



**COUNCIL OF
THE EUROPEAN UNION**

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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 Strasbourg on October 2012

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

1. Adoption of agenda

The agenda was adopted.

Ms BOWLES (ALDE, UK) announced that an open coordinators meeting with the Chair and vice-Chairs of the Advisory Scientific Committee of the European Systemic Risk Board (ESRB) – Mr. SAPIR, Mr HELLWIG and Mr PAGANO – would take place on 6 November afternoon. She also indicated that progress had been made on the "Two Pack" during the previous week, and that the next trilogues would take place on 7-8 November. With regard to the European Statistical Program, Ms BOWLES said that, following the trilogue held on 19 October, the only open issue was a Recital, for which an agreement via written procedure was expected, opening the way for a plenary vote in December.

2. Approval of minutes of meeting of:

- 9-10 July 2012 PV – PE494.537v01-00
- 3 September 2012 PV – PE496.567v01-00
- 19-20 September 2012 PV – PE496.573v01-00

The minutes were approved.

3. Appointment of a member of the Executive Board of the European Central Bank (Yves Mersch)

ECON/7/10095

2012/0806(NLE) N7-0084/2012 – C7-0195/2012

Rapporteur: Sharon Bowles (ALDE, UK)

Responsible: ECON –

- Exchange of views with the candidate

The hearing began with a presentation by Mr MERSCH of his curriculum (see Annex). He stressed the importance of proximity in banking supervision and insisted on the need to combine solidarity with responsibility. Mr MERSCH expressed his support for open decision-making processes, and felt that members of the ECB Executive Board should be loyal to the policy commonly defined. He also stressed that a democratic dialogue between the European Parliament and the ECB was necessary.

During the hearing, several MEPs raised the issue of gender representation in the ECB. Mr GAUZÈS (EPP, FR) stressed that Mr MERSCH's qualifications were not in doubt, and hoped that the President of the European Council would on Tuesday make in the plenary a statement on gender equality which would allow the EP to deliver a positive opinion. Mr BALZ (EPP, DE) valued the candidate's experience and qualifications, which Mr LANGEN (EPP, DE) stressed should be determinant.

Mr GOEBBELS (S&D, LU) regretted that a negative opinion had been prepared by the Chairwoman before the hearing of Mr MERSCH, and recalled that the EP had in the past supported the appointment of men over women. He indicated that he would not vote the proposed resolution.

Ms GOULARD (ALDE, FR) and Mr KLUTE (GUE, DE) stressed that they did not question Mr MERSCH's qualifications. Ms GOULARD indicated that his proposed appointment raised a question of gender representativity, regardless of what the president of the European Council would say in the plenary. She regretted that Mr JUNCKER had not replied to the EP's letter on the topic. Mr SCHMIDT (ALDE, SE) advised Mr MERSCH to withdraw his candidacy.

Mr MERSCH expressed his support for the values defended by the EP, and stressed that the discussion held during the last European Council showed that the issue of gender equality existed also at national level. Mr MERSCH indicated that women representation in managerial positions had increased both in the ECB and in Luxembourg's central bank. He felt that that issue needed to be addressed over time, and not in a single appointment.

MEPs also asked for Mr MERSCH's views on several issues. Mr BALZ (EPP, DE) welcomed Mr MERSCH's support for decentralised banking supervision, and asked what impact the single deposit guarantee system would have on the principle of liability. Mr LANGEN (EPP, DE) asked whether the ECB mandate should be broadened along the lines of the Fed's mandate, whilst Mr GUALTIERI (S&D, IT) asked if price stability was the sole task of the ECB. Mr LAMBERTS (Greens, BE) felt that the ECB should not interfere with politics, taxation policy or wages indexation, and Ms BÉRÈS (S&D, FR) inquired into Mr MERSCH's position on the taxation of financial transactions. Mr GIEGOLD (Greens, DE) asked what will be the impact on inflation of the expected reduction of wage costs in some Member States. Ms SWINBURNE (ECR, UK) asked for Mr MERSCH's opinion on Slovenia's decision to have recourse to dollar fund raising instead of euro fund raising.

Mr MERSCH said that price stability was the ECB's overriding objective and that the ECB had adopted a positive approach in supporting the economy, in relation in particular to interest rates and non conventional measures. He said that a modification of the ECB mandate was not on the agenda. Mr MERSCH stressed that there was no consensus for higher inflation rates, particularly in Germany, and that monetary policy should be clearly separated from banking supervision.

He added that wages indexation was linked to inflation, and that monetary policy was interlinked with other policies. Mr MERSCH said that a Single Supervisory Mechanism was necessary, but that all tasks should not be transferred at EU level, and indicated that each Member State was free to have recourse to the funding it considers the most appropriate. He welcomed the considerable progress made in addressing external imbalances and unit labour costs in the programme countries. Mr MERSCH felt that the taxation of monetary transactions was not a priority. He stressed that such a taxation may have an impact on the movement of capital and that its modalities were not clear yet.

In camera

4. Appointment of a member of the Executive Board of the European Central Bank (Yves Mersch)

ECON/7/10095

2012/0806(NLE) N7-0084/2012 – C7-0195/2012

Rapporteur: Sharon Bowles (ALDE, UK)

Responsible: ECON –

- Exchange of views

This item was discussed in camera.

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

5. Appointment of a member of the Executive Board of the European Central Bank (Yves Mersch)

ECON/7/10095

2012/0806(NLE) N7-0084/2012 – C7-0195/2012

Rapporteur: Sharon Bowles (ALDE, UK)

Responsible: ECON –

- Adoption of draft report

The report by Ms BOWLES (ALDE, UK) was adopted without amendments (20 votes in favour, 13 against and 12 abstentions), meaning that ECON delivered a negative opinion on the Council recommendation to appoint Mr. MERSCH as a member of the ECB Executive Board.

The report stresses that Mr MERSCH is of recognised standing and has the qualification and experience required for this position, but notes that his appointment would mean that no woman would sit in the ECB Executive Board until 2018.

After the vote, Ms BOWLES indicated that there was still time left before the plenary vote (scheduled for Thursday) for developments to take place and lead the EP to reconsider its position.

6. Shadow Banking

ECON/7/09508

2012/2115(INI) COM(2012)0102

Rapporteur: Saïd El Khadraoui (S&D, BE)

Responsible: ECON –

Opinions: JURI

- Adoption of draft report

Following the approval of several amendments, the report was adopted by 41 votes in favour and one abstention,

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

7 and 8. Conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions

ECON/7/10655

2012/0242(CNS) COM(2012)0511 – C7-0314/2012

Rapporteur: Marianne Thyssen (PPE, BE)

Responsible: ECON –

Opinions: JURI, LIBE, AFCO

- Consideration of draft report

Amendment to Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with Council Regulation (EU) No .../... conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions
ECON/7/10648

2012/0244(COD)COM(2012)0512 – C7-0289/2012

Rapporteur: Sven Giegold (Verts/ALE, DE)

Responsible: ECON

Opinions: BUDG, JURI, AFCO

- Consideration of draft report

Ms THYSSEN (ALDE, UK) said that she had listened to the concerns expressed by other MEPs. She indicated that she did not propose to deprive the ECB – which, she stressed, enjoyed a high level of credibility – from its proposed central role. Ms THYSSEN mentioned that she had tabled amendments on accountability, in particular concerning reporting, hearings, and written answers. She added that the Chair of the Supervisory Board should be selected through an open procedure involving the EP, and that she wanted to strengthen – to the extent allowed by the Treaties – the guarantees for non-euro area Member States which opt for close cooperation. Ms THYSSEN also proposed direct ECB supervision for banks which have asked for or received public subsidies as well as for systemic banks, which she proposed to define.

Mr GIEGOLD (Greens, DE) said that the two reports had to be discussed together and that many proposals now on the table had already been proposed by the EP two years ago. He mentioned that some Member States wanted macro-prudential tools and pillar II measures to remain national, and felt that the EP therefore had to make sure that the agreed solution was driven by the common European interest and that the single market stayed as united as possible. Mr GIEGOLD stressed the need to act quickly and include as many Member States as possible. He said that the Council Legal Service had made it clear that Member States could not be treated in the same way under the proposed legal basis. He pointed out that Article 352 TFEU allowed to create a new institution, and could be combined with Article 20 TEU on enhanced cooperation.

Mr PITTELLA (S&D, IT) said that details were needed on the level of decentralisation needed and that the single nature of supervision should not be undermined. He felt that the EP approval should be required for all members of the Supervisory Body, that the ECB should supervise transparency registers, that a "cooling off" period should be foreseen for senior management, and that the decisions taken should be amenable to judicial review, a request shared by Mr KLINZ (ALDE, DE) and Ms BOWLES (ALDE, UK). Ms FERREIRA (S&D, PT) said that both reports made proposals that should be carefully analysed. She agreed with the proposal to create a single supervisory rule book, but expressed doubts on the dispute settlement proposals. Ms FERREIRA stressed that accountability was important, and that safeguards should be put in place concerning the impact that decisions taken by Member States could have on financial solvency.

Ms HÜBNER (EPP, PL) called for a clarification on voting rights in the Supervisory Board and felt that an observer status could be envisaged for Member States which will not join the euro. She asked for a clear separation between monetary policy and supervision, and, concerning the comply or explain rule, felt that the EBA's role was not clear. Mr AUDIE (FR) regretted that the proposed legal basis did not allow to cover insurance, and wondered whether the supervision of public banks such as the IEB could be included.

Mr KLINZ welcomed the plan for a Single Supervisory Mechanism (SSM), but criticized the procedure chosen. He mentioned that the SSM's scope should initially be restricted to recapitalized banks and systemic banks, and asked if the supervision rules would be drafted by the EBA. Mr KLINZ stressed that non euro area Member States should have an opportunity to join the SSM and enjoy equal rights, and cautioned against precipitation in handling the dossier. This last point was also made by Mr KLUTE (GUE/NGL, DE) and Mr DUFF (ALDE, UK).

Mr DUFF felt that the Council legal service opinion should be taken into consideration, and that the relations with central banks of non euro area Member States should be clarified. Mr SCHMIDT (ALDE, SE) stressed that non euro area Member States should have the same influence as euro Member States. Ms BOWLES (ALDE, UK) said that the role proposed for the ECB was problematic, since Article 126 TEFU had been intended to exclude a supervision role. She stressed that the ECB, the EP and the national parliaments should be allowed to carry inquiries.

Mr LAMBERTS (Greens, BE) supported the proposal to provide for the EP approval for the appointment of the Chair of the Supervisory Board, and emphasised that the definition of systematic institutions should be the same across all EU law. He felt that, ultimately, a separate institution should be created for bank supervision and that the EBA should not be deprived of its role. Mr LAMBERTS also indicated that the extension of the scope of the SSM, e.g. to money laundering or to large investment funds, should be envisaged.

Ms SWINBURNE (ECR, UK) indicated that she would table amendments providing for more scrutiny and accountability to the EP, national parliaments and national authorities. She also felt that a fair voting mechanism was needed for the EBA.

Mr KLUTE felt that the EBA should be strengthened and cover all the single market, and stressed that bank resolution was essential.

Mr GIEGOLD said that the shadow rapporteur should meet to discuss the issues raised, and that Member States should be reminded that most of them have the obligation to join the euro. He also stressed that Article 126 TFEU only excludes the insurance sector.

Ms THYSSEN said that she expected many amendments. She indicated that an appellate body should be created, and urged caution in the view of the lack of legal certainty. Ms THYSSEN acknowledged that Treaty revision may be necessary at some point, and expressed doubts on the idea to have recourse to Article 20 TEU.

Timetable:

Deadline for amendments: 26 October (noon);

ECON vote: 28-29 November

10. Next meeting(s)

Monday, 5 November 2012, 15:00 - 18:30

Tuesday, 6 November 2012, 09:00 - 12:30 & 15:00 - 18:30

ANNEX: CURRICULUM VITAE OF YVES MERSCH

Born 1st October 1949 in Luxembourg. Nationality: Luxembourgish

Education

1973 Master of law

University Paris 1 Panthéon Sorbonne

1974 Postgraduate degree in international public law

Master of political science

University Paris 1 Panthéon Sorbonne

1975 Postgraduate degree in political science

University Paris 1 Panthéon Sorbonne

Professional career

1974 Admitted to the Luxembourg Bar

Teaching Assistant in public law

University Paris-Sud 11

1975 Assistant, Ministry of Finance

1976 - 1978 Secondment to the International Monetary Fund (IMF), Washington D.C

1978 – 1979 Attaché, Ministry of Finance

1980 - 1981 Financial Counsellor, Permanent Representation of Luxembourg to the United Nations Organisation, New York

1981 Adviser, international financial and monetary relations Ministry of Finance

1983 - 1999 Member of the Council of the Luxembourg Monetary Institute

(Prudential Supervisory Authority)

1985 - 1989 Government Commissioner for the Luxembourg Stock

Exchange (Securities Market Authority)

1989 - 1998 Director of the Treasury

Personal Representative of the Minister of Finance during the negotiation of the Maastricht Treaty

Since 1st June 1998 Governor of the Banque centrale du Luxembourg (third term started 11th June 2010)

Member of the Governing Council and General Council of the European Central Bank

Since 2000 President of the non-profit association “The Bridge Forum Dialogue a.s.b.l”, founded in 2000 with the participation of the European Union institutions and bodies established in Luxembourg

Since 2003 Member of the academic council of the “Institut Universitaire International Luxembourg” (IUIL)

Since 2006 Member of the board of the foundation “Luxembourg School of Finance” (LSF)

Since 2010 Member of the “Section des sciences morales et politique de l’Institut Grand-Ducal”
Deputy Chair of the Governing Board of the International Islamic Liquidity Management Corporation (IILM)

Since 2011 Elected Co-Chair of the Financial Stability Board’s Regional Consultative Group for Europe

Voting Member of the General Board of the European Systemic Risk Board

Member of the Audit Committee of the ECB

President of the “Fondation de la Banque centrale du Luxembourg” (BCL’s Foundation) that promotes research and higher education in the BCL’s fields of activity

Other official positions

Has represented Luxembourg in the following bodies:

- Monetary Committee of the European Communities (alternate member from 1982 to 1985, full member from 1989 to 1998)
- International Monetary Fund (IMF) (alternate Governor)
- World Bank (alternate Governor)
- European Bank for Reconstruction and Development (EBRD) (alternate Governor)
- European Investment Bank (EIB) (Board member)
- Development Bank of the Council of Europe (Board member)
- International Fund for Agricultural Development (IFAD) (Governor)

Administrator representing the State on the boards of the following bodies:

- ARBED S.A (steel)
- Société européenne de satellites (SES) (satellite services)
- Post and Telecommunications Company (Entreprise des Postes et Télécommunications)
- National Housing Company (Société Nationale des Habitations à Bon Marché)
- Banque et Caisse d’Epargne de l’Etat

President of the Export Credit Insurance Office (Office du Ducroire)

President of the Fund for the fight against the trade of narcotics

Vice-President of the Bank “Société nationale de crédit et d’investissement”

Decorations

Yves Mersch is Officer of the National Order of the Legion of Honour (France) and Grand Officer of the Order of the Cross of Recognition (Latvia).
