % and in Germany around 5 %. The minimum wage in France was set at €9.43 per hour, however, no nationwide minimum wage was set in Germany. As a result, 8 million Germans, nearly a fifth of the German workforce, were working for a wage below the French minimum wage. While France preferred a guaranteed wage standard for employees, Germany concentrated on the lowest possible unemployment rate. This generated a demand for low-skilled labour in the country.

INESS, Minimálna mzda, Účinný nástroj zvyšovania nezamestnanosti, [Minimum wage, an effective instrument for increasing unemployment], 2013, pp. 11-12

34 Article 18 TFEU, Article 54 TFEU

A. Institutional pillar

A.1 Transfer of EU competences back to the Member States

Today, in many areas, the European Union deals with agendas which, in our opinion, violate the principle of subsidiarity. This is a result, in particular, of an ambiguous division of competences, since many of them are defined as shared competences. Hence, no clear dividing line has been set between the agendas to be addressed at the EU level and those to be addressed by the Member States.

Therefore, we consider the transfer of some of the competences back to the Member States to be an essential component of reform. At the same time, we propose that some of the competences that are currently shared be reclassified as exclusive to avoid conflicts of jurisdiction. We also propose to retain those shared competences, the scope of which goes beyond national boundaries and requires a European-wide solution. These changes represent an initial proposal and we will welcome expert discussions on this topic.

| # | Competence | Current legal basis | Lisabonská zmluva | Draft reform |
|----|---|--|-------------------|---------------------------|
| 1 | Customs Union | Article 30 et seq. TFEU | Exclusive | Exclusive |
| 2 | Establishment of competition rules needed for the functioning of the internal market | Article 101 et seq. TFEU | Exclusive | Exclusive |
| 3 | Common commercial policy | Article 206 et seq. TFEU | Exclusive | Exclusive |
| 4 | Conclusion of international agreements under certain conditions | Article 216 et seq. TFEU | Exclusive | Exclusive |
| 5 | Monetary policy for Member States whose currency is the euro | Article 136 et seq. TFEU | Exclusive | Exclusive |
| 6 | Internal market | especially Article 26 et seq. | Shared | Shared |
| 7 | Conservation of marine biological resources under the common fisheries policy ³⁵ | Article 38 et seq. TFEU ³⁶ | Exclusive | Exclusive |
| 8 | Transboundary pollution | Article 191 et seq. TFEU ³⁷ | Shared | Exclusive |
| 9 | Transnational biodiversity | Article 191 et seq. TFEU ³⁸ | Shared | Exclusive |
| 10 | Agriculture and fisheries, except 7 | Article 38 et seq. TFEU | Shared | Back to the Member States |
| 11 | Environment, except 8 and 9 | Article 191 et seq. TFEU | Shared | Back to the Member States |
| 12 | Schengen border protection ³⁹ | especially Protocol No 194 ⁴⁰ | Shared | Shared |
| 13 | Area of freedom, security and justice, except 12 | Article 67 et seq. TFEU | Shared | Back to the Member States |
| 14 | Common safety concerns in public health matters, as regards the aspects defined in the Treaty of Lisbon | Article 168(4) TFEU | Shared | Shared |



| | | | | |
|----|--|---|--|--|
| 15 | a Protection and improvement of public health, as regards the cross-border aspects defined in the Treaty of Lisbon ⁴¹ | Article 168(1), (2), (3) and (5) TFEU | Supporting, coordination and complementary | Supporting, coordination and complementary |
| | b Protection and improvement of public health, without the cross-border aspect ⁴² | | | Back to the Member States |
| 16 | Safety of nuclear installations ⁴³ | Treaty establishing the EURATOM ⁴⁴ | EURATOM | Exclusive |
| 17 | Civil protection | Article 196 TFEU | Supporting, coordination and complementary | Back to the Member States |
| 18 | a Social policy, as regards the aspects defined in the Treaty of Lisbon ⁴⁵ | Article 151 et seq. TFEU | Shared | Exclusive |
| | b Social policy, without the cross-border aspect ⁴⁶ | | | Back to the Member States |
| 19 | Economic, social and territorial cohesion | Article 174 et seq. TFEU | Shared | Back to the Member States |
| 20 | Consumer protection | Article 169 TFEU | Shared | Back to the Member States |
| 21 | Industry | Article 173 TFEU | Supporting, coordination and complementary | Back to the Member States |
| 22 | a Transport, as regards the cross-border aspects ⁴⁷ | Article 90 et seq. TFEU | Shared | Shared |
| | b Transport, without the cross-border aspect ⁴⁸ | | | Back to the Member States |
| 23 | Trans-European networks ⁴⁹ | Article 170 et seq. TFEU | Shared | Shared |
| 24 | Tourism | Article 195 TFEU | Supporting, coordination and complementary | Back to the Member States |
| 25 | a Energy, as regards the cross-border aspects ⁵⁰ | Article 194 TFEU | Shared | Shared |
| | b Energy, without the cross-border aspect ⁵¹ | | | Back to the Member States |
| 26 | Culture | Article 167 TFEU | Supporting, coordination and complementary | Back to the Member States |
| 27 | a Education, vocational education, youth and sports, as regards the cross-border aspects ⁵² | Article 165 et seq. TFEU | Supporting, coordination and complementary | Supporting, coordination and complementary |
| | b Education, vocational education, youth and sports, without cross-border aspects | | | Back to the Member States |
| 28 | In the field of research, technological development and cosmic space, the Union has the competence to carry out actions, in particular, to define and implement programmes; however, the exercise of this competence must not lead to the Member States being prevented from exercising theirs | Article 179 et seq. TFEU | Shared | Shared |
| 29 | In the field of development cooperation and humanitarian aid, the Union has the competence to carry out actions and conduct a common policy; however, the exercise of this competence must not lead to the Member States being prevented from exercising theirs | Article 208 et seq. TFEU | Shared | Shared |
| 30 | Administrative cooperation | Article 197 TFEU | Supporting, coordination and complementary | Supporting, coordination and complementary ⁵³ |

- 35 This includes fisheries in territorial waters.
- 36 Together with Regulation (EU) No 1380/2013 of the European Parliament and of the Council on the Common Fisheries Policy.
- 37 Under the Treaty of Lisbon, transboundary pollution falls within the scope of competence no 11 – Environment.
- 38 http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuld=FTU_5.4.3.html
- 39 The EU would be responsible for setting standards and for border monitoring and control, the Member States would physically protect the border in the framework of these rules. Those states that are not in the position to protect their borders as required by the EU, but which, at the same time, do not want to leave Schengen would have to hand over command of the EU's enforcement units.
- 40 https://www.ecb.europa.eu/ecb/legal/pdf/c_32620121026sk.pdf
- 41 For example, Article 168(1), penultimate sentence, TFEU: Action covering the fight against the major health scourges, by promoting research into their causes, their transmission and their prevention, as well as health information and education, and monitoring, early warning of and combating serious cross-border threats to health.
- 42 For example, Article 168(1), last sentence, TFEU: The Union shall complement the Member States' action in reducing drugs-related health damage, including information and prevention.
- 43 Transfer of competences 8, 9 and 16 as inspired by the document Allianz für Fortschritt und Aufbruch
<http://alfa-bund.de/wp-content/uploads/2016/07/position-paper-for-EU-reform.pdf>
- 44 This competence is held by the EURATOM <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12012A/TXT>, which is formally separate from the EU, however, its decisions are equally accepted by EU institutions.
Secondary source of law: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0087>
- 45 Internal market also means a free movement of labour. This implies an agreement between the Member States on how to deal with social and healthcare system claims of persons who have worked in several Member States throughout their lifetime. Due to its cross-border aspect, we propose that this area of social policy be reclassified as an exclusive competence of the EU. On the contrary, policies relating to employment and working conditions should fall entirely within the scope of the Member States' competence.
- 46 For example, Article 153(1)(a) and (b)
- 47 For example, Article 91(1)(a)
- 48 For example, Article 91(1)(c), Article 93
- 49 Trans-European networks in the areas of transport, telecommunications and energy infrastructures
- 50 For example, Article 194(1)(a) TFEU – as regards cross-border sale
- 51 For example, Article 194(1)(c) TFEU
- 52 The following could be retained: Article 165(2), second indent (encouraging mobility of students and teachers, by encouraging, inter alia, the academic recognition of diplomas and periods of study), Article 166(2), third indent (facilitate access to vocational training and encourage mobility of instructors and trainees and particularly young people).
- 53 Administrative cooperation will partly remain to be an EU competence for the needs of facilitating the exchange of information between the Member States, for example in the field of taxation and between social security authorities. Cooperation excludes any harmonisation of legislation of the Member States.



A.2 Establishment of a subsidiarity court⁵⁴

Subsidiarity is a principle, according to which political decision-making and responsibility in public affairs should be happening at the level of public administration closest to the citizen.

Article 5(3) of the Treaty of Lisbon defines subsidiarity as follows: “Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall take action only if and insofar as the Member States cannot **sufficiently** achieve the objectives of the proposed action at the central level or regional and local level and can, therefore, by reason of the scale or effects of the proposed action, be **better** achieved by the Union.”

We propose that the definition be amended by deleting the words ‘**satisfactory**’ and ‘**better**’, thus leaving no room for flexible interpretation. The Union will then be able to act in areas which do not fall within its exclusive competence only if and insofar as the Member States cannot achieve the objectives of the proposed action at the central level or regional and local level.

Subsidiarity is also defined in the Tenth Amendment to the US Constitution: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people.”⁵⁵

The correct exercise of shared and supporting competences by the EU will be overseen by the subsidiarity court. Any Member State will be able to request the subsidiarity court to decide whether an approved legislative act complies with the principle of subsidiarity. If the principle of subsidiarity is breached, the respective part of the legislative act will become invalid. The Court of Justice of the EU will act as the court of appeal for the subsidiarity court’s rulings.

European agencies are established through a directive, regulation or decision. The subsidiarity court will also assess whether the operation of the given agency complies with the principle of subsidiarity. If it is found not to comply with this principle, the competences of the agency will be abolished.

⁵⁴ An idea of Roman Herzog, German President between 1994 and 1999. Herzog is a critic of the violations of the principle of subsidiarity in the EU and decisions of the Court of Justice of the EU, which, he believes, take away competences from the Member States.

⁵⁵ <https://nccs.net/online-resources/us-constitution/amendments-to-the-us-constitution/the-bill-of-rights-amendments-1-10/amendment-10-un-delegated-powers-kept-by-the-states-and-the-people>

Examination of subsidiarity today

Under the founding treaties, subsidiarity is a legal principle enforceable by the court (Protocol 2, Article 8). However, there are not many examples of the EU's case-law, not to mention rulings, finding a discrepancy between legislation and this principle. **Courts do not examine the material aspect of subsidiarity**, i.e. whether an objective can or cannot be better achieved at the national or the European level, **instead, they conclude that it is at the legislator's discretion to decide what degree of harmonisation is necessary to achieve the objective if acting within the scope of shared competencies**⁵⁶. In light of the existing case-law, the Union's courts do not seem to be providing sufficient assurances of compliance with this principle. This is in line with the spirit of the strongly subjective definition (due to the terms 'satisfactorily' and 'better'), which is better suited for political purposes than for legal arguments.

The principle of subsidiarity can also be examined under the ex-ante early warning mechanism referred to in Protocol 2. This mechanism is inadequate for examining the principle of subsidiarity and rarely used in practice, or, to be precise, not many legislative proposals have been stopped through this mechanism.

Each national parliament has eight weeks from the date of transmission of a draft EU legislative act to send to the EP, the Council and the Commission a reasoned opinion stating possible reasons why the draft does not comply with the principle of subsidiarity. Where reasoned opinions stating non-compliance represent at least one-third of the votes of national parliaments, the draft must be reviewed ('yellow card'). The institution that prepared the draft legislative act may decide whether to maintain, amend or withdraw the draft and give reasons for this decision. In the case of drafts relating to the areas of freedom, security and justice, this threshold is reduced to a quarter. Where doubt is expressed by at least a simple majority of national parliaments and if the Commission decides to maintain its proposal, the matter is submitted to the legislator (the EP and the Council) who provides his opinion before concluding the first reading. The Council or the EP may reject the draft (the 'orange card'). In practice, the time limit of eight weeks for eligible entities has proven to be too short.

⁵⁶ For example, judgements of the Court of Justice of the European Union C-84/94, C-233/94, C-377/98, C-491/01, C-103/01, C-154/04 and C-155-04, or C-58/08



A.3 Strengthening the competences of OLAF

OLAF is the European Anti-Fraud Office. At present, it mostly deals with cases of misuse of EU funds:⁵⁷

- 1/ it combats fraud affecting the EU budget*
- 2/ investigates corruption involving the staff of EU institutions*
- 3/ develops legislation/anti-fraud measures and policies*

OLAF may not impose sanctions and has no power to prosecute or investigate, it only issues recommendations.

We, therefore, propose to extend OLAF's competences as far as EU funds are concerned, to include investigative powers. OLAF's prosecutors would have powers similar to those of prosecutors in the Member State, while the matter would be decided by national courts. We also propose to give OLAF access to databases shared by the Member States.

The extension of OLAF's competences would take place instead of the establishment of the European Prosecutor's Office, which is currently being discussed.

A.4 Free-trade agreements with all democratic countries

In recent years, trade agreements became a subject of much controversy, especially due to their complicatedness, extensiveness and non-public negotiation process. The parts of the agreements relating to sectors that are heavily regulated and subsidised by both parties, such as agriculture or services, are the biggest issue.

In order to speed up the negotiation process and simplify the final agreement, we propose to conclude, as a priority, free-trade agreements for unregulated and non-subsidised markets.⁵⁸

We consider it important to conclude trade agreements with the US, Japan and India since these countries account for around a third of the world economy and almost a quarter of the world's population.

As regards Brexit negotiations, the EU should negotiate a mutually beneficial trade agreement with the UK and make maintaining a free-trade area a priority.

⁵⁷ Regulation (EC) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office <http://eur-lex.europa.eu/legal-content/SK/TXT/?qid=1486593630716&uri=CELEX:02013R0883-20170101>
http://ec.europa.eu/anti-fraud/about-us/legal-framework_en

⁵⁸ For example, the agreement on a customs union between the EU and Turkey covering all industrial products has been in force since 1995. Unprocessed agricultural products, services and public procurement are excluded from the scope of the agreement.

Brexit will harm Europe

In the case of Greece, European leaders were willing to make a myriad of concessions to keep Greece in the euro area, where it does not belong anyway. They generously closed their eyes to the fact that Greece became a member of the euro area by fraud and that the rescue is no rescue – so far it has cost more than 300 billion euros and Greece still fails to meet the criteria for membership in the euro area. What is worst is that they keep closing their eyes to the fact that Greece has no chance of surviving in the euro area.

This is the precise opposite of what they have been doing in the case of the United Kingdom. Their willingness to make a few concessions (mostly reasonable) to Cameron was minimal and the proposal made by European Commission President Jean-Claude Juncker around a month before the referendum for a 250 thousand euro fine for each unaccepted immigrant was a downright provocation. It was almost as if he wished the UK would leave.

But let's take a look at what happens if Brexit becomes reality. The UK's economy is as big as that of the 20 (of 28!) smallest EU countries combined. The UK's withdrawal will significantly reduce the economic power of the EU, which has already been shrinking anyway. Furthermore, the EU will lose a permanent member of the UN Security Council, a nuclear power and one of only four EU countries with defence expenditure amounting to two percent of GDP, which is one of the conditions for membership of NATO. And, of course, the EU will also lose a major contributor to the common budget.

In addition, the EU will lose its common sense, which will specifically be felt by Germany, the Netherlands, Austria and Finland. These countries, together with Britain, currently have a blocking minority in the Council of the EU and are able to put various socialist hallucinations to a halt. A qualified majority needs 55 percent of Member States representing 65 percent of the EU population. This means that if Germany, the Netherlands, Austria, Finland and the UK so agree, they can block any decision.

There is a risk of a significant loss of sales, especially for Slovakia, if the EU fails to agree on a common market or enter into a free-trade agreement with the UK. Our annual exports to the UK amount to 3.7 billion euros (almost half of which are cars), while the goods and services imported from the UK to Slovakia are worth one billion euros. Moreover, in the EU cars are subject to a higher duty rate (10 percent) than the average rate (3.6 percent). As a strongly export-oriented country, we will suffer from Brexit the most unless the common market, no matter in what form, is maintained. Therefore, Fico's tough talk about vetoing agreements with the UK is short-sighted and harmful to Slovakia.

Richard Sulik's commentary published in HNonline on 21 November 2016 <http://komentare.hnonline.sk/dnes-pise/863033-brexit-europe-poskodi>



A.5 Suspension of EU enlargement

The EU has been experiencing the most turbulent period in its history since the financial crisis broke out. As a consequence, one of its members has already decided to leave the Community and the EU's future remains uncertain. It is definitely better not to accept a new member than to lose another one.

For this reason, we consider it desirable to suspend officially the accession process for candidate countries declaring their interest to join the EU in the future until the situation in the EU itself is consolidated. Before the Union can consider further expansion, it needs to stabilise internally (see point B.10). Hence, during this period, accession negotiations should be limited to consultations on the implementation of the mechanisms of the rule of law and market economy.

Currently, there are five candidates for EU membership: Serbia, Montenegro, Albania, Macedonia and Turkey. Other potential candidates include Kosovo and Bosnia and Herzegovina.

A.6 'One-in, two-out' principle

There are 28 210⁵⁹ legislative acts in force in the European Union today. According to estimates, its 1 750 directives and 12 500 regulations have more than 100 000 pages in total. In addition, the European Union has adopted more than 14 thousand decisions and issued 1 500 recommendations⁶⁰.

In 2016, the EU adopted 1 993 legislative acts, of which 769 were new regulations (729 delegated or implementing regulations of the Commission), 15 new directives (a further 25 were amended) and 585 new decisions.

*Given the huge number of legislative acts, we propose that a **'one-in, two-out'** mechanism be introduced for a 15-year transitional period, during which every regulation or directive adopted will have to be compensated for by repealing any two other regulations or directives⁶¹. This compensation will always be part of the new draft regulation or directive under consideration. Two older legislative acts will thus be repealed by each new piece of legislation of general application.*

⁵⁹ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+WQ+P-2017-000827+0+DOC+XML+V0//EN>

⁶⁰ <http://en.euabc.com/word/2152>

⁶¹ The Commission is currently carrying out the Regulatory Fitness and Performance Programme (REFIT), which is intended to ensure that EU legislation delivers results for citizens and businesses effectively, efficiently and at minimum cost. Under the REFIT programme, special attention is paid to small enterprises, for which compliance with EU regulations may represent an undue burden. As part of the programme, the Commission launches a set of simplification initiatives each year. The simplification can take several forms: codification, recast, repealing, review/termination clause, revision, replacement of a directive by a regulation, withdrawal of a draft, replacement by a simpler alternative. Thanks to REFIT, in 2015 and 2016, 37 legislative acts were repealed, 10 measures were placed on the Commission's work programme for 2016 and 141 legislative drafts have been withdrawn since 2012

The regulations and directives adopted will still be required to concern a single issue to prevent circumvention of the rule by combining multiple proposals into one piece of legislation. After this transitional period and once the Union's new legal system is stabilised, we propose that a 'one-in, one-out' mechanism be applied, which will put a cap on the number of legislative acts ⁶².

| Number of legislative acts adopted in 2016 ⁶³ | Basic acts | Amending acts |
|---|-------------------|----------------------|
| Regulations | 769 | 404 |
| EP and the Council | 24 | 27 |
| Council | 14 | 55 |
| European Commission | 729 | 320 |
| Other | 2 | 2 |
| Directives | 15 | 25 |
| EP and the Council | 13 | 5 |
| Council | 2 | 4 |
| European Commission | 0 | 16 |
| Other | 0 | 0 |
| Decisions | 585 | 195 |
| EP and the Council | 13 | 0 |
| Council | 283 | 91 |
| European Commission | 242 | 93 |
| Other | 47 | 11 |
| Total | 1369 | 624 |

A.7 Sunset clause

Every new directive or regulation will be adopted for a period of 10 years. After this period has passed, the period of application of the legislation will need to be extended, i.e. if it fails to prove purposeful and is not readopted, it will cease to have effect automatically. This will also apply to delegated and implementing acts.

⁶² If point 'A.1 Transfer of EU competences back to the Member States' is implemented, legislative acts no longer compliant with the new distribution of EU competences would be automatically repealed or modified. Hence, the 25-year 'one-in, two-out' transitional period could be shortened or it would suffice to apply the 'one-in, one-out' principle.

⁶³ <http://eur-lex.europa.eu/statistics/2016/legislative-acts-statistics.html>



B. Fiscal pillar (EU budget)

B.8 Leaner administration

European administration is made up of institutions and agencies⁶⁴. The core of European institutions consists of seven key bodies⁶⁵, supported by two advisory institutions⁶⁶ and a financial institution in the form of the European Investment Bank. In addition to its core bodies, the EU has also several other bodies⁶⁷.

The core of European agencies consists of 33 decentralised agencies⁶⁸. The EU additionally has six executive agencies, three common foreign and security policy agencies, seven European joint undertakings and the European Institute of Innovation and Technology. Two other bodies fall under the EURATOM (EURATOM Supply Agency and the joint undertaking Fusion for Energy).

In total, the EU employs around 55 thousand people⁶⁹. Rather than the related cost, the biggest problem of bloated administration is the fact that it is in the very nature of ordinary bureaucrats that they want to prove the need for their existence in the first place. As a result, an increasing number of rules, regulations, orders, prohibitions and regulations emerge that annoy people even more than the fact that they actually have to pay for that mess through their taxes.

The EU could easily do with fewer institutions and agencies, particularly after the EU returns some of its competences to the Member States. We suggest that an audit be carried out by a private company to be selected and paid for by the Member States (in no case should this audit be commissioned and paid for or even carried out by the European Commission because the outcome of the audit will be that all institutions are vital). A parallel audit may be carried out by the European Court of Auditors.

The outcome of the audit should be a list of agencies, which can be abolished or whose activities can be curtailed. To give you a better picture, here are some examples:

⁶⁴ See Annex 2.

The list of institutions and agencies is also available at https://europa.eu/european-union/about-eu/institutions-bodies_sk and https://europa.eu/european-union/about-eu/agencies_sk

⁶⁵ The European Parliament, the European Council, the Council of the EU, the European Commission, the European Court of Justice, the European Central Bank, the European Court of Auditors

⁶⁶ The European Economic and Social Committee, the Committee of the Regions

⁶⁷ The European External Action Service, the European Ombudsman, the European Data Protection Supervisor and four inter-institutional bodies (the European School of Public Administration, the European Personnel Selection Office, the Computer Emergency Response Team, Publications Office)

⁶⁸ The European Public Prosecutor's Office will become the 34th agency.

⁶⁹ https://europa.eu/european-union/about-eu/figures/administration_en

B.8.1 The European Economic and Social Committee (EESC) - abolish

The EESC was set up in 1958 and serves as an **advisory body** to European institutions (the European Commission, the European Parliament, the Council of the EU) representing workers and employers in the legislative process and issues statements on issues, which, according to the EESC, can be addressed. The EESC has 350 members, around 700 employees and its budget is approximately €130 million. Its members include representatives of employees, employers and other groups from the Member States. Slovakia is represented by nine members.

The **EESC** is an advisory body that has survived almost 60 years. European institutions, however, have meanwhile changed significantly and have a number of organisational units and advisers covering the agenda, which was once primarily dealt with by the EESC. The Commission has directorates-general, members of the European Parliament have their own advisers and assistants, ministers attending the Council of the EU can rely on advisers in their home countries, and the same is true for COREPER ⁷⁰. The EESC, therefore, is an obsolete institution, which should be abolished.

B.8.2 Committee of the Regions – abolish

Set up in 1994, it is another purely **advisory body** representing European local and regional authorities. The CoR has 350 members, a budget of about €90 million and more than 500 employees. Slovakia is represented by nine members (some of them are chairpersons or deputy chairpersons of higher territorial units and mayors).

CoR members are grouped according to parliamentary groups rather than according to the regions they are supposed to represent. The Committee of the Regions has thus become a sort of a small version of the European Parliament, as can be seen from the documents passed in the CoR and, in some cases, this simply creates duplicity. Meetings of representatives of the Regions can easily be organised in the premises of the European Parliament without the need for own buildings and employees of the CoR.

The CoR has recently proved its uselessness when the approval of the Free-Trade Agreement between the EU and Canada (CETA) was blocked by the Walloon Parliament: Despite having their representatives on the Committee of the Regions, the Belgian region of Wallonia had never raised any issue relating to CETA during the preparatory process lasting seven years.

⁷⁰ The Committee of Permanent Representatives, whose main task is to assist the Member States in drafting European legislation as part of Council deliberations and in maintaining contacts with the other EU institutions.



B.8.3 The European Parliament (EP) – make it leaner

The European Parliament has 751 members, a budget of around €1.8 billion and more than 6 000 employees⁷¹.

We propose establishing a single seat for the European Parliament, either in Brussels or Strasbourg. Most business trips of EP staff are done because they have to manage their agendas in Brussels, Strasbourg and Luxembourg. Travelling between Brussels and Strasbourg costs taxpayers more than €110 million per year.⁷²

After transferring part of the competences back to the Member States, the volume of agenda to be dealt with in the European Parliament will also decrease and, therefore, we propose reducing the number of EP committees.

The European Parliament now has 20 committees, two sub-committees and two temporary committees of inquiry⁷³; we propose to abolish six of them after transferring shared competences and supporting activities back to the Member States. After the European Parliament's agenda has shrunk, we propose the following:

- 1/ merge the Committee on the Internal Market and Consumer Protection with the Committee on Employment and Home Affairs,*
- 2/ merge the Committee on Industry, Research and Energy with the Committee on Transport and Tourism,*
- 3/ merge the Committee on Legal Affairs with the Committee on Civil Liberties, Justice and Home Affairs.*

Due to significantly smaller agenda, decline in the number of committees, as well as due to Brexit, we also propose reducing the number of the Members of the European Parliament by a half, i.e. from the current 750 + 1 to 375 + 1, with an appropriate modification of the rules for setting up political groups (the minimum number of MEPs would be reduced from 25 to 13 and, due to Brexit, the minimum required number of Member States would decrease from 7 to 6).

⁷¹ This figure does not include assistants to MEPs. For comparison: the EP has five times more MPs than the Slovak Parliament (750 compared with 150), but 15 times more employees (6 000 compared with 400).

⁷² http://www.eca.europa.eu/Lists/ECADocuments/PL1407_LETTER/PL1407_LETTER_EN.pdf

⁷³ Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion
Committee of Inquiry into Emission Measurements in the Automotive Sector

As a result, the number of standing committees will go down from 22 to 13:

| # | Committee | Proposal |
|----|---|----------------------|
| 1 | Foreign Affairs | retain |
| 2 | Human Rights (sub-committee) | abolish |
| 3 | Security and Defence (sub-committee) | abolish |
| 4 | Development | retain |
| 5 | International Trade | retain |
| 6 | Budgets | retain |
| 7 | Budgetary Control | retain |
| 8 | Economic and Monetary Affairs | retain |
| 9 | Environment, Public Health and Food Safety ⁷⁴ | retain |
| 10 | Industry, Research and Energy | merge 10 a 11 |
| 11 | Transport and Tourism ⁷⁵ | merge 10 a 11 |
| 12 | Internal Market and Consumer Protection ⁷⁶ | merge 12 a 13 |
| 13 | Employment and Social Affairs ⁷⁷ | merge 12 a 13 |
| 14 | Regional Development | abolish |
| 15 | Agriculture and Rural Development | abolish |
| 16 | Fisheries | retain |
| 17 | Culture and Education ⁷⁸ | abolish |
| 18 | Legal Affairs | merge 18 a 19 |
| 19 | Civil Liberties, Justice and Home Affairs | merge 18 a 19 |
| 20 | Constitutional Affairs | retain |
| 21 | Women's Rights and Gender Equality | abolish |
| 22 | Petitions | retain |

⁷⁴ The Committee will have a narrower agenda, therefore, we propose that its name be shortened to Committee on the Environment

⁷⁵ We propose merging the Committee on Industry, Research and Energy with the Committee on Transport and Tourism into a single Committee on Research, Industry and Transport. The agenda to be dealt with by the new committee will only cover transboundary aspects of cooperation in the named areas.

⁷⁶ The Committee will have a narrower agenda, therefore, we propose that its name be shortened to Committee on Internal Market.

⁷⁷ We propose moving the cross-border aspects of the agenda covered by the Committee related to the functioning of the internal market (such as access to claims under social security and health insurance systems by citizens, who worked in several Member States) to the agenda of the Committee on the Internal Market. Competences relating to employment will, pursuant to section A.1, be transferred back to the Member States.

⁷⁸ The cross-border aspects of the Committee's agenda related to education (such as promoting the mobility of students and teachers, including encouraging academic recognition of titles or periods of study abroad) should, according to our proposal, be moved to the agenda of the Committee on the Internal Market.



B.8.4 European Commission – make it leaner

28 Commissioners (including the President and Vice-Presidents), a budget of over €3 billion, approximately 33 000 employees.

The transfer of part of EU competences back to the Member States will also make it possible to streamline the largest bureaucratic body of the EU and reduce its staff of 33 thousand by thousands.

We propose to abandon the ‘one country, one Commissioner’ principle – one of the reasons is the fact that the Commission is an independent body whose members should not pursue national interests. The number of Commissioners should be based on the agenda they deal with, not on the number of Member States. Similarly to the committees of the European Parliament, the number of Commissioners could drop by a half and the Commissioners could be nominated by the Member States on a rotating basis. This number of employees should decrease accordingly.

B.8.5 Council of the European Union – abolish rotating presidency

The most essential thing is that the executive bodies of Member States meet together. Therefore, the European Council and the Council of the European Union should be united. Originally, the rotating presidency made sense; after all, somebody had to preside over the Council (as an association of Member States). Since 2009, however, the Council has had a permanent President; currently, it is Donald Tusk. As a result, the rotating presidency became an expensive six-month self-presentation of individual countries.

We, therefore, propose abolishing the rotating presidency and transferring the agenda to the President of the European Council. This would abolish the unwritten rule of an ‘honest broker’, which de facto prevents the presiding Member State from expressing its own opinion.

The European Union has dozens of other agencies, most of which were established after 2000. Several of them are not necessary for the functioning of the EU; to the contrary, the work of some of them has turned out to be counter-productive. They are involved in areas approached differently by different Member States and there is no need for unifying their opinions. Here are a few examples; the precise list could be the outcome of the audit mentioned in the beginning of section B.8:

B.8.6 European Institute for Gender Equality (2007) – annual budget of €7 million, 29 employees ⁷⁹

⁷⁹ The budget and the number of employees are from 2015. The number of employees is indicative, since not all of them are necessarily full-time employees; agencies may also employ external collaborators, who are not included in the total number of staff. Several agencies are financed mainly by the European Commission, i.e. their expenditures are also included in the Commission's expenditures.

B.8.7 *European Centre for the Development of Vocational Training (1975)*
– €18 million, 120 employees

B.8.8 *European Training Foundation (1994)* – €20 million, 92 employees

B.8.9 *European Foundation for the Improvement of Living and Working Conditions (1975)* – €21 million, 110 employees

B.8.10 *European Union Agency for Fundamental Rights (2007)* – €21 million, 74 employees

B.8.11 *European Agency for Safety and Health at Work (1996)* – €15 million, 67 employees.

Agencies that will not be abolished can be merged, thereby producing cost savings and efficiency gains, for example:

B.8.12 *The authorities below should be merged into a single European Financial and Capital Markets Oversight Authority:*

1/ *European Banking Authority (2011)* – €34 million, 146 employees

2/ *European Securities and Markets Authority (2011)* – €33 million, 167 employees

3/ *European Insurance and Occupational Pensions Authority (2011)*
– €22 million, 87 employees

B.9 Netting payments into the budget with claims for EU funding

We propose that Member States' commitments to the EU be set off against their claims for funding from EU funds. This will prevent unnecessary transfers to the EU budget on the side of net recipients and eliminate bureaucracy needed to obtain funding from EU funds on the side of net contributors. Netting would have to be slightly adjusted each year because contributions to the EU budget are not specified in advance; they depend on tax collection and the size of the economy.

In the EU multiannual financial framework for 2014-2020, Slovakia was allocated €13.8 billion for regional and cohesion policy.⁸⁰ Slovakia's total contributions to the EU for the same period are estimated at €6.5 billion.⁸¹ After netting the claims and commitments, the Slovak Republic could, in the current programming period, receive €7.3 billion from the EU budget without paying anything.

⁸⁰ http://ec.europa.eu/regional_policy/en/funding/available-budget/



B.10 Suspension of long-term goals

The European Union does not lack self-confidence when setting lofty goals but struggles heavily when it comes to the results. The EU traditionally wants to be a leader in renewable energy sources, social welfare and protection of the environment. The implementation of these goals, however, costs the EU a considerable share of its GDP. Pursuing these goals in times of crisis is devastating for the EU as European companies are losing their competitiveness.⁸²

We, therefore, propose to suspend the long-term (non-binding) goals and roadmaps and not to set any new goals, until the EU economy is consolidated, i.e. until the government debt falls below 60 % of EU GDP (a limit, which should not be exceeded by any Member State according to the Stability and Growth Pact). Examples include the following:

- 1/ In the Ocean Energy Roadmap, it is proposed that wave and tidal power could meet 10 % of the EU's power demand by 2050⁸³.*
- 2/ EU's Energy Roadmap 2050⁸⁴ anticipates a reduction in greenhouse gas emissions by 80 % to 90 % compared to 1990 levels.*

The EU must, of course, comply with the existing commitments, such as:

B.10.1 *The Europe 2020 strategy⁸⁵ aims to reduce, by 2020, greenhouse gas emissions by 20 % compared to 1990 levels⁸⁶, to increase the share of energy from renewable sources to 20 % and increase energy efficiency by 20 %.*

B.10.2 *The 2030 Framework for Climate and Energy⁸⁷ sets the following EU targets for 2030: 40 % cut in greenhouse gas emissions from 1990 levels, meeting 27 % of energy demand from renewable sources and 27 % improvement in energy efficiency – these are the key targets endorsed by the EU in the Paris Treaty, although the commitment could have been more moderate.*

← 81 Contributions to the EU also depend on external factors. Member States pay around 0.7 % of their gross national income to the EU budget. Another revenue is the proportionate part of the harmonised VAT assessment base (typically 0.3 %) and customs on products originating outside the EU. Our estimate of the contributions is based on the budget of the general government for the 2017-2019 period (difference between financial relationships related to the EU budget and provisions for EU funds increased by €100 million annually as an estimated contribution for traditional own resources); for the sake of simplicity, we assumed that the contributions for 2020 would remain at 2019 levels.

82 <http://richardsulik.blog.sme.sk/c/281043/Bolavy-navrat-k-vznesenym-cielom.html>

83 http://ec.europa.eu/maritimeaffairs/content/ocean-energy-roadmap-claims-10-eu-energy-needs-through-wave-tidal-2050_sk

84 <http://eur-lex.europa.eu/legal-content/SK/ALL/?uri=CELEX%3A52011DC0885>

85 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

86 EU28 is a party to the second commitment period of the Kyoto Protocol expiring in 2020. The participating countries committed themselves to reducing emissions by at least 18 % compared to 1990 levels. The EU committed itself to reducing emissions by 20 % compared to 1990 levels.

87 https://ec.europa.eu/clima/policies/strategies/2030_en

B.11 Reduction of EU funds and restriction of their use to public projects only

The stated objective of European structural and investment funds (ESIF) is to “mobilise investment in key priority areas of the EU to respond to the needs of the real economy, by encouraging job creation and returning the European economy to sustainable growth.”

The problem with this idea is that every single euro invested by ESIF funds into the economy must first be taken out of the economy through taxes. The private sector is then left with fewer resources for its own investments. Decisions on investments from ESIF funds, including those going into the private sector, are made by bureaucrats in the ministries, which leads to distortions of the market environment, selective favouritism of selected companies and considerable inefficiency in spending.

Despite the good intention, European funds have become the largest source of corruption in Central and Eastern Europe, from the local level up to the political elite. Due to corruption, resources within the EU are reallocated through the funds in a very inefficient way.

With a budget of €454 billion for 2014-2020, the European structural and investment funds ⁸⁸ are the main instrument of European Union’s investment policy. They consist of five funds and the Youth Employment Initiative.

*According to the 2016 update, the total EU budget commitments in the multiannual financial framework of 2014-2020 are estimated at €1 087 billion ⁸⁹, which means that **ESIF funds make up 42 % of EU budget expenditures.***

B.11.1 European Regional Development Fund (€196 billion in the 2014-2020 period)

This fund aims to strengthen economic, social and territorial cohesion in the European Union by correcting imbalances between its regions (innovation and research, the digital agenda, support for SMEs, low-carbon economy). We propose to retain the Fund and limit its use to public infrastructure projects only ⁹⁰.

B.11.2 European Social Fund (€86 billion in the 2014-2020 period)

This fund aims to promote education, access to employment and job creation. We propose to reduce the budget of the fund by 50 % for the next programming period of 2021-2027. This will also be the last programming period of the fund’s existence; after the allocated resources are used up, the fund will cease to exist.

⁸⁸ <https://cohesiondata.ec.europa.eu/overview>, latest update from November 2016

⁸⁹ http://ec.europa.eu/budget/mff/index_en.cfm

⁹⁰ The existence of ESIF funds is based on Article 174 of the Treaty of Lisbon, which reads as follows: “To promote the overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion.”



B.11.3 Cohesion Fund (€63 billion in the 2014-2020 period)

This fund helps the Member States to reduce economic and social disparities and stabilise their economies. We propose that the money from the fund be spent exclusively on infrastructure projects in the next programming period.

B.11.4 European Agricultural Fund for Rural Development
(€99 billion in the 2014-2020 period)

This fund is discussed in more detail in B.12

B.11.5 European Maritime and Fisheries Fund (€6 billion in the 2014-2020 period)

The fund for the EU's maritime and fisheries policies helps fishermen in their transition to sustainable fishing. We propose that the Fund be retained.

B.11.6 Youth Employment Initiative (€3 billion in the 2014-2020 period)

This initiative exclusively supports young people who are not in education, employment or training. It supports the provision of apprenticeships, traineeships, job placements and further education leading to a qualification. We propose to reduce the budget of the fund by 50 % for the next programming period of 2021-2027. This will also be its last programming period; after the allocated resources are used up, the initiative will cease to exist.

Support from the European Regional Development Fund and the Cohesion Fund should be limited to public projects, which could not be implemented without public funding.

We propose to reduce the budget of the European Social Fund, the European Agricultural Fund for Rural Development and the Youth Employment Initiative to 50 % in the next programming period. The next programming period of 2021-2027 should also be the last one for these three funds and the initiative.

The savings should be used to reduce Member States' contributions.

B.12 Phasing out of agricultural subsidies

The EU's Common Agricultural Policy (CAP) has been in place since 1962 and for long constituted the majority of European budget expenditure. France, which traditionally takes an interventionist approach to agriculture, was and still is a strong advocate of the policy.

By its very nature, the Common Agricultural Policy distorts the market environment. Europeans directly or indirectly, through their taxes, subsidise agricultural businesses to eventually buy more expensive food due to the EU's customs policy restricting imports. EU citizens pay a surcharge on the price of food for two reasons; the first being subsidies to farmers and the other 'protection' against imports from third countries. On the other hand, examples from abroad show that a strong agricultural sector can also exist without subsidies. Unlike in other sectors, growing demand is virtually guaranteed in agriculture because people have to eat, regardless of time, technology or politics. The claim that there would be a shortage of food without the subsidies is completely unsubstantiated, especially in the agricultural sector.

The Common Agricultural Policy comprises two funds:

B.12.1 European Agricultural Guarantee Fund

The 'first pillar' of the CAP finances direct payments to farmers and measures supporting the agricultural market. Expenditures of the EAGF are estimated at €309 billion ⁹¹ in the 2014-2020 financial framework, consuming 28 % of the EU budget. We propose to shrink its budget by 50 % in the next programming period of 2021-2027. This will also be the last programming period of the fund's existence; after the allocated resources are used up, the fund will cease to exist.

B.12.2 European Agricultural Fund for Rural Development

The 'second pillar' of the CAP complements the system of direct payments to farmers (the 'first pillar'). The rural development policy has several objectives common with the ESIF funds (which is why this fund is listed under ESIF). The fund's expenditures in the 2014-2020 programming period are estimated at €99 billion. These expenditures are already included in B.11. We propose to reduce its budget by 50 % for the next programming period of 2021-2027. This will also be its last programming period; after the allocated resources are used up, the fund will cease to exist.

We propose that the savings be used to finance expenditure related to the loss of revenues from the UK after Brexit and joint protection of the borders of the Schengen area.

⁹¹ http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuid=FTU_5.2.2.html



Agricultural policy reform in New Zealand

In the mid-1980s, the Government in New Zealand implemented a series of reforms, including deregulation of the agricultural policy. The agricultural sector was characterised by a high degree of protectionism, an extensive system of subsidies, price regulation of some commodities and the existence of statutory monopolies. Whereas at the start of 1984, subsidies were estimated to represent as much as 33 % of farm income, by 2003 this had fallen to less than 2 %⁹².

The reform government abolished all export subsidies, eliminated regulation of imports and reduced customs duties. The vast majority of government support was removed within five years. At the beginning of the 1990s, the agricultural sector in New Zealand found itself in a situation where the support from the state had been reduced to a minimum⁹³.

The reform had a significant impact on the structure and efficiency of New Zealand's agriculture. Whereas in 1982, there were more than 70 million of sheep in New Zealand, by 2002 this number had fallen to less than 40 million. The focus shifted from quantity to quality, as the birth rate of sheep increased by 25 % since the reform. Over the same period, the number of dairy cows rose from 2.3 million to about 4 million and dairy production increased by 75 %. The reform also contributed to the development of deer farming, which virtually did not exist before the reform. Today, more than one million deer are farmed in deer farms⁹⁴.

Before the reform, crop cultivation accounted for only a small part of the agricultural sector, mainly because of subsidies going to other sub-sectors. After the subsidy schemes had been removed, the value of exports from crop cultivation rose from US\$140 million to US\$827 million between 1983 and 2005. In the same period, export growth was also recorded in viticulture, with exports going up from US\$10 million to US\$125 million.

Removal of subsidies thus led to a decline in production and increase in efficiency in sectors characterised by over-production, which could not be competitive on the market without subsidies. On the other hand, deregulation also freed up capacities for the development of other segments of agriculture.

Over time, New Zealand became a major exporter of high-quality agricultural products, even without export subsidies. In 2009, the country exported 92 % of its lamb production, 82 % of its beef production and 95 % of its venison production⁹⁵.

⁹² <http://link.springer.com/article/10.1023/B:GEJO.0000019969.38496.82>

⁹³ <http://www.libinst.cz/Files/KqLFy4r2/profile/2477/nzreforma.pdf>

⁹⁴ is.mendelu.cz/zp/portal_zp.pl?prehled=vyhledavani;podrobnosti_zp=47271;zp=47271;download_prace=1;lang=cz

⁹⁵ <http://www.mia.co.nz/docs/Meat%20Industry%20profile%20-%20Final%20version%20-%20November%202009.pdf>

B.13 Repealing the Juncker investment package

The European Fund for Strategic Investments (EFSI), also known as the Juncker investment package with a budget of €315 billion by 2018, is, in fact, another EU fund, albeit based on a different form of support. The EFSI is a joint initiative of the European Investment Bank and the European Commission. It provides selective support to selected projects through loan guarantees and thereby transfers the risk of failure of supported projects to EU taxpayers. Projects supported from the EFSI are not subject to state aid rules, which apply to European structural and investment funds.

The EFSI destroys competition on the market, it cannot and does not create new investments and does not support the private sector as a whole. It merely diverts investments, which would have otherwise been created by the private sector, to areas chosen and approved by bureaucrats from the EIB⁹⁶. There are efforts to extend the capacities of the initiative beyond the current time frame to €630 billion by 2022.

The EFSI has also supported a number of investments, which can only be described as a waste of resources. For example, the EFSI provided €55 million in the form of guarantees to support a new dairy plant in France. In Europe, there are excess dairying capacities and the price of milk has been decreasing for several years. Supported projects also include several wind parks, despite an excess in electricity supply, not to mention the fact that alternative energy sources are massively subsidised from public funds even without the EFSI.

We suggest that the European Fund for Strategic Investment be immediately abolished without replacement.

⁹⁶ The EFSI is a fund managed by the EIB. The fund's governance structure is composed of a Steering Board, an Investment Committee and a Managing Director. The Steering Board comprises four members, three appointed by the European Commission and one appointed by the EIB. The Chairperson of the Steering Board is a representative of the Commission. The Steering Board determines the strategic orientation of the EFSI, oversees the implementation of EFSI objectives and appoints members of the Investment Committee. The Investment Committee comprises eight members and the Managing Director and decides whether to support particular projects. Investment Committee decisions are taken by simple majority, with each of the members, including the Managing Director, having one vote. The Investment Committee is accountable to the Steering Board.



C. Monetary pillar (euro area rules)

C.14 ECB must not finance public debt

Each Member State is responsible for its own fiscal policy. The ECB has to start pursuing an independent monetary policy, whose primary objective is to maintain price stability. The ECB's Governing Council has quantitatively defined price stability as a "year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2 %." The Governing Council has also clarified that, in the pursuit of price stability, it aims to maintain inflation rates "below, but close to, 2 % over the medium term".⁹⁷

Article 245a(2) of the Treaty on the Functioning of the European Union (the Treaty of Lisbon) reads as follows: "The primary objective of the ESCB⁹⁸ shall be to maintain price stability." Arguing that prices are stable when they are growing by almost 2 percent per year is a logical flaw. Prices are stable when they are neither rising nor falling. The primary objective of the ECB should, therefore, be 0 %. The figure of 2 % was arrived at in times of high inflation, when it was difficult to achieve a clean zero, especially in the southern countries. It is also generally almost impossible to have an inflation rate of 0.000 % and, therefore, the tolerance margin of 2 % was set. Only if the 2 % threshold is exceeded, the objective of 'price stability' is not complied with. The two percent are only a tolerance margin and the figure was made an 'inflation target' by the ECB needing an excuse for its irresponsible monetary policy.⁹⁹

In order to separate monetary and fiscal policies and prevent financing of public budgets from the common purse of the ECB, we propose the following set of actions:

C.14.1 *Explicitly prohibit the ECB from taking action in respect of the fiscal situation of individual countries, even under the threat of default. Bankruptcy is the only effective regulation that will force the states to pursue a responsible fiscal policy.*

C.14.2 *Cancel the OMT programme, under which the ECB purchases government bonds, thereby revoking the promise by Governor Mario Draghi that the ECB "will do everything that is needed" to save the euro area.*

C.14.3 *Increase the requirements for the quality of guarantees required by the ECB when lending to the financial sector and take into account different quality of bonds issued by different euro area countries.*

⁹⁷ The Treaty establishing the European Community also mentions, in addition to the primary objective of Eurosystem's monetary policy, a secondary objective, which is promoting economic measures aimed at achieving "a high level of employment" and "sustainable non-inflationary economic growth." The founding treaty also sets a hierarchy of the objectives of Eurosystem's monetary policy, where maintaining price stability takes priority over the secondary objectives. Maintaining price stability is seen as the most important contribution of monetary policy to the creation of favourable economic conditions and high level of employment. According to: <http://www.nbs.sk/sk/menova-politika/menova-politika-ecb-od-roku-2009>

⁹⁸ The ESCB (European System of Central Banks) comprises the ECB and 19 national central banks of euro area members.

⁹⁹ SINN, H.-W.: „Der schwarze Juni“, strana 189.

C.14.4 Abolish the regulatory rule, under which government bonds are considered to be risk-free assets.

C.14.5 Prohibit purchases of government bonds by the ECB, both on the primary and the secondary market.

Primary and secondary market

The primary market allows for the purchase of securities at the time of their issue. Purchases of government bonds (as a form of securities) by the ECB on the primary market are prohibited by Article 123 of the Treaty of Lisbon, which reads as follows: “Overdraft facilities or any other type of credit facility with the European Central Bank or with the central banks of the Member States (hereinafter referred to as ‘national central banks’) in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, **as shall the purchase directly from them by the European Central Bank or national central banks of debt instruments.**”

In the **secondary market** (private sector), securities previously purchased on the primary market are traded. We propose that Article 123 should also apply to the secondary market.

C.14.6 We propose that the balances of the euro area’s interbank settlement system TARGET2 be offset on an annual basis. A similar mode of operation is used by the US central bank (FED), which consists of 12 local central banks. As in the case of the Eurosystem, claims and liabilities of local central banks also exist in the US settlement system. These balances, however, have to be settled every April by the banks with a negative balance transferring to the corresponding other bank’s marketable assets (originally ‘gold-backed securities’), which they cannot issue themselves. Technically, this is done by reallocating ownership shares in, and annual interest distribution of, a joint clearing portfolio run by the FED.¹⁰⁰

¹⁰⁰ <http://voxeu.org/article/fed-versus-ecb-how-target-debts-can-be-repaid>



TARGET2 balances

Real-time interbank settlement in the euro area is done through the TARGET2 system, which is a revamped version of the original Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET). It is operated by the Eurosystem, with payments between individual commercial banks cleared in electronic reserve euros held by each commercial bank in its account with the national central bank in the country of its domicile.

TARGET2 captures the geographic migration of euros within the euro area. If a Mercedes dealer sells a car to a Spanish builder, the latter gives his bank an order for payment to the dealer's account in Germany. For the euros to arrive where they are supposed to, the Spanish central bank must debit the relevant amount from the reserve account of the Spanish commercial bank and the German Bundesbank must credit the same amount to the reserve account of the German commercial bank, where the dealer's account is opened. In this operation, the euros leave Spain and go to Germany. In the TARGET2 settlement system, this transaction leads to a claim of Bundesbank against the Eurosystem and a liability of the Bank of Spain in the same amount. Normally, this two-way flow of capital and goods ensures that the euro flows are roughly the same. There is no growth in liabilities or claims of participating central banks.

After the ECB had rescued peripheral banks through lending programmes, however, large trade balance deficits of peripheral countries and capital account surpluses of the core countries led to high claims and liabilities within the TARGET2 system. Since the launch of the euro area, Germany accumulated trade balance surpluses of hundreds of billions of euros against the rest of the euro area. The emergence of large deficits and surpluses in TARGET2 after the outbreak of the euro crisis revealed imbalances in the euro area caused by the euro.

Growing claims of some countries from the Eurosystem pose a potential risk of high losses in case of a collapse of the monetary union. The countries would be left with foreign euros increasing the inflation, while the NCBs in the periphery (which created the migrating euros by lending within the LTRO) would at least be left with the financial assets, which the commercial banks had to deposit as collateral. German central bankers' calls for a transfer of part of the collateral in the amount of the TARGET surplus to the Bundesbank were, therefore, a rational attempt to secure themselves against the risk of a collapse of the euro area.

Source: Juraj Karpiš, *Zlé peniaze*, 2015, str. 374-376

C.15 Abolishment of the permanent bailout fund

The European Stability Mechanism (ESM) was set up in summer 2012 and took over the role of the temporary EFSF rescue mechanism and the EFSM programme of the European Commission. It is the European equivalent of the International Monetary Fund ¹⁰¹.

The permanent bailout fund is a system that protects countries against high-interest rates increasing the cost of their debt service. It helps prevent the default of troubled euro area countries in exchange for the implementation of necessary reforms (which, however, is rather troublesome due to election terms lasting from four to five years and the related populism), at the expense of transferring the cost to all euro area countries and increasing the systemic risk. Although the bailout fund is designed to prevent government defaults, it was also used to rescue the Spanish banking sector.

ESM shareholders are the euro area countries, including Slovakia, and the shares in ESM cannot be sold or donated. It is not possible to step out of the permanent bailout fund and payments made by shareholders are irrevocable. The shareholders are also guarantors, which means that if the losses of the bailout fund materialise, Slovak taxpayers will also have to pay the cost. Slovakia's share in the subscribed capital is set at 0.818 %, translating into a guarantee amount of up to €5.8 billion ¹⁰².

We believe that the permanent bailout fund violates Article 125 of the Treaty of Lisbon, which says that each Member State is solely liable for its own commitments. The creation of the bailout fund contributed to the institutionalisation of the euro area as a debt union, in which governments of indebted countries transfer their economic risks to countries with more balanced economies. It is, therefore, a tool for debt redistribution among euro area members.

We propose that the permanent bailout fund be abolished because it increases the systemic risk in the euro area and redistributes debt without addressing the core problem of the European Monetary Union.

C.16 Rejection of the common deposit guarantee scheme

The interconnectedness of the euro area's banking system means that problems of the banking sector in one country are likely to create problems in other countries. At the same time, banks know that in the case of problems they can receive credit from the ECB through emergency liquidity, i.e. that they have an implicit guarantee that their losses would be assumed by the state (and therefore by taxpayers). The states, on the other hand, expect that in the face of bankruptcy, the ECB will intervene through bond purchases (the OMT programme). We are caught in a spiral, in which wrong motivators are constantly increasing systemic risk.

¹⁰¹ <http://europa.europa.eu/sites/default/files/esm2015annualreport.pdf>

¹⁰² <http://europa.europa.eu/sites/default/files/esm2015annualreport.pdf>



For this reason, the euro area decided to develop a banking union, which is built on three main pillars:

- 1/ centralised supervision over euro area's financial institutions,*
- 2/ single resolution mechanism,*
- 3/ European deposit-guarantee scheme.*

C.16.1 Centralised supervision over euro area's financial institutions (SSM)

As euro area's banks are served by a common central bank, the single supervisory mechanism makes sense. Otherwise, we can get back to the point where banks in countries with slipshod supervision use emergency loan programmes of the ECB and take money away from the rest of the euro area. Single supervision has been in place since November 2014 and is a prerequisite for the application of the same rules for all.

C.16.2 Single Resolution Mechanism (SRM)

The main objective of the SRM is to create a common framework for dealing with failing banks in the euro area. The SRM has been fully functioning since January 2016. It includes the Single Resolution Fund (SRF), from which the recovery of banks in the euro area is to be financed. Banks are obliged to pay regular financial contributions to the SRF. In the event that a particular bank gets into trouble, it will be able to receive money from the fund. Again, we can get to a point where countries with healthy banks subsidise countries with insolvent banks through the resolution fund. Liability for the losses of banks should primarily be borne by their shareholders and the cost of restructuring the banks by the states, in which these banks operate. The SRF is not necessary for the stable functioning of the euro area – we consider it to be a moral hazard and, therefore, propose that it be abolished.

C.16.3 European deposit guarantee scheme (EDIS)

The EDIS is an extension of national deposit-guarantee schemes, which is to be financed from European money. The objective is to establish a European Deposit Protection Fund (EDIF), which would, if necessary, pay off depositors of insolvent banks in any euro area country. As in the case of the SRF, we consider the EDIF to be a moral hazard and we do not support the creation of the fund.

We agree with unifying the deposit protection cap, which is currently set at €100 000 per depositor per bank. Deposit-guarantee funds, however, should only operate at the national level to ensure that the potential costs of these funds are limited to particular members and to prevent redistribution of losses or spreading of crisis to other members of the euro area.

C.17 Decision-making within the ECB according to paid-up capital

All important decisions are taken by the Governing Council, which consists of six directors and 19 heads of the national central banks of the euro area countries, making up a total of 25 persons. After the recent changes, however,¹⁰³ there are only 21 votes – 11 votes are required to adopt a decision. When the ‘right’ month comes, let’s say July, when the Netherlands, Luxembourg, Latvia and Lithuania have no voting rights, large debtors have majority – France, Italy, Spain, Belgium, Greece, Portugal and Cyprus have 11 votes in total and Germany, being the largest guarantor, is powerless.

We consider a voting system lacking any apparent logic, in which debtors effectively decide about their creditors, to be dangerous; therefore, we propose the following:

| Country | Current vote weight (03/2017) | Proposed vote weight |
|-------------|-------------------------------|----------------------|
| Germany | 4,8 % + 4,8 % | 25,6 % |
| France | 0,0 % + 4,8 % | 20,1 % |
| Italy | 4,8 % + 4,8 % | 17,5 % |
| Spain | 4,8 % + 0,0 % | 12,6 % |
| Netherlands | 4,8 % + 0,0 % | 5,7 % |
| Belgium | 0,0 % + 4,8 % | 3,5 % |
| Greece | 4,8 % + 0,0 % | 2,9 % |
| Austria | 4,8 % + 0,0 % | 2,8 % |
| Portugal | 4,8 % + 4,8 % | 2,5 % |
| Finland | 0,0 % + 0,0 % | 1,8 % |
| Ireland | 4,8 % + 0,0 % | 1,6 % |
| Slovakia | 4,8 % + 0,0 % | 1,1 % |
| Lithuania | 4,8 % + 0,0 % | 0,6 % |
| Slovenia | 4,8 % + 0,0 % | 0,5 % |
| Latvia | 4,8 % + 0,0 % | 0,4 % |
| Luxembourg | 4,8 % + 4,8 % | 0,3 % |
| Estonia | 0,0 % + 0,0 % | 0,3 % |
| Cyprus | 4,8 % + 0,0 % | 0,2 % |
| Malta | 4,8 % + 0,0 % | 0,1 % |

C.17.1 Introduce a system of vote weights of the Member States corresponding to their shares in the guarantees according to paid-up subscriptions of euro area national central banks to the capital of the ECB.¹⁰⁴

C.17.2 Revoke voting rights of Executive Board members. Voting rights will thus only be held by 19 governors, with vote weights according to the paid-up capital subscriptions.

C.17.3 Require a qualified majority for fiscal decisions (purchase of bonds ¹⁰⁵) – two-thirds majority of the votes cast ¹⁰⁶.

¹⁰³ The accession of Lithuania to the euro area in January 2015 triggered a system under which national central bank governors take turns holding voting rights on the Governing Council. Euro area countries are divided into two groups according to the size of their economies and their financial sectors. Governors from countries ranked first to fifth – currently, Germany, France, Italy, Spain and the Netherlands – share four voting rights. The remaining fourteen countries share 11 voting rights. The Governors take turns holding the rights on a monthly rotation. Executive Board members hold permanent voting rights.



C.17.4 *Publish all voting results at the governor's level to increase transparency.*

The above-named four changes will ensure, firstly, that voting takes place according to capital shares, which we consider natural and right, and, secondly, that creditors will be able to block debtors' initiatives. Germany, the Netherlands, Austria and Finland will have a total of 35.9 % of the votes, giving them the power to block fiscal decisions, such as purchases of government bonds using 'printed' money.

C.18 *Exclusion of sinners from the euro area*

Membership of the euro area should be a privilege and not a millstone. Chronic failure to comply with the rules (in terms of public debt and public deficit) should result in automatic termination of membership. Otherwise, we will not be able to bring to an end the transfer union ¹⁰⁷ between the states, which will lead to gradual decay and collapse of the euro area. This also stems from the two principles we are proposing, namely compliance with agreements and automatic sanctions.

We suggest that if a euro area member is in breach of the membership criteria for five consecutive years (public debt less than 60 %, deficit below 3 %), it will automatically be removed from the euro area. If compliance with the criteria is restored in the future, it can rejoin the euro area.

Obviously, a long transition period would be required; otherwise, most euro area members would have to leave because of their public debt.

104 <https://www.ecb.europa.eu/ecb/orga/capital/html/index.sk.html>

105 This regulation will only apply until this (purchase of government bonds) is prohibited as proposed in section C14.5.

106 A two-thirds majority is already required for certain decisions of the ECB; for example, pursuant to Article 14 of Protocol 4: "National central banks may perform functions other than those specified in this Statute, unless the Governing Council finds, by a majority of two thirds of the votes cast, that these interfere with the objectives and tasks of the ESCB. Such functions shall be performed on the responsibility and liability of national central banks and shall not be regarded as being part of the functions of the ESCB." Also, pursuant to Article 20, "the Governing Council may by a two thirds majority of the votes cast, decide upon the use of such other operational methods of monetary control as it sees fit, respecting Article 2."

107 The introduction of the single European currency area was based on the assumption that there would be gradual economic convergence between its members. The inclusion in the monetary union of countries whose economies were too different, growing competitive pressure and lower productivity of southern countries created imbalances in the system, which fully manifested themselves with the outbreak of the financial crisis. High unemployment and shrinking economy then led to the political decision on transfer payments, whether in the form of setting up the bailout fund or purchasing government bonds, to keep the monetary area united.

C.19 Insolvency statute for euro area countries ¹⁰⁸

If, despite the rules, a euro area Member State finds itself in financial difficulties, i.e. it is unable to pay its debts when due, owners of maturing bonds must, as a first resort, accept an extension of maturity.

This will make it possible to distinguish between a temporary lack of liquidity (the case of Ireland) and serious structural problems (the case of Greece), which is very difficult in practice today. Just remember the many promises that these countries would quickly return to the financial markets.

If a country only suffers from a lack of liquidity and its financial problems are only temporary, such a measure will suffice. If, despite the extension of the maturity of the bonds, the country's financial difficulties cannot be resolved, it must be declared insolvent and the country's debts will be partly written off to an extent guaranteeing that the country is able to return to the bond markets. ¹⁰⁹

The country should also leave the euro area so that it can immediately, for a short term, increase its competitiveness by devaluing its new currency.

¹⁰⁸ http://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/download/publikationen/arbeitspapier_04_2016.pdf

¹⁰⁹ See also SINN, H.-W.: "Der Schwarze Juni", page 310.



D. Security pillar

D.20 Joint Schengen border protection

Border protection turns out to be critical from both the security and political perspectives, therefore, we propose that it be an exclusive competence of the EU (please refer to section A.1). Joint border protection is only meaningful if the border is protected equally everywhere. A country having a problem with joint border protection (for example, it disagrees with European border protection units entering its territory) can leave the Schengen area.

D.20.1 *Modern technologies allow for efficient patrolling along the entire border. Each Member State should be involved in securing the Schengen border by contributing a pro-rata (monetary) amount as per its population size or GDP. The need for increased investment in the technological and human potential of the Schengen border can be financed from the money saved thanks to decreasing expenditure on agricultural subsidies.*

D.20.2 *The Schengen area provides a high degree of freedom as to the movement of persons within its territory, thus, the standards applied on entry should be correspondingly high. Every person entering the Schengen area who is not a citizen of one of the member countries of the Schengen area will be registered using biometric data. The registration obligation will also apply to persons coming from countries with visa-free entry to Schengen. In this regard, we support the establishment of the EES¹¹⁰ and ETIAS¹¹¹ systems that the EU plans to launch from 2020.*

D.20.3 *Any breach of Schengen Agreement rules by a member country will result in automatic sanctions, with removal from the Schengen area being the ultimate one. As with the euro area, membership of the Schengen area should be a privilege, not a millstone for European countries.*

¹¹⁰ The European Commission proposes to establish a EES system (EU Entry-Exit System) that would collect biometric data and data on entry and exit of non-EU nationals into and from the Schengen area.

¹¹¹ The ETIAS system will be managed by the European Border and Coast Guard in close cooperation with the competent authorities of the Member States and Europol, and it will be aimed at strengthening the security checks on visa-free travellers. The ETIAS authorisation is not a visa; it is a lighter and more visitor-friendly regime. Nationals of countries with a liberalised visa regime will still be able to travel without a visa but will have to obtain a simple travel authorisation prior to their travel to the Schengen area. The ETIAS will gather information on all those travelling visa-free to the European Union to allow for advance checks focused on illegal migration and security. We propose to charge a €5 application fee for the ETIAS authorisation, which will be valid for a period of 5 years.

D.21 Refugee camps outside of the EU

The migrant crisis – the influx of millions of people from Africa and the Middle East, is currently the biggest challenge for the European Union and the first major challenge that cannot simply be resolved by new debts or by printing money. Within the meaning of the Geneva Convention, which is binding on the EU Member States, asylum is intended for persecuted individuals and not for mass migration. Therefore, we propose:

D.21.1 *The establishment of detention camps ¹¹² for refugees outside of the European Union territory, as a priority on the North African coast – Libya, Tunis, Egypt. It will be possible to apply for asylum in any EU Member State, as there will be officials of every EU Member State in the camp. EU Member States will be able to deport migrants reaching the EU by sea or saved at the sea to the detention camps, where they will stay until a decision on their asylum application is made.*

D.21.2 *When assessing the applications, each Member State will apply its own rules. If the application is turned down by a Member State, the application will be rejected as inadmissible in another Member State in expedited proceedings.*

D.22 Stricter asylum policy

Each country decides on asylum rules and on the actual granting of asylum at its own discretion. We consider this appropriate because the Member States should be able to decide who will live in their territory. However, due to the existence of the Schengen area, it is essential to apply certain common rules for the case of asylum rejection. Therefore, we propose:

D.22.1 *Notification of the outcome of the asylum process in the Member States will be done in person. Asylum seekers appealing against a negative decision must be under the official supervision of the given Member State until notification of the appeal decision. If the final verdict is negative, the expulsion process will be launched in accordance with to the statutory provisions of the Member State where the asylum seeker applied for asylum.*

¹¹² <https://dennikn.sk/blog/sex-crime-terror/>



D.22.2 *Automatic rejection of asylum applications as obviously unsubstantiated in expedited proceedings and the subsequent administrative expulsion of the applicant pursuant to the statutory provisions of the Member State where the applicant sought asylum:*

- 1/ if the applicant submits false information or documents, forged or altered ID documents, or withholds substantial information or documents essential for the asylum proceedings with the intention of making the asylum application assessment more difficult,*
- 2/ if the applicant refuses to allow his or her fingerprints to be taken,*
- 3/ if it is proven that the identity information provided by the applicant is false,*
- 4/ if the applicant reasons the asylum application with obviously incoherent, contradictory, false or improbable statements, which are in conflict with sufficiently verified information about the country of origin,*
- 5/ if the asylum seeker is excluded from protection for reasons under Article 1F of the Geneva Convention on refugees (the exclusion clause) ¹¹³,*
- 6/ if the applicant comes from a safe country of origin pursuant to the European list of safe countries,*
- 7/ if the applicant constitutes a security threat to the Member State.*

D.22.3 *We support the accelerated drafting of the European list of safe countries of origin and the application of the expedited asylum process to applicants from these countries.*

D.23 Development aid only in exchange for cooperation

The European Union has several funds specialising in the provision of development aid, with 2014-2020 budget in excess of €50 billion ¹¹⁴.

We propose to make the provision of any development aid conditional on the existence of a readmission mechanism for returning asylum seekers.

¹¹³ Please refer to Article 1(F) and Article 33(2) of the Convention relating to the legal status of refugees (Geneva Convention).

¹¹⁴ http://europa.eu/rapid/press-release_MEMO-13-1134_en.htm

Conclusion

The chance of winning a lottery is approximately 1 to 14 million, however, if you do not enter, you do not even have this tiny little chance. The chance that our reform proposal gets through is also minuscule, but not zero.

Several MEPs agree with the aforementioned proposals, however, it is apparent that in the years to come, let's say in this election term (2014-2019), there will not be enough political will for the proposals to be implemented. Nevertheless, a strong idea will find its way through. Therefore, I consider it very important to write up specific ideas and give solid reasoning on how the EU can function successfully again.

We have translated this Manifesto into English and German and we will send it out to many opinion-makers in Europe. Perhaps some time, when hell freezes over, at least some of these changes will be successfully implemented. For instance, after 2019, when the composition of the new European Parliament to be elected might be much more Eurorealistic.

At any rate, both Europe and Slovakia deserve that we make every possible attempt to make the EU a functional community of free and independent states.



Annexes

Chronology of key European treaties (Annex 1)

| Treaty | Entry into force | No. of members | Competences |
|---|-------------------------|-----------------------|--|
| <i>European Coal and Steel Community (ECSC)</i> | 1952 | 6 | <i>establishment of a common market in steel, coal, coke, iron ore and scrap</i> |
| <i>Treaties of Rome:</i> <i>European Economic Community (EEC)</i> <i>European Atomic Energy Community (EURATOM)</i> | 1958 | 6 | <i>customs Union</i> <ul style="list-style-type: none">• <i>free movement of goods</i>• <i>common commercial policy</i>• <i>free movement of persons</i><i>services and capital</i>• <i>the common agricultural policy</i>• <i>common transport policy</i>• <i>competition</i>• <i>coordination of economic policies</i>• <i>common market</i>• <i>European Social Fund</i> |
| <i>Merger Treaty</i> | 1967 | 6 | <i>the merger of the ECSC, EEC and EURATOM</i> |
| <i>Single European Act</i> | 1987 | 12 | <ul style="list-style-type: none">• <i>single market</i>• <i>environment</i> |
| <i>Treaty of Maastricht</i> | 1993 | 12 | <ul style="list-style-type: none">• <i>common foreign and security policy</i>• <i>justice and home affairs</i>• <i>economic and monetary union</i>• <i>education</i>• <i>culture</i>• <i>cooperation and development</i> |
| <i>Treaty of Amsterdam</i> | 1999 | 15 | <ul style="list-style-type: none">• <i>employment</i>• <i>social policy</i>• <i>discrimination</i> |
| <i>Treaty of Nice</i> | 2003 | 15 | <i>preparation for enlargement by ten new Member States, change of the voting mechanism in the Council of the EU</i> |
| <i>Treaty of Lisbon</i> | 2009 | 27 | <ul style="list-style-type: none">• <i>space</i>• <i>energy</i>• <i>civil protection</i>• <i>data protection</i>• <i>sports</i> |

List of European institutions and agencies (Annex 2)

| European Institution/Agency | Abbreviation | Category | Seat | Year of establishment | Budget (million €) (2015) | Number of employees (2015) |
|---|---------------------|----------------------|--------------------|------------------------------|----------------------------------|-----------------------------------|
| European Parliament* | EP | Primary institution | Belgium/ France | 1952 | 1 756 | 6 000 |
| Court of Justice of the European Union | CJEU | Primary institution | Luxembourg | 1952 | NA | NA |
| European Commission | EC | Primary institution | Belgium | 1958 | approx. 3 000+ | 33 000 |
| European Economic and Social Committee* | EESC | Advisory institution | Belgium | 1958 | 129 | 705 |
| European Investment Bank | EIB | Institution | Luxembourg | 1958 | NA | NA |
| EURATOM Supply Agency | ESA | EURATOM | Luxembourg | 1958 | NA | NA |
| Council of the European Union* | Consilium | Primary institution | Belgium | 1958 | around 500 | 3 500 |
| European Council* | Consilium | Primary institution | Belgium | 1961 | | |
| European Centre for the Development of Vocational Training | CEDEFOP | Decentralised agency | Greece | 1975 | 18 | 119 |
| European Foundation for the Improvement of Living and Working Conditions | EURO-FOUND | Decentralised agency | Ireland | 1975 | 21 | 108 |
| European Court of Auditors | ECA | Primary institution | Luxembourg | 1977 | NA | NA |
| European Monitoring Centre for Drugs and Drug Addiction | EMCDDA | Decentralised agency | Portugal | 1993 | 15 | 100 |
| European Environment Agency | EEA | Decentralised agency | Denmark | 1994 | 42 | 205 |
| European Training Foundation | ETF | Decentralised agency | Italy | 1994 | 20 | 130 |
| Translation Centre for the Bodies of the European Union | CdT | Decentralised agency | Luxembourg | 1994 | 49 | 200 |

| | | | | | | |
|--|------------------|--------------------------------|-----------------------|-------------|------------|-------------|
| Committee of the Regions* | CoR | <i>Advisory institution</i> | <i>Belgium</i> | <i>1994</i> | <i>88</i> | <i>532</i> |
| European Union Office for Intellectual Property | EU IPO | <i>Decentralised agency</i> | <i>Spain</i> | <i>1994</i> | <i>384</i> | <i>793</i> |
| European Agency for Safety and Health at Work | EU-OSHA | <i>Decentralised agency</i> | <i>Spain</i> | <i>1994</i> | <i>15</i> | <i>64</i> |
| Community Plant Variety Office | CPVO | <i>Decentralised agency</i> | <i>France</i> | <i>1995</i> | <i>15</i> | <i>45</i> |
| European Medicines Agency | EMA | <i>Decentralised agency</i> | <i>United Kingdom</i> | <i>1995</i> | <i>304</i> | <i>890</i> |
| European Ombudsman* | Ombudsman | <i>Institution</i> | <i>France</i> | <i>1995</i> | <i>10</i> | <i>67</i> |
| European Central Bank | ECB | <i>Primary institution</i> | <i>Germany</i> | <i>1998</i> | <i>NA</i> | <i>NA</i> |
| European Police Office | Europol | <i>Decentralised agency</i> | <i>Netherlands</i> | <i>1999</i> | <i>95</i> | <i>1008</i> |
| European Institute for Security Studies | EUISS | <i>CFSP Agency</i> | <i>France</i> | <i>2002</i> | <i>5</i> | <i>24</i> |
| European Food Safety Authority | EFSA | <i>Decentralised agency</i> | <i>Italy</i> | <i>2002</i> | <i>77</i> | <i>447</i> |
| European Union Satellite Centre | EUSC | <i>CFSP Agency</i> | <i>Spain</i> | <i>2002</i> | <i>18</i> | <i>120</i> |
| European Union's Judicial Cooperation Unit | EUROJUST | <i>Decentralised agency</i> | <i>Netherlands</i> | <i>2002</i> | <i>34</i> | <i>350</i> |
| European Maritime Safety Agency | EMSA | <i>Decentralised agency</i> | <i>Portugal</i> | <i>2002</i> | <i>54</i> | <i>207</i> |
| European Aviation Safety Agency | EASA | <i>Decentralised agency</i> | <i>Germany</i> | <i>2002</i> | <i>150</i> | <i>833</i> |
| European Personnel Selection Office | EPSO | <i>Interinstitutional body</i> | <i>Belgium</i> | <i>2003</i> | <i>NA</i> | <i>NA</i> |
| European Railway Agency | ERA | <i>Decentralised agency</i> | <i>France</i> | <i>2004</i> | <i>25</i> | <i>160</i> |
| European GNSS Agency | GSA | <i>Decentralised agency</i> | <i>Czech Republic</i> | <i>2004</i> | <i>28</i> | <i>140</i> |
| European Defence Agency | EDA | <i>CFSP Agency</i> | <i>Belgium</i> | <i>2004</i> | <i>31</i> | <i>130</i> |
| European Data Protection Supervisor* | EDPS | <i>Institution</i> | <i>Belgium</i> | <i>2004</i> | <i>8</i> | <i>52</i> |

| | | | | | | |
|---|---------------------|--------------------------------|-------------------|-------------|------------|--------------|
| European Agency for Border and Coast Guard | FRONTEX | <i>Decentralised agency</i> | <i>Poland</i> | <i>2004</i> | <i>143</i> | <i>366</i> |
| European Union Agency for Network and Information Security | ENISA | <i>Decentralised agency</i> | <i>Greece</i> | <i>2004</i> | <i>10</i> | <i>84</i> |
| Consumers, Health, Agriculture and Food Executive Agency | Chafea | <i>Executive agency</i> | <i>Luxembourg</i> | <i>2005</i> | <i>NA</i> | <i>NA</i> |
| European Administrative School | EUSA | <i>Interinstitutional body</i> | <i>Belgium</i> | <i>2005</i> | <i>NA</i> | <i>NA</i> |
| European Police College | CEPOL | <i>Decentralised agency</i> | <i>Hungary</i> | <i>2005</i> | <i>9</i> | <i>51</i> |
| European Centre for Disease Prevention and Control | ECDC | <i>Decentralised agency</i> | <i>Sweden</i> | <i>2005</i> | <i>58</i> | <i>290</i> |
| European Fisheries Control Agency | EFCA | <i>Decentralised agency</i> | <i>Spain</i> | <i>2005</i> | <i>9</i> | <i>57</i> |
| Education, Audiovisual and Culture Executive Agency | EACEA | <i>Executive agency</i> | <i>Belgium</i> | <i>2006</i> | <i>NA</i> | <i>NA</i> |
| European Chemicals Agency | ECHA | <i>Decentralised agency</i> | <i>Finland</i> | <i>2007</i> | <i>107</i> | <i>600</i> |
| European Research Council Executive Agency | ERCEA | <i>Executive agency</i> | <i>Belgium</i> | <i>2007</i> | <i>NA</i> | <i>NA</i> |
| European Joint Undertaking for ITER and the Development of Fusion Energy | F4E | <i>EURATOM</i> | <i>Spain</i> | <i>2007</i> | <i>385</i> | <i>463</i> |
| Single European Sky ATM Research Joint Undertaking | SESAR JU | <i>EU joint undertaking</i> | <i>Belgium</i> | <i>2007</i> | <i>89</i> | <i>41</i> |
| Clean Sky Joint Undertaking | CLEANSKY JU | <i>EU joint undertaking</i> | <i>Belgium</i> | <i>2008</i> | <i>352</i> | <i>42</i> |
| Innovative Medicines Initiative Joint Undertaking | IMI | <i>EU joint undertaking</i> | <i>Belgium</i> | <i>2008</i> | <i>315</i> | <i>47</i> |
| European Institute of Innovation and Technology | EIT | <i>Other</i> | <i>Hungary</i> | <i>2008</i> | <i>295</i> | <i>59</i> |
| Research Executive Agency | REA | <i>Executive agency</i> | <i>Belgium</i> | <i>2009</i> | <i>NA</i> | <i>NA</i> |
| Publications Office | Publications | <i>Interinstitutional body</i> | <i>Luxembourg</i> | <i>2009</i> | <i>NA</i> | <i>NA</i> |
| European Institute for Gender Equality | EIGE | <i>Decentralised agency</i> | <i>Lithuania</i> | <i>2010</i> | <i>8</i> | <i>42</i> |
| European External Action Service* | EEAS | <i>Institution</i> | <i>Belgium</i> | <i>2010</i> | <i>793</i> | <i>3 478</i> |
| Body of European Regulators for Electronic Communications | BEREC | <i>Decentralised agency</i> | <i>Latvia</i> | <i>2010</i> | <i>4</i> | <i>27</i> |

| | | | | | | |
|--|-----------------|--------------------------------|----------------------------|-------------|------------|-------------------|
| Agency for the Cooperation of Energy Regulators | ACER | <i>Decentralised agency</i> | <i>Slovenia</i> | <i>2011</i> | <i>16</i> | <i>90</i> |
| European Banking Authority | EBA | <i>Decentralised agency</i> | <i>United Kingdom</i> | <i>2011</i> | <i>34</i> | <i>151</i> |
| European Securities and Markets Authority | ESMA | <i>Decentralised agency</i> | <i>France</i> | <i>2011</i> | <i>39</i> | <i>194</i> |
| European Insurance and Occupational Pensions Authority | EIOPA | <i>Decentralised agency</i> | <i>Germany</i> | <i>2011</i> | <i>21</i> | <i>137</i> |
| European Asylum Support Office | EASO | <i>Decentralised agency</i> | <i>Malta</i> | <i>2011</i> | <i>16</i> | <i>126 (2016)</i> |
| European Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice | EU-LISA | <i>Decentralised agency</i> | <i>Estonia/ France</i> | <i>2011</i> | <i>68</i> | <i>140</i> |
| Computer Emergency Response Team | CERT | <i>Interinstitutional body</i> | <i>Belgium</i> | <i>2012</i> | <i>NA</i> | <i>NA</i> |
| Innovation and Networks Executive Agency | INEA | <i>Executive agency</i> | <i>Belgium</i> | <i>2014</i> | <i>NA</i> | <i>NA</i> |
| Executive Agency for Small and Medium-sized Enterprises | EASME | <i>Executive agency</i> | <i>Belgium</i> | <i>2014</i> | <i>NA</i> | <i>NA</i> |
| Bio-based Industries Joint Undertaking | BBJ JU | <i>EU joint undertaking</i> | <i>Belgium</i> | <i>2014</i> | <i>209</i> | <i>22</i> |
| Shift2Rail Joint Undertaking | S2R JU | <i>EU joint undertaking</i> | <i>Belgium</i> | <i>2014</i> | <i>920</i> | <i>15</i> |
| Fuel Cells and Hydrogen Joint Undertaking | FCH 2 JU | <i>EU joint undertaking</i> | <i>Belgium</i> | <i>2014</i> | <i>115</i> | <i>26</i> |
| ECSEL Joint Undertaking | ECSEL | <i>EU joint undertaking</i> | <i>Belgium</i> | <i>2014</i> | <i>NA</i> | <i>NA</i> |
| Single Resolution Board | SRB | <i>Decentralised agency</i> | <i>Belgium</i> | <i>2015</i> | <i>22</i> | <i>164</i> |
| European Union Agency for Fundamental Rights | FRA | <i>Decentralised agency</i> | <i>Austria</i> | <i>2016</i> | <i>22</i> | <i>107</i> |

Source for 2015: The EU agencies working for you, 2016 *Data for 2014

List of abbreviations

ACCF **Additional Credit Claims Framework**
Rahmen zusätzlicher Kreditforderungen
Rámec dodatočných úverových pohľadávok

ANFA **Agreement on Net Financial Assets**
Abkommen über Netto-Finanzaktiva
Dohoda o čistých finančných aktívach

CAP **Common Agriculture Policy**
Gemeinsame Agrarpolitik
Spoločná poľnohospodárska politika

CB **Central bank**
Zentralbank
Centrálna banka

CETA **The Comprehensive Economic and Trade Agreement**
Umfassendes Wirtschafts- und Handelsabkommen
Komplexná hospodárska a obchodná dohoda

COREPER **The Permanent Representatives Committee**
Ausschuss der ständigen Vertreter
Výbor stálych zástupcov

ECB **European Central Bank**
Eur. Zentralbank
Európska centrálna banka

EDIF **European Deposit Insurance Fund**
Europäischer Einlagensicherungsfonds
Európsky fond ochrany vkladov

EDIS **European Deposit Insurance Scheme**
Europäische Einlagensicherung
Európsky systém ochrany vkladov

EEAS **Entry-Exit System**
System Einreise/Ausreise
Únijný systém vstup/výstup

EFSF **European Financial Stability Facility**
Eur. Finanzstabilisierungsfazilität
Európsky finančný stabilizačný nástroj

EFSI **European Fund for Strategic Investments**
Eur. Fonds für strategische Investitionen
Európsky fond pre strategické investície

EFSM **European Financial Stabilisation Mechanism**
Eur. Finanzstabilisierungsmechanismus
Európsky nástroj finančnej stability

EGF **European Structural and Investment Funds**
Eur. Struktur- und Investitionsfonds
Európske štrukturálne a investičné fondy

EHSV **European Economic and Social Committee**
Eur. Wirtschafts- und Sozialausschuss
Európsky hospodársky a sociálny výbor

EIB **European Investment Bank**
Eur. Investitionsbank
Európska investičná banka

EK **European Commission**
Die Europäische Kommission
Európska komisia

ELA **Emergency Liquidity Assistance**
Notfall-Liquiditätshilfe
Nástroj núdzového poskytovania likvidity

EP **European Parliament**
Das Europäische Parlament
Európsky parlament

ESCB **European System of Central banks**
System der Europäischen Zentralbanken
Európsky systém centrálnych bánk

ESM **European Stability Mechanism**
Eur. Stabilitätsmechanismus
Európsky stabilizačný mechanizmus

ETIAS **European Travel Information and Authorisation System**
Eur. System für Reiseinformationen und -Einreisegenehmigungen
Európsky systém cestovných informácií a povolení

EU **European Union**
Europäische Union
Európska únia

EURATOM **European Atomic Energy Community**
Eur. Gemeinschaft für Atomenergie
Európske spoločenstvo pre atómovú energiu

FED **Federal Reserve System**
Föderales Reservesystem (Zentralbank der USA)
Federálny rezervný systém (centrálna banka USA)

LTRO **Long Term Refinancing Operations**
Längerfristige Refinanzierungsgeschäfte
Dlhodobé refinančné operácie

MH SR **Ministry of Economy of the Slovak Republic**
Ministerium für Wirtschaft der SR
Ministerstvo hospodárstva SR



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| NBS | The National Bank of Slovakia Nationalbank der Slowakei Národná banka Slovenska |
| OLAF | European Anti-fraud Office Europäisches Amt für Betrugsbekämpfung Európsky úrad pre boj proti podvodom |
| OMT | Outright Monetary Transactions Direkte Währungstransaktionen Priame menové transakcie |
| REFIT | Regulatory Fitness and Performance Programme Programm der Regulierungseignung und Effizienz Program regulačnej vhodnosti a efektívnosti |
| SMP | Securities Markets Programme Programm für die Wertpapiermärkte Program pre trhy s cennými papiermi |
| SRF | Single Resolution Fund Einheitlicher Abwicklungsfonds Jednotný rezolučný fond |
| SRM | Single Resolution Mechanism Einheitlicher Bankenabwicklungsmechanismus Jednotný rezolučný mechanizmus |
| SSM | Single Supervisory Mechanism Einheitlicher Bankenaufsichtsmechanismus Jednotný mechanizmus dohľadu |
| ŠÚ SR | Statistical Office of the Slovak Republic Statistisches Amt der Slowakischen Republik Štatistický úrad SR |
| SZBP | Common Security and Defence Policy Gemeinsame Außen- und Sicherheitspolitik Spoločná zahraničná a bezpečnostná politika |
| TARGET 2 | second-generation Trans-European Automated Real-time Gross settlement Express Transfer system Interbanken-Verrechnungssystem der Eurozone Medzibankový zúčtovací systém eurozóny |
| TFEU | Treaty on the Functioning of the European Union Vertrag über die Arbeitsweise der EU (AEUV) Zmluva o fungovaní Európskej únie |
| TLTRO | Targeted Longer Term Refinancing Operations Gezielte längerfristige Refinanzierungsgeschäfte Cielené dlhodobé refinančné operácie |

Notes



Manifesto of Slovak Eurorealism

Marking the 60th anniversary of signing
of the Treaties of Rome on 25 March 1957



European
Conservatives
and Reformists
Group