COUNCIL OF
THE EUROPEAN UNION

Brussels, 27 January 2012

5796/12

PE 17
ECOFIN 70
FIN 47
FISC 13
JUR 32

NOTE

from:	General Secretariat of the Council
to:	Delegations
Subject:	Summary record of the meeting of the European Parliament **Committee on Economic and Monetary Affairs (ECON)**, held in Brussels on 23 and 24 January 2012

The meeting was chaired by Ms Bowles (ALDE, UK), Ms McCarthy (S&D, UK) and Mr Zalba Bidegain (EPP, ES).

1. Election of the Chair

Ms Bowles (ALDE, UK) was elected as Chair by acclamation.

2. Election of the 1st Vice-Chair

Mr Zalba Bidegain (EPP, ES) was elected as 1st Vice-Chair by acclamation.

3. Election of the 2nd Vice-Chair

Ms McCarthy (S&D, UK) was elected as 2nd Vice-Chair by acclamation.

4. Election of the 3rd Vice-Chair

Mr Stolojan (EPP, RO) was elected as 3rd Vice-Chair by acclamation.

5. Election of the 4th Vice-Chair

Mr Scicluna (S&D, MT) was elected as 4th Vice-Chair by acclamation.

Ms Bowles, Ms McCarthy, Mr Stolojan and Mr Scicluna were re-elected while Mr Zalba Bidegain was elected for the first time, replacing former committee member Mr García-Margallo y Marfil (EPP, ES) who was recently appointed Spanish Minister of Foreign Affairs and Cooperation.

Prior to the elections, Ms Goulard (ALDE, FR) and Mr Langen (EPP, DE) expressed the view that the Chair of the Committee should be a national of one of the members of the euro area.

6. Contribution to the Annual Growth Survey 2012

ECON/7/08055 2011/2319 (INI)
Rapporteur: Mr Jean-Paul Gauzès(EPP)
Consideration of amendments

In his initial address Mr Gauzès (EPP, FR) underlined the existing broad agreement on the compromise amendments. He explained that point 11 of his report regarding employment should be dealt by the Committee on Employment and Social Affairs (EMPL) since it was part of its remit. He suggested focusing on a framework that would enhance the European Parliament's role in the definition of future economic guidelines and policies in the European Union (EU).
In the subsequent exchange of views, Mr Bullmann (S&D, DE), on behalf of Ms Berès (S&D, FR), reiterated Mr Gauzès' points regarding the European Parliament's (EP) involvement in economic policy coordination. He advocated the use of the Community method in the Annual Growth Survey (AGS), which he felt should not be dealt with exclusively by Member States, thereby allowing the EP to contribute to the modernisation of the European economy, its fiscal consolidation, the adaptations to the revenue and expenditure systems of Member States and the EU 2020 objectives.
Ms Goulard (ALDE, FR) proposed basing the report on the existing treaties to avoid ambiguity.
Mr Eppink (ECR, BE) informed the committee that his group would support most of the amendments, whilst referring to some disagreement regarding stand-alone amendments on services of general interest and tax harmonisation. He reminded the committee of the EP's limited consultative role in the European Semester and recommended that it moderate its demands for the European Spring Council.

Mr Lamberts (Greens/EFA, BE) supported the report despite its limited scope and called for all those political groups in favour of a European architecture to adopt a common stance on the European Semester and on economic governance aimed at balancing societal and economic objectives and consolidating them in European legislation.
Vote in ECON: 24 January 2012. Vote in plenary: February 2012.

7. Exchange of views with Margrethe Vestager, President of the Council (ECOFIN) (Danish Minister for Economic Affairs and the Interior)

ECON/7/08248

In her introductory speech, Ms Vestager outlined the four Danish Presidency key priorities: the implementation of economic governance reforms, i.e. the 'six pack' and the European Semester; the strengthening of financial regulations; enhanced co-operation on tax matters; and ensuring a coherent European Union position in G20 negotiations.
In the subsequent exchange of views, Ms Vestager told Mr Gauzès (EPP, FR) that the work ahead would require efficiency and pragmatism in order to reconcile and ensure coherence between the latest economic governance reforms and the envisaged new international treaty. She pointed out to Mr Bullmann (S&D, DE) that fiscal consolidation had to be accompanied by growth and job creation. She explained to Ms Goulard (ALDE, FR) that it was important to maintain political dialogue between the different European institutions to ensure a common focus and language regarding the goals ahead.
She agreed with Ms Swinburne (ECR, UK) on the need to swiftly conclude negotiations on the European Market Infrastructure Regulation (EMIR) in order to send a positive signal to the markets and European citizens.
She told Mr Giegold (Greens/EFA, DE) that she considered the Commission proposal on capital requirements to be balanced, and that she expected negotiations regarding the implementation of Basel III at European level to move forward, taking into account the latest Franco-German proposal.
In response to Mr Giegold, Ms Podimata (S&D, EL) and Ms McCarthy (S&D, UK) she accepted that there were different positions within the Council on the Financial Transaction Tax (FTT) but stressed the Danish Presidency's intention to take forward the negotiations at both the political and technical levels.

Ms Vestager acknowledged to Ms Lulling (EPP, LU) and Mr Ludvigsson (S&D, SE) the need to find compromises at a technical level on energy taxation in order to meet climate targets and change patterns in energy consumption.
She answered Mr Schmidt (ALDE, SE) that the Danish Presidency was committed to making progress on the Common Consolidated Corporate Tax Base (CCCTB) discussions despite the variety of systems within the European Union. With regard to the Investor Compensation Scheme Directive she acknowledged that there was not likely to be an agreement in the immediate future.
She told Mr Gualtieri (S&D, IT) that it would have been preferable to have embarked on discussions on the fiscal compact and the golden rule with all 27 Member States, instead of an intergovernmental process, and that Denmark's involvement in the fiscal compact would depend on the rules in the new international treaty. She stressed that Denmark's constitution and euro opt out had to be fully respected. She underlined the latest developments in negotiations to reduce the inconsistencies between the draft treaty and European secondary legislation.
She also agreed with Mr Saryusz-Wolski (EPP, PL) and Mr Feio (EPP, PT) that all Member States should have the right to participate in Euro Summit meetings.
She pointed out to Mr Klinz (ALDE, DE) that some differences between EU and US financial systems could be reduced through the G20 dialogue to ensure a minimum level playing field, and that the deepening of the internal market to stimulate growth was also high on the agenda of the Danish Presidency.
She answered Mr Feio that the Commission proposal on Credit Rating Agencies (CRAs) needed to ensure more accountability and less dependency and that the European Central Bank (ECB) should only pursue the goals set out in the Treaties. She looked forward to a discussion on Eurobonds, though there were a crisis solution mechanism, since the primary responsibility for resolving the crisis lay with Member States.

8. Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms (amending Directive 2002/87/EC) and Prudential requirements for credit institutions and investment firms - Part I

ECON/7/06631 2011/0203(COD) and
ECON/7/07784 2011/0202(COD)
Rapporteur: Mr Othmar Karas (EPP)
Consideration of draft reports

In his opening remarks, Mr Karas (EPP, DE) highlighted the convergence between the Commission proposal and the European Parliament views and drew attention to the support expressed by the Danish Presidency.

He mentioned two significant developments since the publication of the own initiative report: the recapitalisation plan targeting 9% core tier 1 equity; and the decision by some Member States (Austria and Sweden) to implement BASEL III by January 2013. He contrasted the European approach with that of the US and called on the Commission to draw the attention of the Economic and Monetary Affairs Committee (ECON) to existing competitive distortions.

He favoured maximum harmonisation combined with some flexibility to avoid internal distortions in the European Union. He added that it was essential to encourage growth in the real economy and looked forward to the Council's position, expected in March, to initiate discussions. He noted that the increase in capital requirement to consolidate banks should be swift. He backed the Commission's proposal on liquidity requirements, whilst recommending that the definition of liquid instruments be improved. He suggested having binding liquidity ratios, but no early publication of the leverage ratio, since that could pre-empt implementation, noting that the Commission text had too many shortcomings. He also pointed out the need for a single accounting code. In addition he proposed a common basis for the establishment of countercyclical buffers, for which the European Systemic Risk Board (ESRB) should be responsible.

In the subsequent exchange of views, Mr Bullmann (S&D, DE) defined both reports as essential pieces of legislation in the efforts to restructure the banking system, adding that systemic risks had to be reduced and that tax payers should not be exposed to uncontrollable risks. He called for a distinction to be made between risk bearers and risk producers and stressed that SMEs should have access to reliable credit.

As regards liquidity of coverage ratios, Mr Bullmann suggested focusing on due dates and addressing the structure of risks over the longer term. In his opinion banks should also use internal ratings to minimise the influence of credit rating agencies.

Finally as regards BASEL III and the European Banking Authority (EBA), Mr Bullmann called for more consistency, reliability and clarity in the definition of core tier 1 capital requirements adding that managers should base their decisions on long term perspectives in the interest of investors and consumers.

Ms Bowles (ALDE, UK) suggested widening the role of supervisors and establishing a differentiated set of rules for Member States with independent central banks. She expressed doubts about a "one size fits all" approach. She rejected the idea that European legislation should depend on developments in theUS. She recommended extending the EBA's binding mediation powers and the ESRB's intervention scope to target asset bubbles. She proposed alignment with the European Market Infrastructure Regulation (EMIR).

Ms Ford (ECR, UK) agreed with measures to foster the real economy and SMEs. She thought it was important to look at minority interests though recommended, unlike Mr Karas, less flexibility. She was against the Commission's extended use of delegated acts. She favoured a single rule book but not total harmonisation.

Mr Lamberts (Greens/EFA, BE) expressed strong support for a binding leverage ratio to cap risk. He advocated the separation of banking activities, the coverage of systemically important institutions and enhanced supervisory control. He supported a certain degree of harmonisation in conjunction with some flexibility. He explained that more strict and binding rules could have short-term adverse consequences such as reducing returns, but in the long run it would increase trust, security, certainty and predictability.

Ms Wortmann-Kool (EPP, NL) thought it was important to give more certainty to the markets and consequently advocated the implementation of the Capital Requirement Directive 4 (CRD4) as soon as possible. She also supported maximum harmonisation.

Mr Ludvigsson (S&D, SE) questioned the adequacy of maximum harmonisation, commenting that it would run counter to Basel II, especially by setting capital ceilings.

Ms Bérès (S&D, FR) agreed with Mr Lamberts suggestion to separate retail and investment banking.

Ms Bowles (ALDE, UK) informed the committee that due to a lack of time, another exchange of views would be arranged.

Deadline for amendments: day 27 February 2012.

***** Voting time *****

9. Contribution to the Annual Growth Survey 2012

ECON/7/08055 2011/2319 (INI)
Rapporteur: Mr Jean-Paul Gauzès (EPP)
Adoption of draft report

The draft report was approved, with 35 votes in favour, 3 against and 4 abstentions.

***** End of vote *****

10. Administrative cooperation in the field of excise duties

ECON/7/07779 2011/0330(CNS)
Rapporteur: Mr David Casa (EPP)
Consideration of draft report

In his initial remarks, Mr Mitchell (EPP, IE), on behalf of Mr Casa (EPP, MT), supported the Commission proposal but suggested simplifying the text. He referred to the need to improve the exchange of information in order to reduce fraud, bureaucracy and business administration related costs. He suggested reducing the review period from 5 to 3 years.

Mr Bullmann (S&D, DE), Mr Schmidt (ALDE, SE), Mr Lamberts (Greens/EFA, BE) and Mr Fox (ECR, UK) backed the Commission proposal and Mr Casa's report, in particular the attempts to foster modernisation and fight tax evasion. Mr Schmidt thought it was essential to move make progress and promote European cooperation, questioning whether it was feasible to conceive a common VAT authority. Mr Lamberts agreed and proposed a recital. He also suggested clarifying what was meant by 'fiscal union', removing language which would undermine cooperation and called for a Commission report in the field of tax fraud.

Deadline for amendments: 1 February 2012. Consideration of amendments: 28 February 2012. Vote in ECON: 29 February 2012. Vote in plenary: March 2012.

11. Amendment of Council Regulation (EC) No 1083/2006 as regards certain provisions relating to risk sharing instruments for Member States experiencing or threatened with serious difficulties with respect to their financial stability

ECON/7/07560 2011/0283(COD)
Rapporteur for the opinion: Mr Rolandas Paksas (EFD)
Consideration of draft opinion

In his initial address, Mr Paksas (EFD, LT) supported the Commission proposal. He recommended extending the proposal to all Member States and broadening its scope to finance major European infrastructure projects.

In the ensuing debate, Mr Gauzès (EPP, FR), on behalf of Mr Kariņš (EPP, LT) promised to send his group's remarks in writing.

Ms Fereira (S&D, PT) asked the Commission to clarify the current state of play and to explain the consequences of extending the risk sharing facility to all Member States and broadening its scope.

Mr Kamal (ECR, UK) questioned the nature of the proposal asking if it was about 'risk sharing' or 'risk shifting'.

Mr Skylakakis (ALDE, EL) called for the proposal's quick implementation in order to encourage private investment and to send a positive signal to markets. He also recommended extending the duration of the risk sharing facility and its flexibility.

Mr Lamberts (Greens/EFA, BE) advocated greater transparency and conditionality in the use of structural funds. He also suggested verifying the consistency of the risk sharing facility with European law.

The Commission representative pointed out that the proposal was intended to link public investment, European funds and private investment and would involve the European Investment Bank (EIB) in order to ensure consistency, stressing that these measures would not add to the debt of Member States. In addition he explained that it was up to the Member States to identify the projects and resources to be shifted from existing programmes to the new project, concerning which the Commission would take a decision.

The EIB spokesperson underlined that the risk sharing facility would provide much needed additional liquidity.

Deadline for amendments: 10 February 2012.

12. Date of next meeting

The next meeting will be held in Brussels on 6 February 2012.