COUNCIL OF THE EUROPEAN UNION

Brussels, 17 May 2013

9660/13

PE 226
CY 6
ECO 88
ECOFIN 360
FIN 275
FISC 96
INST 240
JUR 248
RESPR 8
SOC 329

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 7 May 2013

The meeting was chaired by Ms Bowles (ALDE, UK).

1. Adoption of the agenda and Approval of minutes of meeting of 11 April 2013

The agenda was adopted and the minutes were approved.

2. Chair's announcements

Ms Bowles (ALDE, UK) announced that the exchange of views with Commissioner Barnier would be postponed until 27 May.

3. Exchange of views with Walter Radermacher, Director-General of Eurostat

ECON/7/09392

In his initial address, Mr Radermacher read the speech in Annex I in which he mentioned the Commission proposal being currently prepared for a Regulation on the provision and quality of statistics for the Macroeconomic Imbalances Procedure (MIP).

In the debate that followed, Ms Bowles (ALDE, UK) advocated stronger powers for Eurostat. Mr Hoang Ngoc (S&D, FR) proposed a debate on budgetary indicators and in particular on structural deficit indicators which he considered essential in the context of macroeconomic governance. Mr Langen (EPP, DE) asked if national authorities were cooperating with Eurostat and how poverty was defined. Mr Giegold (Greens/EFA, DE) mentioned the debate on the availability of EU2020 key indicators on renewable energies, CO2 emissions and poverty risk and called for a more user friendly Eurostat website. Furthermore he enquired on the collection of data regarding the social and solidarity economy as well as on the shadow economy. Ms Bowles (ALDE, UK) asked how should Member States treat liabilities.

Mr Radermacher defended the participation of Eurostat in the debate on indicators and in particular in the conception of a structural deficit indicator to ensure the accuracy of the data. He referred to the existing 350 statistical Regulations which enforced cooperation between the National Statistical Institutes (NSIs) and Eurostat and stressed the compliance of Member States in general. He explained that the notion of poverty rate was calculated using national accounts and social statistics and taking into social transfers in accordance with international standards. He promised improvements in the Eurostat website within one year. He admitted that the distribution of environmental and social data was behind due to delays in the collection and treatment of information and assured the committee that Eurostat would deliver flash estimates on a selected number of indicators. He explained that Eurostat and Member States had agreed to extend the data set on deficit and debt with a number of off-balance sheet obligations such as public corporation liabilities, government guarantees, Member States' off-balance sheet obligations on public and private partnerships, non-performing loans and state participations in public corporations. He added this would soon be complemented with implicit pension liabilities through the new standard for national accounts (ESA 2010). He also noted that it was difficult to single out non-profit associations from the overall GDP figures.

Moreover, Mr Radermacher explained that Eurostat was discussing with Member States the inclusion of time-use surveys, which at present was not part of the 'acquis' of European statistical legislation, to calculate the size of this sector of activity, and that it had begun collecting data on the shadow economy. He also noted that there would not be any additional resources for the time being and that Eurostat would have to concentrate initially on the implementation of the ESA 2010 tool kit.

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

4. Gender balance in the financial services sector

ECON/7/11678 2013/2521(RSP)
Adoption of motion for a resolution

The motion for a resolution was approved, with 32 votes in favour, 1 against and 2 abstentions.

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

5. Union programme to support specific activities in the field of financial reporting and auditing for the period of 2014-2020

ECON/7/11560 2012/0364(COD)
Rapporteur: Mr Theodor Dumitru Stolojan (EPP)
Consideration of draft report

In his introductory remarks, Mr Stlojan (EPP, RO) listed the main amendments to the report which called for convergence towards global accounting standards, for each annual European Commission work programme to be based on a concise analysis of the previous programme, for the issuance of a Commission report in March 2014 on the improvement of both the European Financial Reporting Advisory Group's (EFRAG) and the Accounting Regulatory Committee's (ARC) governance, for an evaluation of the International Accounting Standards (ISS) Regulation in October 2014, which should take into account the work of the Commission's special adviser (Mr Maystadt), and for the issuance of a report in June 2019 on the achievements of the programme. Other amendments recommended the monitoring of the diversification of funding sources of the Public Interest Oversight Board (PIOB) and for all financial envelopes in the Commission proposal to remain indicative until the final agreement on the Multiannual Financial Framework (MFF) for the period 2014-2020. Furthermore Mr Stolojan believed that the Commission should not have delegated acts on the selection or replacement of beneficiaries of the European co-financing programme.

In the subsequent debate, all speakers regretted the fact that the Special Adviser's report, the review of the IAS Regulation and the work on the International Accounting Standard Board's (IASB) did not coincide with discussions on the funding program. Mr Sánchez Presedo (S&D, ES), on behalf of Mr El Khadraoui (S&D, BE), proposed improving the report through the clarification of EFRAG's and IASB's roles and mandates. He also stated that these two organisations required some structural reforms in order to benefit from European funding. Mr Klinz (ALDE, DE) considered the report too general and suggested having the Commission's reviews and reports in 2013 instead of 2014.
Mr Giegold (Greens/EFA, DE) proposed inviting EFRAG's chairman and the IASB's president for an exchange of views. Mr Eppink (ECR, UK), on behalf of Mr Kamall (ECR, UK), suggested a full debate to see which model was more desirable (European or American). He believed accounting standards had become too confusing and opaque and as a result proposed extending Mr Maystadt's mandate to include a fundamental review of accounting standards and having a new round of stress tests.

The Commission representative admitted that there was a problem of timing regarding the financial envelope. Nevertheless she called for the swift approval of the financial framework to ensure the functioning of EFRAG and the IFRS since the European funding represented a significant share of both institutions' budgets. She informed the committee that the Commission would soon launch an evaluation on the content of the IAS Regulation scheduled for completion in 2014.

Mr Stolojan pointed out that the Council would not endorse any financial envelope until the approval of the Multiannual Financial Framework (MFF). He thought the main challenge consisted in maintaining the right balance between influencing the accounting setters and ensuring their independence. He agreed with suggestions to delay the deadline for amendments to include the conclusions of Mr Maystadt's report.

Deadline for amendments: 10 June 2013. Consideration of amendments: 17 June 2013. Vote in ECON: 8 July 2013. Vote in plenary: October 2013.

6. Amendment of Regulation (EC) No 994/98 on the application of Articles 92 and 93 of the Treaty establishing the EC to certain categories of horizontal State aid and Regulation (EC) No 1370/2007 on public passenger transport services by rail and by road

and

Amendment of Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty

ECON/7/11473 2012/0344(NLE) and ECON/7/11480 2012/0342(NLE)
Rapporteur: Mr Herbert Dorfmann (EPP) and Ms Sirpa Pietikäinen (EPP)
Consideration of amendments

In their opening remarks, both Mr Dorfmann (EPP, IT) and Ms Pietikäinen (EPP, FI) underlined the overall consensus among political groups which included a greater involvement of the European Parliament (EP) in the decision-making process. Mr Dorfmann listed some of the issues in the compromise draft proposal such as state aid exemptions based on EU2020 political objectives and specific arrangements for amateur sport. He noted that some MEPs had suggested exempting certain areas from the proposal such as energy security, social education, and the training of young athletes for professional sport. Ms Pietikäinen underscored the overall agreement with the Commission's proposal to improve the effectiveness of the state aid control and to enable the Commission to focus on important cases. Moreover amendments concerned the correlation (proportionality) between the magnitude of fines and penalties and the size and nature of the addressee, the application of fines by the Commission in cases where the relevant information had been omitted, and retaining the rights of third-parties and individual citizens to file complaints.

In the debate that followed, Mr Cutaş (S&D, RO) agreed with Mr Dorfmann to keep the EP competences as regards article 9 and with Ms Pietikäinen to strengthen the role of the Commission, particularly in the field of sanctions. Mr Eppink (ECR, BE) supported a more streamlined and targeted approach but warned against exempting too many economic activities from the scrutiny of competition authorities or to exclude those capable of contributing to a viable regime. He called for some restraint to limit the possibility for individual citizens to file complaints. He also opposed automatic exemption from notification requirements for state aid support of projects and programmes co-financed by the EU since it did not guarantee automatic compliance with state aid rules.

Vote in ECON: 6 June 2013. Vote in plenary: July 2013.

7. Exchange of views with Jeroen Dijsselbloem, President of the Eurogroup, on financial assistance to Cyprus

ECON/7/12576

In opening address President Dijsselbloem read the speech in Annex II in which he set out the background and history leading to the adjustment programme. He underlined the truly exceptional circumstances in Cyprus that had led to the assistance request and in particular the disproportionate size of the Cypriot financial sector compared with GDP, excessive risk taking and the serious imbalance nature of the Cypriot economy. He explained that the country specific measures were designed to provide a long term solution to return Cyprus to sustainable economic growth and to address the systemic risk to the euro area, and noted that part of the cost of restructuring two of Cyprus' larger banks would be borne by the investors that had benefited from the risks taken.
He also underlined the efforts of the Cypriot authorities to undertake fiscal consolidation and structural reforms to foster competitiveness and growth. He told the committee that the macroeconomic adjustment programme for Cyprus worth EUR 10 billion had been finalized by all those involved in the negotiations and that the first disbursement from the European Stability Mechanism (ESM) would take place in the current month adding that the loans had been set at a level that would enable Cyprus to repay them.
More generally, he stressed that the Cypriot crisis underscored the need to press ahead with the banking union to strengthen bank supervision, to deliver a genuine integrated crisis resolution tool box, and to swiftly implement bank capital requirements and a Single Supervisory Mechanism (SSM). He highlighted the need for a European approach on banking resolution with a clear hierarchy of claims and noted that the Commission would present proposals for a single resolution mechanism by June 2013, pointing out that financial stability was an essential condition for growth and jobs.
In addition, and in response to some written questions put forward by the ECON committee, he stressed that the Russian loan in the autumn of 2011 had prevented Cyprus from going into an adjustment programme at an earlier stage and noted that both the Russian and Cypriot governments had reached an agreement to defer the payment of the Russian loan by two years and to reduce the interest rates from 4.5% to 2.5%. He explained that capital restrictions in Cyprus were within the legal framework of the treaties and the single market and would be monitored and removed gradually. He declined to comment on the actions of the National Bank of Cyprus and pointed out that the Cypriot financial crisis had very little impact in the European banking sector and that contamination of the Greek banking sector had been avoided.

In the subsequent exchange of views, MEPs focused their interventions on the management of the Cypriot crisis and on the damage to the EU's credibility caused by the Eurogroup's communication strategy (Mr Gauzès (EPP, FR) and Ms Goulard (ALDE, FR)), on the adequateness of the Cypriot adjustment programme (Mr Giegold (Greens/EFA, DE)), on the restrictions on capital movements and potential distortive effects to the Single Maket (Mr Domenici S&D, IT), on the validity of the austerity measures pursued by the EU (Mr Eppink (ECR, BE)), on the need for transparency and scrutiny of the Eurogroup's decision-making process (Mr Giegold (Greens/EFA, DE) and Mr Bullmann (S&D, DE)), on compensation calls for Cyprus because of the write downs of Greek debt (Mr Klute (GUE/NGL, DE)), on the safeguard of under EUR 100 000 deposits (Mr Martin (NI, AT)), on the distortive effects of market fragmentation on access to credit (Mr Zalba Bidegain (EPP, ES))

In response, Mr Dijsselbloem said he considered the Cypriot adjustment programme as adequate and inevitable due to a badly run financial sector. He underlined the unanimous agreement by all those involved in the negotiations of the Cypriot adjustment programme which he noted had not undermined the deposit guarantee system in the EU. He mentioned both the Troika's and the IMF's belief in the viability of the adjustment programme and the sustainability of the Cypriot economy and rejected compensation calls due to the Greek hair cut. He reiterated the need to complete the banking union which he thought could have prevented to a great extent the financial crisis in Cyprus and considered capital restrictions in Cyprus unfortunate but necessary to prevent the spreading of the crisis.
He reaffirmed the intergovernmental decision-making nature of the Eurogroup and refused to comment on the internal workings. He expressed the Eurogroup's willingness to be scrutinized both at European and national level and dismissed claims that the community method would have been more effective in resolving the Cypriot crisis.
More generally, he considered it essential to secure balanced budgets, to pursue structural reforms and to deal with the financial sector in order to restore competitiveness, provide stability, foster growth and jobs and secure the welfare system. He underscored the principle of equal treatment of all countries under adjustment programmes but conceded that in practice each situation required a tailor-made approach. He stressed the principle of debt sustainability and accepted that adjustment programmes might need to be eased due to specific circumstances. He agreed with remarks made about the fragmentation of financial markets and unequal access to credit which he thought could be resolved through the completion of the banking union.

He also declined to comment on the Financial Transaction Tax as head of the Eurogroup since it was not part of the Eurogroup's remit, stating nevertheless as Finance Minister of the Netherlands that his government opposed the FTT in its current form and that the proceedings should be solely distributed at national level. He didn't oppose a 'transfer union' and considered that the EU was drawing the appropriate conclusions from the financial crisis and moving in the right direction in legislative terms.

The chair, Ms Bowles (ALDE, UK), informed the committee that the next exchange of views with the President of the Eurogroup was scheduled to take place on 5 September 2013.

8. Exchange of views with Mr. Algirdas Šemeta, Commissioner for Taxation and Customs Union, Audit and Anti-Fraud

ECON/7/00333

In his initial address, Commissioner Šemeta read the speech in Annex III in which he called for decisive action and stronger coordination at European level.

In the subsequent debate, MEPs queried Mr Šemeta on the Commission's ability to get quick results (Mr Gauzès (EPP, FR)), on the feasibility of introducing the Financial Transaction Tax (FTT) before the 2014 European elections (Ms Podimata (S&D,EL)), on the FTT collection scheme (Ms Ford (ECR, UK)) on the reduction of tax fraud and the possibility of adopting a single VAT rate (Mr Klinz (ALDE, DE)), on the Common Consolidated Corporate Tax Base (CCCTB) and the option to fast track the Parent-Subsidiary and Interests and Payment Royalties Directives (Mr Lamberts -Greens/EFA, BE)), on the supervision of the Anti-Fraud Office (OLAF) (Mr Chountis (GUE/NGL, EL)), on the need for an adequate definition of tax havens (Ms Kleva Kekuš (S&D, SI)), and on tougher rules and sanctions on tax fraud (Ms Essayah (EPP, FI))

In response Commissioner Šemeta expressed optimism about reaching an agreement during the Irish Presidency since some of the most reluctant Member States seemed to be shifting their position. He called for a strong commitment from heads of state and/or government and reassured the committee that there was strong unity among the 11 Member States that were committed to enhanced cooperation on the FTT. He also underscored the technical and legal robustness of the Commission's proposal which he believed prevented circumvention, and downplayed the United Kingdom's legal challenge on the issuance principle.

Mr Šemeta explained that tax collection was solely under the remit of participating countries and referred to the European framework of mutual assistance and cooperation on tax matters. He mentioned the Commission proposal on the quick reaction mechanism to address tax fraud which he thought could represent a major breakthrough if adopted. He viewed the European Semester as a tool to formulate recommendations to Member States to improve tax collection and promised to present proposals on the range of VAT rates by the end of 2013. He insisted on Member States adopting the Commission recommendations on profit shifting, aggressive tax planning and tax havens. He noted that the Commission would present by the autumn proposals on the CCCTB and on the Parent-Subsidiary and Interests and Payment Royalties Directives to address mismatches and anti-abuse rules. He underlined OLAF 's independent nature and mentioned the existence of a supervisory committee within OLAF that dealt with its investigative work as well as the Commission's pending reform on OLAF due to be soon voted in the EP. He expressed sympathy on the issue of the revocation of banking licences in explicit cases of tax fraud and tax avoidance assistance and considered reasonable to further examine the scope of the tax haven definition and the black listing of uncooperative jurisdictions. Moreover, he pointed out that the Commission was in favour of the disclosure of beneficial ownership and of a coordinated approach on the introduction of the reverse charge mechanism.

9. Framework for the recovery and resolution of credit institutions and investment firms and amendment of Council Directives 77/91/EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/EC and Regulation (EU) No 1093/2010

ECON/7/09808 2012/0150(COD)
Rapporteur: Mr Gunnar Hökmark (EPP)
Consideration of amendments

All speakers reiterated most of the views[1] expressed in earlier meetings. Mr Hökmark (EPP, SE) stressed the need to ensure a high degree of legal and operational clarity in a crisis situation.

In the debate that followed all speakers were confident about a positive outcome. Most agreed with the need to have the proposal implemented and operational before 2018. Mr Lamberts (Greens/EFA, BE) proposed June 2016.

[1] See 7433/12 page 2, 5742/13 page 8, 15946/12 page 5 and 14222/12 page 8.

Nevertheless some issues remained controversial. Ms Ferreira (S&D, PT) outlined some topics which in her opinion remained unresolved: the role of the European Banking Authority (EBA), the conditionality of public intervention and the resolution toolbox. Mr Klinz (ALDE, DE) suggested discussing again the formulation on the use of government tools, defining 'bail-inable' deposits as those above EUR 100 000, differentiating derivatives, disregarding the use of deposit guarantee schemes in the current report, and excluding state owned as well as state guaranteed special credit institutions from resolution funds. Ms Ford (ECR, UK) recommended further discussions on funding, the use of levies, home and host language and triggers.

Vote in ECON: 20 May 2013.

10. Date of next meeting

The next meeting will be held in Brussels on 20 May 2013.

Speech by Mr Radermacher, Director-General of Eurostat,

Mrs Chair,

Honourable members,

Right one year ago I came before you - for the first time - to discuss on the state of our European Statistics.

Today I dearly welcome your will to make this 'statistical dialogue' a regular rendez-vous - a token of awareness, transparency and accountability that policies in this important domain deserve.

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Honourable Members,

I am quite **satisfied on progress made** since last year.

The **European Statistical System (ESS)** - with EUROSTAT at its lead - **is proving its value in a difficult context**. It consistently produces the wide range of official statistics that are essential to numerous policies at EU and corresponding national levels.

By means of illustration, let me show you the stream of official statistics that EUROSTAT has released since early April.

[GRAPH ON EURO-INDICATORS NEWS RELEASES]

This graph demonstrates how relevant and determinant such statistics are for many of your policy-making and political debates.

Without reliable and fit-for-purpose official statistics, much of policy action would see their democratic legitimacy, efficiency and public acceptance impaired.

The European Statistical System (**ESS) is standing up to the tasks you have given** to it when placing quantitative targets and statistics at the very heart of the new economic governance and of the EU2020 Strategy.

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We have agreed **tough legal reforms** to foster independent and effective governance in the ESS. We have now **demanding and effective surveillance tools and standards** that provide real guarantees of reliability, independence, accuracy and timeliness for our public finance statistics.

We have engaged into serious efforts **to modernise our 'shared production system'** - an ambitious and far-fetched agenda led by EUROSTAT to be pursued over the next years.

We are working on **widening the regular production of statistics** which would allow - thanks to their high standards of robustness, quality and state-of-the-art innovation - to engage policy action in areas such as climate change and environment, regional and social cohesion, and well-being of citizens.

However **this modernisation agenda needs a continuous support and political thrust**. I can echo to you today **some degree of 'reform fatigue'** in many partners in the ESS, each feeling 'overstrained' between profound reforms underway, the regular production of new and more demanding statistics, and a stinging scarcity of resources.

We need to stick to a reform agenda that is both right and effective. But I also advise opening **way to reflections on the future of the ESS**. I will address this at the end of my speech.

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Honourable Members,

Let me focus your attention on a few examples.

We have in place a new preventive approach to guarantee the quality of our **public finance statistics**. The EDP Notification of April 22 put no reservation or amendment to national data – for the second time in a row. Other novelties: every quarter we report on government debt and deficit, and every month we publish a disaggregated flash estimate of inflation in the Euro Area.

Collaboration with **Greece's** statistical office (ELSTAT) continues without relapse in spite of all difficulties. Efforts are paying off and we are making good progress in eradicating past malfunctioning in ELSTAT from its very root. Our EDP Notification again put no reservation on Greece's deficit and debt figures for the sixth time in a row since autumn 2010. We must however remain attentive and proactive as further stabilisation of the Hellenic statistical system is needed.

The Commission adopted a **new Decision on EUROSTAT** on Sep. 17 last, as a follow-up to the decision by President Barroso to assign statistics to Commissioner Šemeta in Nov. 2011. This underlines the Commission's will to use its political leeway under current Treaties to support reforms and to lead by example.

The **Delegated Act on Statistical Fines in the framework of EDP statistics** is now in force. We have met your mandate in the 6-Pack with transparency, partnership and collaboration with both co-legislators. These powers will be very demanding in terms of resources, time and expertise, and are not an all-purpose tool but one that should be proportionate to circumstances. EUROSTAT intends to use the new powers with care and realism.

Negotiations on **ESA2010** have been completed, and their final compromise includes a clear commitment on our side to continue developing a systematic and professional coverage of contingent liabilities, and to regularly report thereupon to the European Parliament and the Council. All efforts will be put in place to ensure the effective implementation of ESA 2010 starting from September 2014, as agreed.

With far-fetched ambition, we are starting to prepare the ground for more comparable government finance data. We have completed the feasibility report on future European accounting standards for public sector data (**EPSAS**) requested by the 6-Pack.

We are working on a more comprehensive measurement of progress, environmental sustainability and quality of life. Just a few days ago, we proposed a new set of **Environmental Economic Accounts** as we had pledged to do in 2011. This will be another tool for better understanding the environmental dimension of the economy. You will also receive this year a report on the concrete follow-up given to the GDP and Beyond Initiative as requested in the ESA 2010 Regulation.

Finally, EUROSTAT remains the **reference source** for national and international users including from the political, media and research sides.

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Honourable Members,

Our reform agenda will not loosen up in the months ahead.

Let me draw your attention to our proposal to amend the **'Statistical Law'** (EC Reg. 223/2009). The Commission feels it necessary to add new guarantees for the National Statistical Institutes (NSIs) regarding their independence, coordination powers and right of access to administrative sources. We also propose that each Member State signs a **Commitment on Confidence in Statistics**, as a public and political tool to warrant that standards agreed at EU level trickle down to the national level.

But **our proposals meet staunch resistance in the Council.** Yesterday inter-institutional negotiations started off and will grow intense in the weeks ahead. Let me reiterate today that a final compromise must secure that **equally-strict standards and guarantees apply at both national and European levels.** Otherwise we would jeopardise the right and effective allocation of roles, tasks and responsibilities in the ESS based on bottom-up production and top-down quality assurance. I trust that your active support, as for previous reforms, will help us preserve the ambition and realism of our original proposal.

We need to secure adequate financial resources for the **European Statistical Programme 2013-17**, once negotiations on the overall package for MFF 2014-20 are concluded with success.

EUROSTAT is currently preparing a Commission **proposal for a Regulation** on the provision and quality of statistics for the **Macroeconomic Imbalances Procedure (MIP)**. For EUROSTAT, it is clear that when statistics are used as indicators for major policy and administrative purposes, the need for a robust legally-binding quality monitoring procedure becomes compelling. I expect that our proposal will be adopted by the Commission shortly in May and **we look forward to working closely with ECON**, in order to benefit from your views on this quality monitoring procedure and from your support for a smooth discussion during the legislative process.

We will develop the early stages of the long-term project for EPSAS. And we will negotiate our proposal for new **Environmental Economic Accounts. Also**, we will firmly fight for our proposal to give legal guarantees to **demography statistics**, to warrant their full comparability and quality, in a variable crucial for institutional purposes and economic debates such as the sustainability of public expenditure, cohesion policy and public investment.

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Legal reforms are necessary but alone not sufficient.

We pursue our agenda to **modernise and reengineer** the production and dissemination methods within the ESS. We stick to the long-term 'vision' set in our communication *'The Production Method of EU Statistics: a* Vision *for the next decade*" of 2009.

This is not an easy task. Some 350 regulations are to be overhauled and integrated into a novel legal architecture that should enable NSIs to use multiple data sources, reduce duplications and provide synergies and flexibility as needed. We meet here again with **significant reluctance at national level:** to sharing data sources, to agreeing on confidentiality rules. Further, Member States keep evading the full use of flexible tools of secondary legislation in the Treaty of Lisbon, in particular the use of delegated acts foreseen in Art 290 TFEU.

I am convinced that, once the Vision is in place, it will benefit all the ESS actors and help to assuage scarcity of resources.

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Dear Members,

As I mentioned earlier, we need to reflect on the future of the European Statistics, on how its institutional set-up and production methods have to be reformed to suit the challenges ahead.

A **'new model' of a System** of **European Statistics** appears to be emerging led by pressing challenges and wide-ranging reforms. This 'new model' builds upon **three basic objectives**:

1. Independence;
2. Strength; and
3. Efficiency.

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Our reforms are about to exhaust the legal leeway under current Treaties. I thus advise to open reflections on a vision for **a 'real' System of European Statistics as THE institutional answer.**

This debate will be useful and timely, especially in coincidence with the debate on possible Treaty changes, however limited these may be, to accommodate the new economic governance.

You are much aware that the Economic and Monetary Union, the new economic governance and policy-making in general need – I daresay, desperately – reliable and high-quality official statistics.

You have consistently advocated that **official statistics** – their reliability, quality and sufficiency – **should be firmly anchored at, and pertain to, the core of a Genuine EMU**. I very much appreciate your support. Let me thank you in particular for your report of Nov. 2012 to the European Council that included European Statistics among many valuable political messages and priorities.

'Right' official statistics are **instrumental to three out of the four pillars** upon which the genuine EMU must be built. A solid infrastructure of statistical information is a basic precondition for the establishment and functioning of the Budgetary Union as well as for the Economic Union, and they are the 'key' to greater Transparency and Accountability.

The European Parliament has been a leading force in this regard and **I hope it will remain so in next contributions to this**

debate. We at EUROSTAT, as the statistical service of the Commission, will listen attentively to your guidance and views.

You help us to develop a very important reform agenda. Now this agenda deserves to grow up towards an even brighter future.

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Dear Chair,

Dear Honourable Members,

Let me conclude by reiterating that our reform agenda is right and is already paying off with concrete and 'valuable' deliverables.

What can we learn from history? That **sound evidence for good decisions is at the heart of good governance**.

Indeed statistics was one of the first components of public administration when the modern form of national states was born, at the end of the 18th and the beginning of the 19th century. Now we are living in a period at the end of which the European project will have reached another status. History tells us that official statistics must be a well synchronised part of this development.

European integration is at a crossroads where a 'genuine' European Statistical System needs to accompany and complete a 'genuine' EMU.

The status quo is not an option. Information requests are developing as rapidly as the environment for their production. The information industry opens opportunities and asks for enhanced flexibility.

This calls for a modernisation agenda that I personally see as the main mission of Eurostat for the next years. Your continued interest and support are essential for making the vision, ambition and reform agenda a reality. To meet your demands and expectations. To reach those of our users and citizens in general.

Thank you for your attention

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Speech by Mr Dijsselbloem, President of the Eurogroup,

Briefing 07.05.2013
For the attention of the Eurogroup President

Dialogue with European Parliament (EP) Committee for Economic and Monetary Affairs (ECON)

(meeting on 07 May 2013 at 14:00)

Opening speech

I. Opening Statement

Madam Chair, Honourable Members,

[Before responding to some of the issues raised by your Chair,] let me first say how pleased I am to be back for an exchange of views on Cyprus with this Committee.
Since we last met, the Cypriot macroeconomic adjustment programme has been successfully finalised.
I am conscious it has been the focus of much energy and attention.
I therefore welcome this opportunity to set out why I believe the deal we reached is a good deal for Cyprus and a good deal for the EU.

Before coming to a judgment on the Cypriot macro-adjustment programme, it is important to keep in mind the truly exceptional circumstances in Cyprus that ultimately led to its request for assistance.
In the run up to this crisis, the Cypriot financial sector had been allowed to grow in an unsustainable fashion to a disproportionate size compared to the Cypriot GDP.
This left the country particularly vulnerable to financial market turbulence and is more broadly indicative of the seriously imbalanced nature of the Cypriot economy.

In the end two of Cyprus' largest banks ran into trouble as a result of excessive risk taking.
The high cost of recapitalizing them left the Cypriot government ultimately with no alternative but to seek assistance from other euro area member states.

Country specific measures were drawn up to resolve the exceptional circumstances in which Cyprus found itself.
These were designed to provide a long-term solution to return Cyprus to sustainable economic growth and address the systemic risk to the euro area.
Simply patching over the distortions and imbalances in the Cypriot economy would have been in no one's interest – least of all that of the Cypriot people.
The new Cypriot government appointed after the elections in February fully understood this.
And after some weeks of very intensive negotiations we were able to reach agreement on the key elements necessary for a future macroeconomic adjustment programme in March.

The key elements of the programme are designed to return the Cypriot economy to a more sustainable footing and at the same time share out the cost of doing so as fairly as possible.
When we last met, I was clear that it was my ambition to reach an "even fairer" solution than the package that was initially rejected by the Cypriot Parliament.
This is what has been done.

Therefore, I would highlight the following elements in the agreed adjustment programme:

1. There will be an appropriate downsizing and restructuring of the financial sector to restore its viability.
   This restructuring will fully safeguard all deposits below 100 000 euro; while a contribution from larger depositors, equity shareholders and bond holders was necessary.
   This solution means that part of the cost of restructuring two of Cyprus' largest banks will be born by the investors that benefited from the risks taken.
   And it also means a bank rescue funded by taxpayers can be avoided.

2. An independent evaluation of the implementation of the anti-money laundering framework in Cypriot financial institutions has just been finalised.
   The Troika will report on its results and any shortcomings identified in this evaluation will be addressed as part of Cyprus' adjustment programme.

3. The Cypriot authorities have undertaken to increase their efforts in the areas of fiscal consolidation and structural reforms to foster competitiveness and growth.
   Increases to the tax rate on interest income and of the statutory corporate income tax rate will also be introduced.

Many measures are already underway – very much including decisive bank resolution, restructuring and recapitalization measures.

And it is on the basis of these major undertakings that Cyprus will receive assistance of up to 10 billion euro.
9 Billion euro from the European Stability Mechanism (ESM) and one billion euro from the International Monetary Fund.

The funds will be used to cover Cyprus' fiscal needs, to redeem its medium and long-term debt, and to recapitalize its financial institutions.
The first ESM disbursement should take place this month.
I am proud of the solidarity that euro member states have shown towards Cyprus by providing these loans.
Loans which critically are set at a level that will enable Cyprus to repay them.

The Cypriot crisis does underscore the need for us to press ahead with a Banking Union that strengthens bank supervision and delivers a genuinely integrated crisis resolution tools.

The rapid implementation of agreed rules on bank capital requirements and the Single Supervisory Mechanism is essential.
Capital requirement rules will make the European financial sector better equipped to manage risks and absorb shocks.
The Single Supervisory Mechanism will place all systemically important Eurozone banks under the supervision of the European Central Bank.
It will also ensure that when banks like Laiki or the Bank of Cyprus run into trouble the alarm bell is sounded early, immediate action is taken and the worst is avoided.

We must now turn our attention to establishing a European approach to bank resolution.
To do this fairly and efficiently, we must ensure that those who have profited from a bank's risk taking also bear the cost.
A clear hierarchy of claims will need to be agreed in this context.
Both Council and EP are currently working on the Bank Recovery and Resolution Directive [BRRD] and the Deposit Guarantee Scheme [DGS].
I trust that the trilogues between our institutions on these topics may start early in the second semester.

In addition, the Commission has announced that it will present a proposal for a Single Resolution Mechanism by June.
These initiatives should help reduce resolution costs and speed up the process and thereby minimising risk of contagion
We *must* ensure the long term stability of our financial sector that is a prior condition for growth, which is in turn a condition for jobs.

Honorable Members,
In short, I believe the macroeconomic adjustment programme provides Cyprus with an opportunity to get its economy back on track.
And I also believe strongly that the momentum should not be lost in improving our oversight and resolution mechanisms to effectively and efficiently nip potential systemic threats in the bud.

I thank you for your attention and look forward to your questions.

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Speech by Mr Šemeta, Commissioner for Taxation and Customs Union, Audit and Anti-Fraud,

INTRODUCTORY SPEECH ECON 07/05/2013

Ladies and Gentlemen,

I am very happy to be here with you today.

I would like to start by thanking the European Parliament for its work in the field of tax policy.

I have followed with great interest your recent debates on Mrs Kleva's report on the fight against tax fraud and tax evasion.

If you agree, I will focus my introduction for our debate today on this issue, given current developments both at EU and global level, and the great expectation for progress in the next few days in Council.

However, I would not like this issue to overshadow the importance of maintaining pressure on our Member States to improve the quality of their tax systems. I firmly believe that the tax dimension of the European Semester remains an essential element of our strategy for growth and jobs.

In this context, I am happy that the European Parliament maintains the tradition of an annual tax report and I would like to congratulate Mrs Gall-Pelcz for her work as rapporteur.

As you know, the European Commission is currently analysing the National Reforms Programmes of the Member States with a view of issuing Country Specific Recommendations at this end of this month. Your annual tax report will constitute an important element in our work.

I would also like to take a moment, here at the beginning, to express my appreciation for Mrs Podimata's work on our legislative proposal for a Financial Transaction Tax under enhanced cooperation.

The discussions on this are on-going in Council. As Member States reach the heart of the debate, notably on the scope of the tax, we are seeing very strong lobbying by the FTT's opponents.

I want to reaffirm my conviction in this essential and fair tax and urge the group of 11 Member to progress towards a consensus. They must converge on a solution soon, to avoid unnecessary speculation on the future of this project.

Let me now turn back to the issue of tax fraud and tax evasion.

The last time I addressed you in this Committee, in November 2012, it was to announce our forthcoming action plan on tax fraud and tax evasion.

In presenting it, I had one strong conviction:
Member States' consolidation efforts, which need to be sustained, can only be accepted by our businesses and citizens if they are seen to be fair and equally shared. For that reason, it was essential to put more emphasis on tapping into the huge pot of uncollected taxes which escape the public purse through fraud or evasion.

However, at that time, I was still struggling to get the majority behind this cause, and was trying to create a pressure that would prevent no-action becoming the policy in this area!

Little did we know at that time, how recent developments would push this issue to the very top of the political agenda and how timely the initiatives that the Commission had put on the table would be.

I believe here that we can praise the impressive work of the International Consortium of Investigative Journalists for their much documented work which led to the Offshore Leaks report. It has certainly played a role in focussing minds in the right direction.

What matters now is to make the best use of this momentum to progress.

Today I welcome the opportunity to take stock of where we are and to outline how I see us reaching where we want to be.

First, it is time for concrete and ambitious actions.

I don't think there is anyone today who would deny that the need for concrete action in this field is needed.

It was already identified by EU leaders in the March 2012 Summit and recent developments in our Member States and globally have simply confirmed this need.

It is the reason for the EU Action Plan against tax fraud and evasion, which I brought forward last December.

If fully implemented, this Action Plan can dramatically improve our chance of eliminating these pervasive problems, and return hundreds of billions of euro back to the public purse.

The priorities are clear, and as I understand, are shared by your Committee: enhance information exchange within the EU, improve mutual assistance between Member States, tackle the mismatches that evaders exploit, and clamp down on tax havens.

In fact, our Action Plan contains the full spectrum of measures needed to create a much more hostile environment for fraudsters and evaders across Europe.

Some measures are subject to new proposals from the Commission: these will come in the near future.

But most of them are already on the table of the Council. They must be agreed and applied by our Member States without delay.

We have heard many ambitious words on fighting tax evasion in recent weeks.

On the 14 May, EU Finance Ministers will have the chance to turn these words into action – and there is no excuse not to do so.

Second, it is time for stronger coordination at European Level.

For me, coordination is the linchpin, which will determine the success of our efforts to combat fraud and evasion.

Tax evaders thrive on the mismatches and misgivings that exist cross-border. It is only by coming together that we will finally bring this problem down.

Up to now, I'm afraid that the appetite for full and unreserved coordination has been lacking amongst the Member States. And as a result, fraudsters and evaders have been able to use our Single Market as a playground for their activities.

Moreover, Member States' inclination to put national tactics before the EU approach has diminished our collective impact on the international stage.

We should not forget that the EU is a global forerunner in tax good governance. We've been ahead of the crowd on issues like automatic exchange of information and fair tax competition. So it is really a pity that we lacked the strong and coordinated stance to push these standards more forcefully at global level.

This has to change – and I believe that it will.

I am happy that the current Presidency has showed genuine interest and has worked in the Council to coordinate positions on key tax evasion files so far.

It is essential to progress in the EU but also globally, in view of the forthcoming discussions in the G20, notably on fighting base erosion and profit shifting.

I would like to remind here that the CCCTB could substantially contribute to reducing excessive tax planning and avoidance schemes. Discussions in the Council on this file must pick up pace and move forward as quickly as possible.

On our side, we have recently created a platform for tax good governance, to ensure coherent and decisive actions by Member States.

It is only by acting together as a Union that we will be a model of good governance at home and a powerful driver for these same standards to be applied internationally.

My third and last point is that there is no exclusivity in the fight against tax fraud and evasion.

The task is huge. Fraudsters and evaders have no borders, nor do they lack resources and ideas. As a consequence, any initiative, be it at national, EU or international level, which pushes things forward more quickly, or which increases ambition on what must be achieved, is very welcome.

In this context, the pilot project recently launched by 5 Member States could accelerate our collective move towards more automatic exchange of information and greater transparency.

In this respect, it is something I can very much support as there is clearly room for more ambition in this field.

We must address the need to bring forward and extend the wider scope of automatic exchange of information, beyond what is currently agreed.

We must proceed with ambition – but at the same time we must do so within a community framework.

Why? Because a Single Market needs a single approach.

We need it to ensure solidarity between all Member States, so that one nation's tax policies are not undercut by another's.

We need it to ensure a level playing field for businesses, so that one company does not end up paying for another's abusive tax planning.

And we need it to create a fairer environment for our citizens whom are carrying a heavy tax burden due to the crisis.

You can be sure that the Commission will fully play its role and will shortly propose how to strengthen the EU framework for automatic exchange of information.

Let me conclude now by sharing with you how I see the way forward.

We need decisive action, and we need it now.

The current energy amongst Member States to step up the fight against tax evasion must be harnessed, and turned into concrete deliverables.

On 24 April, together with the Irish Presidency, I sent a letter to all Finance Ministers, setting out the measures which they must urgently adopt.

These include, inter alia, the comprehensive Action Plan which I have already spoken about, a stronger EU Savings Directive and negotiating mandates to push our neighbours towards greater transparency, and the VAT anti-fraud package.

Next week's ECOFIN, and the Summit that follows, offer our Member States a unique opportunity.

They will have the chance to take decisions which will help recover vast sums to national treasuries and rebalance the tax burden for citizens.

Decisions which will be remembered as a major turning point in how we deal – as a Union – with tax evasion and those that encourage it.

Finally, decisions which will safeguard Member States' right to implement the tax policies that they need, in an environment of fair tax competition.

Let's hope that, as a Union, we will not miss this opportunity!

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