

Committee on Budgets
Committee on Budgetary Control
D 313067 04.10.2019

IPOL-COM-BUDG D(2019) 34574

CONFIDENTIAL

Antonio TAJANI
Chair
Conference of Committee Chairs

Dear Mr TAJANI,

The Committee on Budgets and the Committee on Budgetary Control, in accordance with Rule 125 of the Rules of Procedure of the European Parliament, held a public hearing on Thursday, 3 October 2019 with Mr Johannes Hahn, Commissioner-designate, who, subject to the positive outcome of the nomination procedure, will be responsible for Budget and Administration.

On 27 September 2019, the Committee on Budgets and the Committee on Budgetary Control, pursuant to Rule 125 of the Rules of Procedure and Article 2 of Annex VII thereto, received the letter by the JURI Committee regarding the scrutiny of the declaration of financial interests of Mr Hahn.

Prior to the hearing, Parliament had sent the Commissioner-designate a list of written questions. Our committees noted that Mr Hahn answered those questions satisfactorily, despite having given vague replies to some of them.

The course of the hearing

Mr Hahn opened the hearing by making a statement in which he referred to the need to:

- facilitate a timely agreement on the MFF that is fit for purpose;
- take the new initiatives announced by the President-elect forward within the framework of the MFF agreement, leading to “targeted adjustments where needed”;
- integrate the social and economic aspects of the green change from the start;
- remind the Council of the position of Parliament that own resources reform and the diversification of revenue sources are a condition for granting its consent on the next MFF;
- provide open, honest and impartial facilitation between the two arms of the budgetary authority;
- put in place the Rule of Law mechanism, which should be seen as a tool to protect the EU budget and ensure sound financial management;
- ensure respect of the highest standards regarding the fight against misuse of EU funds;

- dedicate the necessary resources to a broad and more coordinated action of the Commission services as to conflict of interest cases;
- continue the policy of zero tolerance as to infringements in the management of the revenue side of the budget;
- lay out key elements for a diverse, value-driven and future-proof European public administration.

The introductory statement of Mr Hahn was followed by a first round of 7 questions from representatives of each political group and a second round of 18 questions by Members, including also a representative from the non-attached Members.

As far as the Committee on Budgets is concerned

During the course of the hearing, Members asked questions on the following subjects in particular:

- The next Multiannual Financial Framework (MFF), namely with regard to funding new priorities and the initiatives announced by the President-elect, in particular the Just Transition Fund;
- A contingency plan to avoid a shutdown of programmes in case of late agreement on the MFF;
- Gender budgeting and UN Sustainable Development Goals indicators in the next MFF;
- The Commission's plans on the introduction of new own resources, including the digital tax, border carbon tax, EU ETS-based own resource;
- The readiness of the Commission to move beyond the current 25% target on climate-related spending under the next MFF and to propose a divestment plan for the EU budget;
- The role of the Commission in the conciliation procedures on the annual budgets, with the aim of ensuring that it is a genuine honest broker;
- The Rule of Law mechanism and its fitting-in with the Financial Regulation's provisions on the conflict of interests.

In his replies, Mr Hahn made specific commitments regarding his future action as Commissioner.

- *In the context of the next MFF negotiations:*
 - o to strive to overcome the divisions between net beneficiaries and net contributors, and to defend the levels of the current Commission's proposal;
 - o to put forward necessary proposals for a contingency plan only as a last resort; no commitment on concrete timing has been made;
 - o to support a mid-term review/revision within the next MFF;
 - o to extend the scope of own resources, and namely those addressing climate-related challenges (such as the carbon border tax), with ring-fencing to climate-related initiatives;
 - o to work further on the digital tax with a view to finding common ground among the Member States;
- within the Just Transition Fund, to support especially regions using fossil fuels;
- to ensure that the Rule of Law mechanism remains valid even beyond the next MFF;

- to be an honest broker and facilitate solutions within the conciliation on the annual budgets; to strive to make best use of the whole conciliation period and structure negotiations better;
- to work on instruments to promote gender mainstreaming in the budget.

As far as the Committee on Budgetary Control is concerned

During the course of the hearing, Members asked questions on the following subjects in particular:

- the fair implementation of the « Rule of Law » mechanism by the Commission;
- the reliability of the data communicated by the management authorities of the Member States;
- the measures to be taken in case of conflict of interest in the Member States;
- the need to simplify the eligibility conditions and the financial management rules;
- the Council discharge;
- the competences of the EPPO and the efficiency of the action of the Commission and OLAF to protect the financial interests of the Union in the Member States not participating in this mechanism;
- the relations between EIB and ECA;
- the appointment procedure of high level civil servants.

In his replies, Mr Hahn made specific commitments regarding his future action as Commissioner:

- he recognized that sound financial management and the fight against misuse of funds need to be ensured up to the highest standards, while at the same time trying to maintain proportionality and cost-effectiveness of controls;
- he stressed that it is imperative to put into place the « Rule of Law » mechanism ensuring the protection of the Union's budget in case of generalised deficiencies in Member States with possible financial corrections under the condition that EU revenue is affected;
- he detailed that this new mechanism and the Rule of Law assessment will be carried out in a non-discriminatory way for all Member States;
- he stated that EPPO and OLAF will have to cooperate, and that OLAF and its investigation staff will be maintained in Brussels and, furthermore, that the EPPO should be effectively launched in 2020;
- he regretted that not all Member States are involved in EPPO and was confident that others will join this cross-border cooperation;
- he recalled that simplification was key and more needed to be done to make cohesion funds more attractive for beneficiaries and that additional gold plating would have to be avoided;
- he recalled that regarding conflicts of interest, he will make it his priority to oversee the broad and coordinated action the Commission is taking and take it forward;
- he recalled zero tolerance for infringements namely for what concerns own resources, and that any irregularities will be strictly pursued;
- he committed to improve and streamline the Commission's reporting with regard to the annual activity reports of each Director-General, the programme statements accompanying the draft budget, and the Annual Management and Performance Report;

- he committed to work as a mediator between the European Parliament and the Council in order to overcome the deadlock in the discharge procedure;
- he also believed that transparency, integrity, accountability should remain tenets of the EU administration;
- he recognized that there was room for improvement with regards to high level nomination procedures.

Before the end of the hearing, the Commissioner-designate made a brief closing statement in which he reaffirmed his readiness for a fruitful and strong cooperation with the European Parliament.

Assessment

Given his almost ten years' tenure as Member of the European Commission, the European commitment as well as overall integrity, independence and professional aptitude of Mr Hahn are beyond doubt.

During the hearing, Mr Hahn gave a positive impression to the Members. He committed himself to closely cooperate with Members of the European Parliament. He presented a clear vision of the portfolio which he has been assigned. Members particularly appreciated his ambition for new own resources and his commitment to act as honest broker.

Members expect him to translate his commitments into concrete actions and, after confirmation, to act notably on:

- financing of the initiatives outlined by the President-elect with fresh resources;
- immediate preparation of the MFF contingency plan;
- increasing climate mainstreaming beyond the levels of targeted spending share as set out in the EP MFF/OR interim report;
- UN Sustainable Development Goals and gender budgeting.

Members of the Committee on Budgetary Control further reminded about the need for more transparent appointment procedures, and asked for stronger external scrutiny on EIB by ECA.

General outcome

On the basis of the responses of the Members present at the hearing, as well as the comments made by our committees' coordinators, who met in camera after the hearing under our chairmanship, we hereby give the following assessment:

The Commissioner-designate gave a convincing impression of his aptitude to be a member of the College of Commissioners and to carry out the specific tasks assigned to him.

In accordance with Rule 125 of the Rules of Procedure and Article 4 of Annex VII thereto, the coordinators of the Committee on Budgets and of the Committee on Budgetary Control representing a majority of two-thirds of the committee membership approved that the Commissioner-designate Johannes Hahn, is qualified both to be a member of the College of Commissioners and to carry out the specific tasks assigned.

The opinion on the Committee on Legal Affairs, associated with the hearing, is annexed to this letter.

Kind regards,

A handwritten signature in black ink, appearing to read 'J. van Overtveldt', with a large, sweeping underline.

Johan Van Overtveldt
Chair of the Committee
on Budgets

A handwritten signature in black ink, appearing to read 'M. Hohlmeier', written in a cursive style.

Monika Hohlmeier
Chair of the Committee
on Budgetary Control

Annex: Opinion of the Committee on Legal Affairs

Copy: Lucy Nethsingha, Chair of the Committee on Legal Affairs

Committee on Legal Affairs
The Chair

D(2019)34738

D 313031 04.10.2019

CONFIDENTIAL

Johan VAN OVERTVELDT
Chair of the Committee on Budgets
WIE 05U012
Brussels

Monika HOHLMEIER
Chair of the Committee on Budgetary Control
ASP 14E201
Brussels

Dear Chairs,

The Committee on Budgets and the Committee on Budgetary Control held a public hearing on Thursday, 3 October 2019, with Mr Johannes Hahn, who, subject to the positive outcome of the nomination procedure, will be responsible for Budget and Administration.

The Committee on Legal Affairs has been involved in the public hearing of Mr Johannes Hahn as associated committee under Article 3(3)(c) of Annex VII to the European Parliament Rules of Procedure.

The Committee on Legal Affairs expresses the following opinion:

During the course of the hearing, Members raised the issue of the appointment of senior officials at the European Commission and asked about the steps the Commissioner-designate intends to take to ensure that the administrative procedure for the appointment of senior officials fully guarantees that the best candidates are selected within a framework of maximum transparency, fairness and equal opportunities, in line with the Recommendation of the European Ombudsman of 11 February 2019.

Members also expressed interest in learning how the Commissioner-designate plans to enhance the attractiveness of the EU civil service, to recruit the best and the brightest workforce. They particularly focused on the implementation of gender equality and geographical balance.

Members enquired as well about the Commissioner-designate's strategy regarding digitalisation of the Commission and the necessary training of staff.

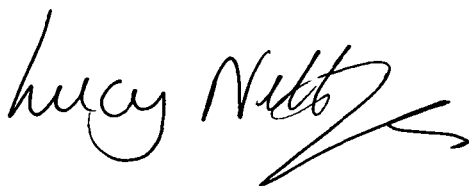
In his written replies, his opening statement and in his replies to Members, the Commissioner-designate made the following statements in connection to the subject matters under the remit of the Legal Affairs:

- He referred to the high standards in the area of ethics and transparency required from all EU institutions and EU staff members in the Staff Regulation, especially since the 2014 reform. In this context, he stated that there was room for improvement and committed to studying very carefully the recommendations made by the European Ombudsman on 11 February 2019 in enquiries on the appointment of senior officials within the Commission.
- He would take the necessary steps for attracting, developing and retaining highly qualified staff from across Member States on the widest possible geographical basis; in this context, he would be ready to address the geographical imbalance in entry levels and middle management staff and to adopt measures for creating the right conditions for a well-organized civil service with highly qualified and multilingual staff to thrive and deliver on all EU priorities;
- He would promote gender equality at all the levels of Commission management as well as ensure that the Commission be a diverse and inclusive place to work and, in this context, he reaffirmed his commitment to fighting against moral and sexual harassment;
- He would develop a new human resources strategy for the modernisation of the Commission, including digitalisation. In this context, he committed to working together with Member States on improving the interoperability of IT systems.

The Committee on Legal Affairs welcomes the commitments taken by the Commissioner-designate. It praises his commitment to close cooperation with the European Parliament and parliamentary committees. It further considers that the Commissioner-designate showed a good understanding of the main questions and problems concerning the Administration portfolio.

The coordinators of the Committee on Legal Affairs concluded that Mr Johannes Hahn is qualified for handling the Administration portfolio in the incoming Commission.

Yours sincerely,



Lucy NETHSINGHA