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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 10 January 2013

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

1. Adoption of the agenda

The agenda was adopted

2. Chair's announcements

Ms Bowles (ALDE, UK) informed the committee that three trialogue meetings on the Single Supervisory Mechanism (SSM) had taken place on 18 December and 8 and 9 January and that four meetings were scheduled for 16, 23, 24 and 28 January. She also proposed discussing the regulatory technical standards for the European Market Infrastructure Regulation (EMIR) during the February plenary session in Strasbourg.

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

3. State aid modernisation

ECON/7/11507 2012/2920(RSP)
Rapporteur: Ms Sharon Bowles (ALDE)
Adoption of motion for a resolution

The motion for a resolution was adopted, with 33 votes in favour, 3 against and 2 abstentions.

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

4. Common system of value added tax, as regards the treatment of vouchers

ECON/7/09537 2012/0102(CNS)
Rapporteur: Ms Ildikó Gáll-Pelcz (EPP)
Consideration of draft report

In her initial address, Ms Gáll-Pelcz (EPP, HU) mentioned that the Commission had decided to amend the current Directive, to be implemented by 2015, in order to lessen procedural discrepancies between Member States due to the absence of common rules at European level, facilitate the use of vouchers, tackle cases of double taxation and non-taxation and reduce tax evasion. She explained that the Commission proposal was aimed at harmonising the definition of vouchers for VAT purposes and the point of taxation for voucher transactions in order to ensure greater clarity regarding tax treatment and liability. She added that a distinction would be made between discount, single and multipurpose vouchers and that the latter would only be taxed when redeemed in order to simplify margins in the distribution chain.

All speakers, including the rapporteur, welcomed the Commission proposal. Ms Ferreira (S&D, PT), on behalf of Ms Kleva Kekuš (S&D, SI), said that it would establish a comprehensive neutral and transparent European taxation system. She recommended addressing similar instruments such as coupons and reducing red tape. Mr De Backer (ALDE, BE), on behalf of Mr Skylakakis (ALDE, EL), suggested that the Directive should be implemented simultaneously in all Member States and called on the Commission to carry out an impact assessment on Member States' fiscal outlook.

Ms Gáll-Pelcz thanked Ms Ferreira for her comments on similar instruments and told Mr De Backer that the Commission had already carried out an impact assessment, which had resulted in the current proposal.

Deadline for amendments: 23 January 2013. Consideration of amendments: 18 February 2013. Vote in ECON: 25 February 2013. Vote in plenary: April 2013.

5. **European Semester for economic policy coordination: Annual Growth Survey 2013**

ECON/7/10778 2012/2256(INI)
Rapporteur: Ms Elisa Ferreira (S&D)
Consideration of amendments

In her initial address, Ms Ferreira (S&D, PT) referred to the divergent views among the political groups which were reflected in the 323 amendments that had been submitted. She suggested strengthening the role of the European Parliament (EP) in drawing up the Annual Growth Survey and the country-specific recommendations, and ascertaining the effectiveness of the austerity policies for combating the crisis in the European Union. Based on the latest International Monetary Fund (IMF) study, she considered the Commission's fiscal consolidation strategy appropriate but insufficient, since it had underestimated the negative effect of current fiscal contraction on economic growth (fiscal policy multiplier). She proposed that these policies should be re-tuned and extended in time, focusing additionally on youth unemployment, tax fraud and tax evasion to mitigate the degree of austerity being applied in certain Member States. In addition she called for the report to contain references to previous texts by the EP on sovereign debt.

The subsequent exchange of views revealed divisions between the political groups on the way forward, agreement on the need for additional EP involvement in the AGS, for tax evasion and tax fraud to be combated and for long-term perspectives on public finances. Whereas Ms Turunen (Greens/EFA, DK) and Mr Klute (GUE/NGL, DE), on behalf of Ms Matias (GUE/NGL, PT), broadly supported the report and the rapporteur's calls for a less rigorous and more balanced approach to tackling the crisis, Mr Gauzès (EPP, FR), Mr De Backer (ALDE, BE) and Mr Eppink (ECR, BE) disagreed with the general thrust and most of the substance of the report.

Mr Gauzès and Mr De Backer highlighted the lack of consistency between the current text and last year's report, with Mr Gauzès stating that it did not reflect the compromise reached during the previous exercise and that his group would not subscribe to it in its present form.
Together with Mr Klinz (ALDE, DE) and Mr Zalba Bidegain (EPP, ES), they supported the Commission's calls for budgetary consolidation to promote the sustainability of public finances, for structural reforms to foster competitiveness and for spending reductions and growth-friendly measures, but warned against losing sight of the main objective of debt burden reduction.
Mr Eppink was also opposed to reducing the pace of fiscal consolidation.

Unlike Mr Giegold (Greens/EFA, DE), Mr Gauzès, Mr De Backer and Mr Eppink therefore disagreed with the notion of fiscal multiplier introduced by Ms Ferreira since they felt that it implied additional debt. Furthermore, Mr De Backer's interpretation of the IMF's latest World Outlook Economic Report differed from that of the rapporteur and Ms Turunen since, according to him, it favoured the extension of fiscal consolidation measures despite acknowledging errors regarding the fiscal multiplier. Mr Eppink mentioned that other IMF studies had demonstrated the negative effect of fiscal stimulus in highly indebted countries, while Mr Zalba Bidegain (EPP, ES) noted that the fiscal multiplier effect depended on the degree of public indebtedness of Member States, adding that, according to some experts, once public debt reached 90 per cent, the fiscal multiplier effect was nill. He therefore advocated caution when discussing the fiscal multiplier so as not to raise false expectations.

Ms Turunen and Mr Klute broadly supported the rapporteur and her calls for a more balanced approach combining austerity and growth-friendly measures and its extension in time. Ms Turunen based her approach on the latest IMF report and on some negative developments regarding the sustainability of public finances such as growth stagnation, rising unemployment and sovereign debt levels and subsequently proposed that the empirical evidence should be discussed by the shadow rapporteurs. Mr Klute pointed out that indebtedness resulted not only from unsound public policies but also from state intervention to prevent the collapse of the financial and banking sectors. He referred to the latest report from the European Commission's office for Employment, Social Affairs and Inclusion, headed by Commissioner Andor, which stated that household incomes had declined and that the risk of poverty or exclusion was growing, and suggested a balanced approach to counter rising social inequalities and discrepancies between surplus and deficit Member States. He proposed regulating financial markets and enhancing the role of the European Central Bank (ECB).

Ms Ferreira explained that the essence of the report was not ideological but objective. She added that the report did not question fiscal consolidation or debt control. Instead it focused on the planned degree and rhythm of implementation by assessing the concrete results and figures of the measures carried out so far in comparison with the initial forecasts. In her opinion the recessionary impact was greater than anticipated and justified a re-evaluation of the pace of the adjustment process.

Mr Zalba Bidegain noted that the report had to be approved by February in order to influence the European Spring Council.

Vote in ECON: 21 January 2013. Vote in plenary: February 2013.

6. Economic Dialogue and exchange of views with Jean-Claude Juncker, President of the Eurogroup

ECON/7/00020

In his introductory statement, Mr Juncker mentioned a number of recent positive developments, referring in particular to Greece, Spain, the European Stability Mechanism (ESM), the entry into force of the Treaty on Stability Coordination and Governance (TSCG/Fiscal Stability Treaty) as well as the agreement on the Single Supervisory Mechanism (SSM).
He defended direct recapitalisation through the ESM and expressed disappointment at what he saw as a dilution of the roadmap towards a genuine Economic and Monetary Union (EMU). He spoke in support of *ex ante* coordination of economic policies at European level; defended the inclusion of a social dimension as part of a wider European strategy with minimum guaranteed European social standards including a minimum European social wage; underlined the need to make further progress on the SSM and argued in favour of creating both a common redemption fund and a deposit guarantee scheme.

In subsequent comments, and in response to questions from committee members, Prime Minister Juncker agreed with Mr Gauzès (EPP, FR) that there were diverging approaches between Germany and France in their handling of the crisis. He told Ms Ferreira (S&D, PT), Mr Feio (EPP, PT) and Mr Bullmann (S&D, DE) that he favoured the creation of a reward system for those Member States undergoing assistance programmes. He agreed with the suggestion by Ms Matias (GUE/NGL, PT) that the effectiveness of the ongoing adjustment programmes should be examined, and expressed concern about the current unemployment rates across Europe.
He agreed that growth potential was at present insufficient to address the crisis and therefore defended the creation of a European industrial policy combined with labour market reform. He supported a solidarity instrument within the euro area (separate from the European Financial Stability Facility (EFSF) and the ESM). He agreed, in response to Mr Klinz (ALDE, DE), that Europe's institutional architecture needed to take account of the position of certain Member States regarding the euro while avoiding creating barriers, but disagreed with Mr Tehro (EFD, FI) on the establishment of a division between northern and southern Member States.

Mr Juncker also favoured moving away from an intergovernmental approach in order to avoid an approach which risked splitting the EU. He reaffirmed Luxembourg's position on tax issues, in response to Mr Giegold (Greens/EFA, DE).
He shared the EP's views on gender issues and democratic scrutiny and accountability and informed the committee that the SSM would soon have a French female representative. He told Mr Eppink (ECR, BE) that he expected his successor to come from one of the Benelux countries and he also said he liked a suggestion from Mr Martin (NI, AT) that he become the European Commission's next President.

7. Date of next meeting

The next meeting will be held in Brussels on 21 January 2013.