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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 22 and 23 January 2014 Chair: Ms Bowles (ALDE, UK)

One-day meeting at which ECON exchanged views with the Hellenic Presidency of the Council, and discussed and voted several codecision legislative proposals.

Agenda Item 1

Adoption of the agenda

The agenda was adopted.

Agenda Item 2

Approval of the minutes of the meetings of 16 and 17 December 2013

The minutes were approved.

Agenda Item 3

Economic Dialogue and exchange of views with the Presidency of the Council (ECOFIN), Minister of Finance of Greece, Yiannis Stournaras

ECON/7/14940

In his introductory speech, Minister STOURNARAS read out the speech in the Annex. He described the Hellenic Presidency as 'frontloaded' in view of the upcoming European elections in May 2014. He stated that Greece assumed the Presidency not as a country in crisis but as a country in recovery. He then listed the Presidency's priorities, which will focus on: the European Monetary Union, by deepening the integration of the EMU and focusing on ways to strength its social dimension, and by reinforcing the coordination of national economic and fiscal policies; the European Semester, by managing the fourth exercise effectively; by enhancing the credibility of the procedure and promoting the systematic evaluation of reforms in the EU; the Banking Union, by finalising the Single Resolution Mechanism (SRM) framework; the long-term financing of the economy, by facilitating Small and Medium Enterprises' access to financing; taxation issues, by carrying on with the appropriate measures against taxation practices at EU level, by promoting all pending legislative and other initiatives to promote the exchange of best practices, avoid harmful tax practices and exploit the full benefits of the internal market, and by following up discussions, in the context of the High Level Working Group, on tax aspects of the digital economy; the reform of the financial sector supervisory framework, by working towards the adoption of the Payment Accounts Directive (PAD), the completion of work on legislative proposals relating to the reform of capital markets supervision, the promotion of discussions on the benchmarking legislative proposal, and by promoting coordination, transparency and supervision of the private and occupational insurance sector and its selling practices through the integration and implementation of the relevant supervisory frameworks; the annual EU Budget for 2014, by ensuring the smooth implementation of the 2014 EU Budget and by establishing the guidelines for the 2015 EU Budget; EU Representation in the G20, by working on effective and thorough preparation of the G20 Finance Ministers and Central Bank Governors’ Meetings within the ECOFIN Council, by contributing to the formulation of the EU’s common position on G20 priority issues, such as economic growth and job creation, the financing of long-term investments and tax transparency and by working towards close cooperation with the Government of Australia, which has taken over the G20 Presidency.

During question time, ECON members centred their interventions on the current negotiations on the SRM, taxation issues, the current economic and social situation in Greece, as well as on the effectiveness of the policies advocated by the Troika and pursued by the Greek government to exit the country from the crisis and to guarantee the sustainability of Greek debt.
Ms WORTMANN-KOOL (EPP, NL) and Ms FERREIRA (S&D, PT) tried to obtain reassurances from the Hellenic Presidency that no Intergovernmental Agreement (IGA) would be finalised before the end of negotiations between the Council and the European Parliament (EP) on the SRM. Furthermore they questioned the legality of the removal of a substantial part of the current text on the SRM. Mr FOX (ECR, UK) questioned the success of the policies pursued by Greece to exit the crisis, while Mr CHOUNTIS (GUE/NGL, EL) emphasised the hardships suffered by the Greek people who, in his opinion, had been sacrificed to save the EU banking and financial sectors. For his part, Mr LAMBERTS (Greens/EFA, BE) voiced his dissatisfaction at the lack of action on taxation matters and social justice in Greece and at EU level, while Mr KLINZ (ALDE, DE) questioned Minister STOURNARAS on the level of structural reforms carried out by the Hellenic government, Mr TERHO (EFD, FI) on the actions being taken to tackle Greek debt and Mr HOANG NGOC (S&D, FR) on the democratic accountability of the Troika. Several MEPs, including Mr MARTIN (NI, AT) and Ms HÜBNER (EPP, PL) who was represented by Ms WORTMANN-KOOL, asked the Presidency about on-going legislative files such as the PAD and the reform of the banking sector. Hellenic MEPs such as Ms KRATSA-TSAGAROPOULOU (EPP, EL) and Ms PODIMATA (S&D, EL) focused their interventions on the need to stimulate long-term financing instruments and restore growth.

In response, Minister STOURNARAS asked for time, flexibility, abstention from prejudgments and mutual understanding between the Council and the EP to find the appropriate legal basis and a satisfactory outcome on the SRM framework negotiations before the end of the legislature. He considered it essential to establish a solid banking system in order to avoid a reoccurrence of the current crisis and looked forward to discussing the expected Commission proposal on the reform of the banking sector in the Council. He told the Committee that some on-going legislative files such as the PAD required unanimity in the Council. He underlined the significant fiscal and structural reforms carried out by his government which had improved the sustainability and efficiency of the Greek State, reduced bureaucracy, and restored the competitiveness of the Greek economy, but conceded that much remained to be done. Referring to the high level of unemployment in Greece, he mentioned the time lag between the implementation of the reforms and the spillover effect on the economy.

He therefore called for the support of the EU institutions and the Greek social partners to explain to the Greek population that his country was on the right track and that the sacrifices currently endured by Greek society would prove justified. Moreover, he stressed the measures taken by his government to tackle tax evasion and corruption and to increase tax revenue. He added that for the first time after six years of recession Greece would probably experience some growth. He also mentioned the decision reached by the Eurogroup in late November 2012 to take the appropriate measures on conditionality if this proved necessary in order to make the Greek debt sustainable, adding that the public debt currently stands at EUR 321 billion. He added that the Greek public debt would be substantially reduced once the privatization process of certain banks would be completed. He was open to new suggestions on the accountability of the Troika but pointed out that the Commission reported to the EP and the Greek government to its national parliament.

Agenda Item 4
Chair's announcements

Ms BOWLES (EPP, ES) said that given the deferral of the ad hoc delegation to Athens, the timetable on the Troika report had been revised as follows: deadline for amendments on 31 January; consideration of amendments on 12 February (if necessary); continuation of the consideration of amendments on 20 February; vote in committee on 24 February; and vote in Plenary in March.
She informed the Committee that the Economic Dialogue with Spain in the presence of Mr Luis DE GUINDOS, Spanish Minister of Finance, would take place next Tuesday 28 January at 16:00.
Ms BOWLES also updated the Committee on on-going trilogues. She mentioned that the first trilogue on the Payment Accounts Directive (PAD) had taken place on 16 January and discussed the scope, the process of setting up an EU standard terminology, the scope of the obligation to offer a basic bank account and cross-border switching, and that two more trilogues were planned during the month of February (on 11 and 26 February); further dates would be scheduled in March with the objective of reaching a first reading agreement before the end of this legislature.
As regards the Single Resolution Mechanism (SRM), she said that the second trilogue had taken place on 15 January, and that a first exchange of views had been held on the decision-making process, in particular on the determination of the non-viability of an institution and on the triggering of resolution, as well as on the composition of the Board. She added that a mandate had been given for technical work to start on Bank Recovery and Resolution Directive related issues and that the next trilogue would take place on 29 January.

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

Agenda Item 5

Agreement between the European Union and the Swiss Confederation concerning cooperation on the application of their competition laws

ECON/7/09721 2012/0127(NLE)

Rapporteur: Mr George Sabin CUTAŞ (S&D)

- Adoption of draft report

The draft report was approved, with 42 votes in favour, 0 against and 1 abstention.

Agenda Item 6

EU cooperation agreements on competition policy enforcement – the way forward

ECON/7/14398 2013/2921(RSP)

Rapporteur: Mr George Sabin CUTAŞ (S&D)

- Adoption of motion for a resolution

The motion for a resolution was approved, with 40 votes in favour, 0 against and 3 abstentions.

Agenda Item 7

Insurance mediation (recast)

ECON/7/10012 2012/0175(COD)

Rapporteur: Mr Werner LANGEN (EPP)

- Adoption of draft report

The draft report was approved, with 37 votes in favour, 4 against and 2 abstentions. and will be voted in Plenary and will include amendments on the reform of the supervision of capital markets.

Agenda Item 8

Long-term financing of the European economy

ECON/7/13125 2013/2175(INI)

Rapporteur: Mr Wolf KLINZ (ALDE)

- Adoption of draft report

The draft report was approved, with 22 votes in favour, 2 against and 17 abstentions.

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

Agenda Item 9
Indices used as benchmarks in financial instruments and financial contracts

ECON/7/14051 2013/0314(COD)

Rapporteur: Ms Sharon BOWLES (ALDE)

- Consideration of amendments

The rapporteur started by listing the amendments tabled, which dealt mostly with the scope of the proposal, the role of the European Securities and Markets Authority (ESMA), thresholds on critical benchmarks, the inclusion of commodity benchmarks, the definition of regulated and reported data, the code of conduct and third-country provisions. She also deemed it quite unlikely that there would be engagement with the Council in trilogue negotiations given the short time available.

Differences remained among political groups mainly over the scope of the proposal and ESMA's role. Ms TURUNEN (S&D, DK) and Mr LAMBERT (Greens/EFA, BE) desired a simple and wide scope with few and simple definitions, and a clear criteria on thresholds, whereas Mr STREJČEK (ECR, CZ), on behalf of Mr KAMALL (ECR, UK), suggested focusing on critical and vulnerable benchmarks. The rapporteur and Mr MITCHELL (EPP, IE) favoured simplifying the structure of the scope, with the latter proposing application of the proportionality principle to benchmarks. Ms BOWLES (ALDE, UK), Mr MITCHELL, Ms TURUNEN, and Mr LAMBERT advocated a strong role for ESMA on EU critical issues, which would require strong supervisory powers and the ability to set regulatory technical standards (RTS). They also agreed that ESMA could, under certain conditions, delegate the supervision of certain benchmarks to Member States. However, Mr LAMBERT objected to calls for sharing of the supervision of critical and EU-wide benchmarks and indices. In contrast, Mr STREJČEK claimed that ESMA should only have a role in harmonizing and monitoring the work of competent authorities, and was therefore opposed to giving more responsibilities to ESMA. Ms BOWLES held that ESMA should be able to define certain types of critical benchmarks and considered that the EUR 500 billion threshold on critical benchmarks was difficult to quantify, while Ms TURUNEN favoured a broad and overarching definition based on quantitative and qualitative criteria. Mr MITCHELL recommended the use of the standards of the International Organization of Securities Commissions (IOSCO) to determine benchmarks, and said that the level of transparency required should depend on the reliability of the data. He also felt that it was key to distinguish between regulated and over-the-counter (OTC) data. Ms BOWLES said that definitions should differentiate between regulated and reported data on contributors but should not include OTC data, since it could discourage trade on lit markets.

Ms BOWLES wanted all administrators to be covered by the regulation and for them to publish either their input data, their methodology or both in the case of critical benchmarks. She also advocated two concurrent regimes for third countries based on the IOSCO principles, since she felt that it was not possible at present to set an equivalent regime. Mr MITCHELL warned against the EU closing its markets to third country administrators, whereas Ms TURUNEN agreed with the set-up of requirements and binding obligations for third-country administrators based on IOSCO values.
Mr MITCHELL and Ms TURUNEN felt that the code of conduct should be legally binding for submitters of critical benchmarks and should take into account the location of the contributor. Mr STREJČEK disagreed on the grounds that it could lead to fewer companies being subject to a given benchmark. Mr LANGEN (EPP, DE) recommended considering the views of the Industry, Research and Energy Committee (ITRE) on commodity benchmarks, while Ms GOULARD (ALDE, FR) mentioned the recent ruling from the European Court of Justice (ECJ), which validated the rules on short selling and the powers it conferred to ESMA.

The Commission representative claimed that the proposal had been designed to ensure the integrity of benchmarks, to avoid conflicts of interest and to guarantee that benchmarks reflected the economic reality that they were intended to measure and which justified the existence of certain specific provisions such as the statement on the objective of the benchmark by its administrator. She said that all benchmarks were subject to vulnerabilities and required the appropriate level of regulation and oversight. She recognised the role played by benchmarks on commodity derivatives and noted that the IOSCO principles also covered commodity benchmarks. She welcomed the judgement by the ECJ, which enabled the colegislators and the Commission to set down specific provisions on the role of ESMA and stated that national authorities would be responsible for the oversight of specific benchmarks due to their knowledge and to their resources. It was, however, important to give the college of legislators supervisory powers on the benchmarks that had an impact across different Member States. She also stated that it was necessary to have an equivalent system in the proposal for third countries in order to avoid benchmark providers moving out of the EU and to ensure the use of non-EU benchmarks which complied with comparable rules to those in the EU. She pointed out that the IOSCO principles on financial benchmarks enabled additional flexibility in terms of the equivalent assessment and considered it essential to have benchmarks supervised by regulators to ensure a level playing field in the EU.

Vote in ECON: 17 or 20 February 2014. Vote in Plenary: April 2014.

Agenda Item 10

Enhancing the coherence of EU financial services legislation

ECON/7/14549

Rapporteur: Ms Sharon Bowles (ALDE)

- Consideration of Amendments

Ms Bowles (ALDE, UK) outlined once more the main recommendations made in her report and reiterated some of the views expressed during an earlier meeting[1]. She stressed the interdependence of legislation and the need for coherence in the decision-making process, and advocated greater communality of rapporteurs and shadows on certain clusters of legislation and that Committee members should have a general overview of all the on-going legislation. She referred to the global nature of the financial system to encourage greater coherence and coordination between major international jurisdictions and listed the amendments tabled, which were in her opinion uncontroversial. Following her introductory remarks, there were no additional interventions.

Vote in ECON: 30 January 2014.

Agenda Item 11

Money market funds

ECON/7/13748 2013/0306(COD)

Rapporteur: Mr Saïd El KHADRAOUI (S&D)

- Consideration of amendments

Mr El KHADRAOUI (S&D, BE) repeated some of the views expressed in earlier exchanges of views[2] and highlighted the broad agreement among shadows on ratings, stress tests, reporting, the extension of eligible activities, and the need to refine some aspects in the report such as the level of liquidity requirements, the calls for diversification and the role of the European Securities and Markets Authority (ESMA). He admitted that the most difficult point in the report remained the treatment of Constant and Variable Net Asset Values (CNAVs and VNAVs) and reiterated his support to switch whenever possible from CNAVs to VNAVs and to shorten the period to set up buffers.

[1] See 17450/13 page 8.
[2] See 16105/13 pp 2-3 and 17450/13 pp 4-5.

Divisions remained over the treatment and conversion of CNAVs into VNAVs. While Mr GAUZÉS (EPP, FR) supported the rapporteur's position, Mr MITCHELL (EPP, IE), Ms LULLING (EPP, LU), Mr BALZ (EPP, DE) Mr STREJČEK (ECR, CZ), on behalf of Mr KAMALL (ECR, UK) and Mr KLINZ (ALDE, DE) opposed the removal of CNAVs and the imposition of capital buffers. They were all convinced that the resilience of CNAVS could be improved through liquidity fees and redemption gates. Mr KLINZ also feared that a high level of extra liquidity arising from the conversion of CNAVS into VNAVs could destabilize the EU banking system. Mr STREJČEK held that capital buffers had been designed for banks and not for MMFs and referred to the disagreement on this point between securities regulators and the banking industry. Mr LAMBERTS (Greens/EFA, BE) noted that the European Systemic Risk Board (ESRB) favoured the conversion of CNAVs into VNAVs. He proposed having additional requirements for CNAVs during the transition period such as the need to have at all times a net asset value buffer, the creation of a counter-cyclical buffer, the imposition of liquidity fees on shareholder redemptions when assets fall bellow a certain threshold, and the temporary suspension of units and shares to discourage early redemption. Mr MITCHELL denounced contradictory statements by the ESRB on CNAVs and listed elements on the impracticality of setting capital buffers. Ms LULLING suggested keeping CNAVs for institutional clients. Mr BALZ nevertheless considered that the conversion of CNAVs into VNAVs should be possible under certain supervisory conditions.
Additionally, Mr KLINZ supported the introduction of cost accounting subject to strict conditionality and monitoring. He warned against the concentration of risk and favoured limiting or restricting external sponsorship. He was backed by Mr LAMBERTS, who also advocated a ban on MMFs based in tax havens and lessening the MMFs' exposure to over-the-counter (OTC) derivatives. Moreover, he suggested regulating the remuneration policies and enhancing ESMA's powers (supervision of systemic MMFs, binding mediation powers, formulation of recovery plans).

The Commission representative conceded that the propensity to runs was shared by CNAVs and VNAVs, but that CNAVs redemption funds were more prone to instability than those of VNAVs. He explained that the main goal of the Commission proposal was to create overnight and weekly liquidity and to spread credit risk in case of a run, and that the capital buffer had been conceived as a backstop for CNAVs' redemption funds. He noted that the replacement of capital buffers by liquidity fees could only be accepted as long as the latter was a permanent feature, and that as long as sponsorship remained a possibility no fund would trigger a liquidity fee.

Vote in ECON: 12 February 2014. Vote in Plenary: April 2014.

Agenda Item 12

Statistics for the Macroeconomic Imbalance Procedure

ECON/7/12975 2013/0181(COD)

Rapporteur: Mr Derk Jan EPPINK (ECR)

- Consideration of amendments

The consideration of amendments was postponed.

Item 13 on the agenda

European Long-term Investment Funds

ECON/7/13277 2013/0214(COD)

Rapporteur: Ms Rodi KRATSA-TSAGAROPOULOU (EPP)

- Consideration of amendments

In her opening address Ms KRATSA-TSAGAROPOULOU (EPP, EL) listed the amendments that had been tabled and which included the addition of stock-listed companies in the European long-term Investment Funds (ELTIFs) and the necessary requirements for their inclusion, the addition of repurchasing options, the extension of the ELTIFs' life cycle, the addition of professional funds for private investors, the mandatory EU orientation of investments, the increase of the loan capacity of the funds from 30 to 40 per cent, the strengthening of the penalty system, the eligibility of assets, the exclusion of real estate assets, the inclusion of collective placements and the enhancement of environmental and social criteria.

Ms KRATSA-TSAGAROPOULOU called for the addition of stock listed SMEs in the ELTIFs since they were the ones with less liquidity. She was open to envisaging some type of repurchasing option under certain conditions, and to extending the ELTIFs' life cycle. She preferred separate ELTIFs for public and private investors and advocated a 60/40 per cent breakdown between investments within and outside the EU. Moreover, she felt that the current proposal on the ELTIFs' loan capacity and that the current system of sanctions and of environmental and social criteria were adequate.

In the subsequent exchange of views, speakers broadly supported he Commission proposal and reiterated some of the positions expressed in earlier meetings[3]. Mr El KHADRAOUI (S&D, BE) felt that ELTIFs should concentrate on infrastructure projects.

[3] See 16105/13 pp12-13 and 17182/13 pp11-12.

He considered it important to have clear rules in particular on the life cycle, the repurchase and the expiration date of ELTIFs.
Mr KLINZ (ALDE, BE) on behalf of Mr DE BACKER (ALDE, BE) feared that excessive legislation and a one size-fits-all approach could hinder potential new investors.
Mr LAMBERTS (Greens/EFA, BE) asserted that the proposal should be addressed solely to long-term investors and hence opposed the participation of retail investors in ELTIFs unless it was done through Undertakings for Collective Investment in Transferable Securities funds. He proposed enhancing the information provided upfront and accepted allowing some types of derivatives as long as they were subject to a stringent hedge tests. He favoured investment in real assets provided it ensured predictable and steady cash flows. He proposed having the same investment rules applied for at least half of the existence of the ELTIF and said that the listing of ELTIFs introduced a tension between the share price of the fund and the long-term economic value of the underlying asset.
Mr GAUZÈS (EPP, FR) favoured flexibility to allow for adjustments to be made on the capital of an ELTIF during its life cycle where economic situations change for investors.

The Commission representative noted that one could not be a long-term investor and have short-term redemption opportunities, which explained why the Commission had opted for a defined life cycle. However, he said that the Commission was considering the possibility of extending the life cycle as long as it was agreed by all investors and as long as it would allow for those wishing to do so to leave the fund at that stage. He agreed that the listing of the fund units and shares on the secondary market was in itself a valuable tool to increase liquidity for the investors while not burdening the fund manager with early redemptions, and agreed to look into the assumption that secondary markets were driven by short-tem horizons.

Vote in ECON: 17 February 2014. Vote in Plenary: April 2014.

Agenda Item 14

Any other business

There was no other business.

Agenda Item 15

Date of next meeting

The next meeting will be held in Brussels on 27 January 2014.

ANNEX

Speech by Mr Yiannis Stournaras, Minister of Finance of Greece and President of the Council

Honourable members of the Committee on Economic and Monetary Affairs of the European Parliament,

The assumption of the Presidency of the Council of the EU is a real challenge for Greece.
It is expected to be a difficult and demanding Presidency, the last one in the run up to the European elections in May.
The economic crisis in Europe, the high unemployment rates - especially among young people in the countries of Southern Europe, and the social insecurity, provoked, among other things, voices that questioned our common European course.
Greece, that experienced the solidarity of its European partners and it is called upon to strengthen and highlight all those elements that unite us, by promoting further integration, by strengthening social cohesion, by ensuring stability and prosperity for all citizens, and a return to growth and job creation.
We know that we have a restricted timeframe, given that the last plenary session of the Parliament is in April. For this reason, with the assistance of the European Parliament, our Presidency will be, de facto, front-loaded.
Greece has come a long way since 2009. Our country suffered all the consequences, and has been at the focal point of the most severe global financial crisis since 1929. Thanks to the sacrifices of the Greek people and the support of our European partners, all claims of those who advocated Greece’s exit from the Eurozone have been rendered false.
We stood on our own feet, also because we had already made two basic strategic choices as a country:
The first one was in 1981, when we became part of the large and continuously expanding European family.
The second one was in 2001, when we became part of the core of that family, which is the eurozone.
Today we assume the Presidency not as a country in crisis, but as a country in recovery.
We wish to contribute to the deepening and strengthening of our economic and political partnership, based on the significant results of the Lithuanian Presidency.

I would like to take the opportunity to praise my counterpart, **Mr Rimantas SADZIUS,** who has managed to handle very delicate issues with a high sense of responsibility and sound knowledge.
The **meetings we held in Athens** with the President of the European Parliament, the Conference of Presidents and the various political groups before the beginning of the Presidency, have been extremely useful. During those meetings, we had the opportunity to acquire direct and timely knowledge and became familiar with the priorities of the European Parliament.
At the **informal Ecofin Council meeting** that will take place in Athens on the 1st and 2nd of April 2014, which we would like you to attend Madame Chair, we will have the opportunity to discuss the socio-economic effects of the crisis and ways to address them, as well as examine more effective ways of financing the economy and, especially, the small and medium-sized enterprises.
Banking union is a prerequisite for more trust and reliability as well as for increasing liquidity in the European economy, and safeguarding its financial stability.
By following the final agreement on the Deposit Guarantee Scheme Directive (DGS) and the Bank Recovery and Resolution Directive (BRRD), we will pursue the smooth completion of the legislative process under this Parliament.
The SRM is, undoubtedly, a key element of the Banking Union, and as such, it is an overarching priority of the Greek Presidency. Finalizing the SRM in this legislative term is crucial.
We are all in agreement that any compromise should ensure - above all - efficiency, effectiveness, and credibility of the mechanism.
Following the December agreement of the general approach, the trilogues have started early in January. We will strive to bring closer the positions of the Council and the Parliament and achieve a deal acceptable by all parties.
We are fully aware that we will have a little more than three months to complete it.
Therefore, time is a crucial factor and we should all be really flexible, responsible and constantly, advocate the need to build a stronger eurozone and reinforce citizens' trust.
Greece, by assuming the Presidency of the ECOFIN Council, will work towards **deepening further the integration of the EMU and strengthening the coordination of national economic and fiscal policies**, in order to preserve the integrity of the common currency and promote the necessary growth-enhancing reforms.
In the same context, the Greek Presidency will focus on ways of strengthening the social dimension of the EMU; we consider that this dimension is a prerequisite for cohesion and solidarity in the Eurozone. We strongly believe that fiscal consolidation should be accompanied by friendly to growth and social cohesion policies.

Otherwise, fiscal consolidation leads to prolonged austerity and gives rise to eurosceptism.

Let me turn now to the European Semester. It gave me great pleasure to participate in the Interparliamentary Conference on Economic Governance of the EU that ended its sessions today, and was co hosted by the Hellenic Parliament and the European Parliament.

The Conference provided an open forum for an exchange of views and for finding appropriate ways of enhancing the democratic element of the EU decision-making process, at all levels, and promoting a closer cooperation between national Parliaments and the European Parliament.

By following Ireland's successful management of the European semester process, Greece will seek to effectively manage effectively the **fourth European Semester.**

I am aware that the European Parliament rightly takes a close interest in these matters – something that has been explicitly demonstrated by the programme of the Parliamentary Week.

We aim to enhance the credibility of the procedure and promote the systematic evaluation of reforms in the EU, particularly in policy areas that were identified by the December European Council.

I welcome the fact that the **recent Annual Growth Survey** includes, for the first time, an overview of the state of the implementation of the recommendations that were adopted last June.

The Hellenic Presidency strives to ensure that both economic and social aspects are given adequate attention through the engagement of both ECOFIN and EMCO, during the forthcoming European Semester.

This year, the European Commission plans to submit Country Specific Recommendations after the European Parliament elections. This will be a really challenging exercise for our Presidency, since we will have to manage the process within a very strict timeframe.

The **Macroeconomic Imbalances Procedure** has become an important element of the enhanced economic governance framework and some of the Country-Specific Recommendations that we will adopt in June will be based on this procedure. We will pay special attention to these discussions within the framework of the European Semester.

Let me turn now to the need to guarantee the long – term financing of the economy.

Small and Medium Enterprises (SMEs) constitute the backbone of the European economy, represent 99% of all European firms and account for 70% of the employment in the EU.

By acknowledging that SMEs are a key component of a sustainable recovery, the Greek Presidency will advance discussions for **financing the economy, in particular SMEs' facilitation of access to financing**, aiming to enhance sustainable growth and promote the creation of new jobs.

We consider as particularly important a number of initiatives, such as the joint initiative of the European Commission and the European Investment Bank (EIB) for the financing of the economy, especially the facilitation of access to financing for SMEs, the recommendations of the High Level Expert Group for the financing of growth, the capital increase of the European Investment Fund and the Long-term Investment Funds Regulation related to the financing of infrastructure projects and SMEs. It should be mentioned that shortage of liquidity has been crucial to the aggravation of the crisis, and it is an element that has been rather underestimated so far, especially on the distressed economies of the European periphery.

Let me also say a few words on **taxation policy**. It is highly important to carry on with the appropriate actions, at the European level, against taxation practices that undermine citizens' and investors' confidence and encourage tax fraud and tax evasion.

The adoption of the revised **Savings Directive** is a priority. The Greek Presidency will also follow with great attention the evolution of the negotiations with third Countries, including Switzerland, in conformity with the mandate adopted in May 2013.

As transparency in the area of taxation is becoming increasingly important, we will also continue to work towards an **automatic exchange of tax information** between Member States on a broad range of sources of income and other information.

We will make sure that the EU continues to provide coordinated input to the on-going work of the OECD - aimed at developing a global standard for the exchange of such information.

At a time that public finances are under such pressure across the EU, it is also vital that we do everything possible to stop tax bases being eroded , or profits being unduly shifted. The Council is looking at this seriously by examining the revision of the **Parent/Subsidiary Directive**.

On the **Financial Transaction Tax (FTT),** I am fully aware of the European Parliament's strong support to it**.** The Greek Presidency will continue the discussion in the Council preparatory bodies in the coming months.

A first technical read-through of the text has been completed under the Lithuanian Presidency. Our Presidency will now focus on clarifying some important details of the tax, so that it can be introduced in the Member States taking part in the enhanced cooperation procedure as soon as possible after Council adoption.

In relation to the financial sector supervisory framework, Greek Presidency will aim to revise the **regulatory framework for the supervision of the financial sector,** in order to strengthen trust and increase liquidity in the European economy.

In the area of **capital markets**, the Presidency welcomes the agreement in principle with the Parliament, relating to the reform of capital markets supervision (**MiFID/ MiFIR).**

It constitutes an important step towards establishing a safer, more sound, more transparent and more responsible financial system.

With the revised rules, the European Union, in response to the financial crisis, acquires a significant tool to reduce systemic risk and to ensure financial markets stability, as well as adequate investor protection.

On the **benchmarking** legislative proposal, I understand Madam Chair, that you are the rapporteur on this very important file. In this field we will try to advance work on the Council, as soon as possible. I will agree with you that it is highly important to provide sufficient protection for both consumers and investors.

Regarding **PRIPs** and following the negotiation mandate agreed by the European Parliament on 20 November, I received a letter by the rapporteur Ms Beres on this topic.

As I have emphasized in my reply, I am fully aware of the need to improve the quality of information provided to consumers across Europe, considering investments and therefore, I share your commitment to further advance this proposal.

In relation to **UCITS V Directive**, the Council has reached its general approach early December, and this initiated negotiations with the EP on the 7th of January. The two positions are not very far apart, and I am confident that we will have a political agreement very soon, on a directive that will introduce new vital rules on depository functions, remuneration policies and sanctions.

The Greek Presidency will also promote a more secure and competitive **European payments market,** which will allow lower charges, transparency and a wide range of facilities for the benefit of consumers.

In this respect, I really much hope that we can conclude negotiations on the **Payment Accounts Directive** which aims at removing the obstacles to a fully integrated internal market for retail banking. Improved transparency in this area is critical so that our citizens can compare fees and make informed decisions on the cost of the services provided by retail banks. The objective of the directive to improve the access to basic payment accounts for all EU citizens is really important for our Presidency. It will contribute to the improvement of social inclusion as well as to the enhancement of competition among credit institutions, for the benefit of consumers.

Honourable Members, Madame Chair,

In a country where democracy was born, we greatly appreciate the crucial role that the European Parliament plays in the legislative procedure of the EU and, particularly, in promoting common principles and perspectives for the people of Europe.

For the Greek Presidency, the European Parliament will be a critical partner, in order to fulfil the goals we have set as our priorities.

I look forward to working and cooperating with you and benefiting from your input over the coming months.