



**Contributions from the Sherpas  
of the Member States to  
the Five Presidents' Report**

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**HUNGARY**

Second Contribution

On the basis of the Hungarian contribution  
to the 27th April 2015 sherpa meeting

As to the question raised by Martin Selmayr, how far our leaders are ready to go – two points:

1. I should like to recall Council conclusions of 19/20 December 2013 as they contain some agreed language relevant to the questions raised by Martin for our discussion.

Even if the context may have been slightly different – i.e. partnerships for growth, jobs and employment – agreed languages concerning the substance to some of the questions on our table may give useful orientation on issues like how to make the European Semester better focused; or how to make political legitimacy stronger; or when and how to refer to EMU and when and how to Eurozone in cases like for example social dimension.

Therefore I think it would be useful to include among the documents which serve as basis for future discussions the December 2013 Council conclusions also beyond the 4 Presidents' Reports or the blueprint of the Commission. I think in particular of languages like:

- In Para 30: „In the Euro area, the coordination of economic policies need to be further strengthen to ensure both convergence within the EMU and higher levels of sustainable growth” or
- In Para 31: „To achieve this, it is essential to increase the level of commitment, ownership and implementation of economic policies and reform in the Euro area member states, underpinned by strong democratic legitimacy and accountability at the level at which decisions are taken and implemented” or
- Para 36 refers to mutually agreed contractual arrangements, but I think it is relevant to the ownership of European Semester when referring to „home-grown” commitment. And that „the economic policy objectives should be designed by the member states, in accordance with their institutional and constitutional arrangements and should ensure full national ownership through appropriate involvement of national Parliaments social partners and other relevant state holders”. And finally
- Para 40: on the social dimension of the EMU: „further measure to enhance the social dimension in the European area are voluntary for those outside the single currency and will be fully compatible with the Single Market in all aspects”.

I believe that these formulas can reflect landing zones on several issues raised. Therefore my proposal is that beyond the 4 Presidents' Report and the blueprint languages agreed at the European Council earlier should also be taken as a basis for our further work.

2. As the need for greater convergence is referred to in the introductory discussion note - and as during our debate the need for convergence was interpreted in a sense to imply also the need for converging towards common social standards -, I should like to stress that the most important objective of structural reforms in my understanding is to enhance competitiveness. The ultimate objective of the structural reforms is to enhance competitiveness in global terms and that implies competition also within the EU. Our interpretation is that convergence of economic performances is needed through the improvement of competitiveness of member states and through the continuation of cohesion policy. Convergence through competitiveness and cohesion could result in strengthening growth and employment. In addition - as contained in previous HU contributions - , we believe that a degree of flexibility is also needed in the composition of policy mix of member states dependent on whether or not they are already using the common currency.