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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 4 and 5 November 2013

The meeting was chaired by Ms BOWLES (ALDE, UK) and Mr ZALBA BIDEGAIN (EPP, ES).

Item 1 on the agenda

Adoption of the agenda

The agenda was adopted.

Item 2 on the agenda

Approval of the minutes of the meeting of 14 October 2013, PV – PE521.638v02-00

The minutes were approved

Item 3 on the agenda

Denominations and technical specifications of euro coins intended for circulation (recast)

ECON/7/12475 2013/0096(NLE)

Rapporteur: Mr Jean-Paul GAUZES (EPP)

- Consideration of draft report

Mr GAUZES (EPP, FR) proposed adopting the Commission recast on Council Regulation (EC) No 975/98 to incorporate the earlier recommendations of the European Central Bank in relation to technical specifications of euro coins. He explained that he had tabled two amendments to enhance the fight against counterfeiting and the scrutiny powers of the European Parliament on the reasons for the Commission objecting to new national circulation coin designs.

In the debate that followed Mr GIEGOLD (Greens/EFA, DE), on behalf of Mr BESSET (Greens/EFA, FR), agreed with the rapporteur's views.

Deadline for amendments: 14 November 2013. Consideration of amendments: 5 December 2013.

Item 4 on the agenda

Money market funds

ECON/7/13748 2013/0306(COD)

Rapporteur: Mr Saïd El KHADRAOUI (S&D)

- First exchange of views

Mr El KHADRAOUI (S&D, BE) listed the key points to be addressed: setting uniform rules and a regulatory framework for Money Market Funds (MMFs), defining MMFs, reducing liquidity risks, addressing the level of capital buffers, the role of ratings and the degree of supervision.

In the subsequent exchange of views, all speakers agreed with calls for a swift agreement, uniform rules across the EU and increased protection of investors through the creation of a regulatory framework for MMFs. However differences arose over the character and nature of MMFs.

Mr GAUZES (EPP, FR) agreed to discuss buffer rates. He judged contradictory for the Commission to propose a ban on rating requests while conceiving a regulation for the industry at EU level and preferred to have organised and regulated bodies issuing ratings instead of unregulated entities.

Mr GAUZES did not view MMFs as banks and advised against a shift towards overregulation. Ms GOULARD (ALDE, FR), on behalf of Mr KLINZ (ALDE, DE), called for more focus on the work of the European Systemic Risk Board (ESRB) and of the International Organization of Securities Commissions (IOSCO) to foster global convergence. She felt that liquidity should be the key objective of MMFs and proposed addressing investor accessibility, bank sponsorships for extra capital and liquidity, specific liquidity provisions, minimum requirements for overnight, weekly and monthly liquidity (20, 40 and 60 per cent), direct information obligations to the supervisory authorities and the European Securities and Markets Authority (ESMA), and charging liquidity fees. She did not view MMFs as banks either but admitted that the link between both was problematic especially on capital requirements and warned against creating a second category of banks. On the other hand, Mr LAMBERTS (Greens/EFA, BE) considered MMFs and especially Constant Net Assets Value (CNAV)s MMFs quasi-banks and recommended having MMFs following similar standards on bank capital, (CRD IV package) which would imply CNAV)s becoming Variable Net Assets Value (VNAV)s MMFs and or becoming submitted to the most stringent requirements on capital buffers. He proposed addressing the counter cyclical aspect in the requirements to the MMFs since it induced and amplified volatility and favoured countercyclical prudential requirements. He suggested as well submitting CNAV)s to special purpose banking licences; aligning the transition period with CRDIV, and limiting the potential exposure of MMFs to Over-The-Counter (OTCs) derivatives to limit the systemic risk. Finally, he asked if it would not be wise to have the European Banking Authority more involved in the supervision of MMFs to ensure supervisory coherence. Mr Kamall (ECR, UK) stressed that the regulation did not address three overall agreed principles: to end with tax payers' bailouts of failing banks, to ensure the liability of hierarchies and to establish adequate accounting standards. He suggested clarifying the relations between MMFs and banks and warned against abolishing CNAV)s since it could lead to the concentration of risk. Finally, he questioned the proposal to ban external credit ratings in detriment of internal ratings. Ms BOWLES (ALDE, UK) also opposed the creation of another tier of banks pointing out that Europe was too reliant on banks and did not have enough funding from the markets.

The rapporteur agreed with calls to address ratings and the preference for VNAV)s over CNAV)s due to differentiation in risk.

Consideration of draft report: 2 December 2013. Deadline for amendments: 10 December 2013.

Item 5 on the agenda

Indices used as benchmarks in financial instruments and financial contracts

ECON/7/14051 2013/0314(COD)

Rapporteur: Ms Sharon BOWLES (ALDE)

- First exchange of views

In her introductory remarks, Ms BOWLES (ALDE, UK) reiterated the need to ensure the accuracy and integrity of benchmarks including its setting process and considered the scope of the proposal too large. She favoured focusing on administrators and defining in Article 5 a set of qualifying benchmark categories. In her opinion, once an administrator was in the regulation then all his benchmarks should also be included automatically using the principle of proportionality. She referred to the standards of the International Organization of Securities Commissions (IOSCO) for third countries with a 5 year transition period and proposed extending the period to apply for authorization in the EU for third countries from 24 to 30 months. She held that the code of conduct in Article 9 and elsewhere did not have to be per benchmark and that the code of conduct of an administrator could be generalised with sectoral extras once the principle of proportionality was applied. She also suggested additional references to IOSCO compliance in Article 12 and in the annexes, as well as more clarity when defining critical benchmarks. She amended Article 15 to ensure adequate information on the use (or not) of discretion. Finally, she stressed concerns over intellectual property, pointed out that the disclosure of data did not mean disclosure of methodology and suggested deleting Article 25.

In the debate that followed, the Commission proposal was broadly supported by all groups. Most supported a strong role for ESMA. However discrepancies arose over the scope of the regulation.

Mr MITCHELL (EPP, IE) recommended further discussions on the scope of the Commission proposal to seek further clarification and avoid possible divergent rules and to include in the regulation references to consumer price and purchasing managers' indexes produced by National Statistic Agencies (NSAs). He considered the provisions on whistleblowing insufficient and suggested using the ESMA and the European Banking Authority (EBA) paper on the principles of benchmark setting processes. He welcomed as well the proposals on auditing and announced that he was considering addressing the Financial Times and the London Stock Exchange compliance requirements behind closed doors and its effects on NSAs.

Ms TURUNEN (S&D, DK) noted that the provisions on the level of sanctions should be aligned with the legislation on market abuse and was convinced that the ongoing cases of manipulation justified the use of the widest possible scope. Yet she admitted the need to set a limit on the size. She considered key to have demands for disclosure of data and methodology at the right level and said that her group was considering including provisions on the right for compensation of losses for investors due to benchmark manipulation. Additionally, she felt necessary to secure a strong supervisory role for ESMA to ensure coherence between the different benchmarks.

Mr GIEGOLD (Greens/EFA, DE), on behalf of Mr LAMBERTS (Greens/EFA, BE), disagreed with Ms BOWLES' idea to delete Article 25 and advocated a strong role for ESMA. In his opinion any index having a European wide impact should be overseen by a community body.

Mr Kamall (ECR, UK) hailed adherence to IOSCO guidelines, proposed focusing on the systemic relevant benchmarks to avoid market manipulation, favoured a risk based regulation instead of a one size-fits-all approach, and agreed with calls for consistency with market abuse legislation.

Ms GOULARD (ALDE, FR) thought that the definition of the scope should include all relevant and directly accountable stakeholders.

The Commission representative explained that the regulation was broad in scope in order to be aligned with IOSCO. He held that benchmarks sharing the same risks should be subject to the same rules and advocated a proportional approach with specific rules for different benchmarks, a strong role for ESMA in the colleges of supervisors, and provisions for level 2 measures to tailor the rules to different types of benchmarks. He did not judge essential to address whistle blowing since it had been addressed in the market abuse legislation but expressed openness to discuss it. He thought that critical benchmarks were adequately addressed and noted that in case of disagreements on critical decisions (authorization and sanctions) ESMA would act as by binding mediation.

Ms BOWLES claimed that the delegated acts given to the Commission were too broad. She admitted to enhancing ESMA's role in terms of guidelines and regulatory technical standards and defended proportional and practical arrangements to avoid overwhelming the competent authorities with countless notifications of numerous benchmarks. She favoured the right levels of disclosure to authorities and explained that Article 25 was deleted because the essence was elsewhere.

Consideration of draft report: 5 December 2013.

Item 6 on the agenda

The European System of Financial Supervision (ESFS) Review

ECON/7/13127 2013/2166(INI)

Rapporteur: Mr Sven GIEGOLD (Greens/EFA)

- Consideration of draft report

In his first contribution, Mr GIEGOLD (Greens/EFA, DE) summed up the key items in the initiative report. He referred to the improvement in the cooperation between the three European Supervisory Agencies (ESAs) and the European Systemic Risk Board (ESRB). However, he also stressed that the ESAs had not fully used all the powers conferred upon them by the EU as regards binding mediation and consumer protection. In his opinion those key competences were not fully used due to a combination of factors such as the excessive weight of national authorities and the European Central Bank (ECB) and a weak European dimension in the decision making structure of the ESAs. He underlined problems on the macro supervisory side due to inadequate resources and powers and claimed that the EU institutions did not always follow the recommendations made by the ESAs and the ESRB on OMNIBUS II, on lending in foreign currencies and on macroeconomic tools in banking supervision. He also advocated more level 2 legislative powers for the ESAs, the enhancement of the macroprudential side of EU supervision and the transformation of the ESRB into an institution in its own right, since too much power had been concentrated in the ECB.

In the subsequent exchange of views, speakers broadly agreed with the rapporteur on calls for adequate resources and on the need to address the implications of the new ECB powers. But not all speakers agreed on changing the current supervisory setup. Differences also emerged on the voting modalities and weighting in the boards and colleges of supervisors.

Ms LULLING (EPP, LU) concurred with the need to address the implications of the ECB's new powers. Nonetheless she stressed the European Parliament's (EP) insistence on attributing a key role to the ECB in banking supervision and therefore considered that it would be inopportune to change the current supervisory setup. She favoured a shift towards more extensive use of the community method and simple majority voting in the functioning of the European System of Financial Supervision (ESFS) and held that the size of the financial sector and the demography of a given country should also be taken into account in the decision making process.

Ms LULLING also proposed setting up a firewall on powers granted to the ESAs on level 2 legislation and agreed with the idea of setting a strictly EU budget for the ESFS.

Mr SANCHEZ PRESEDO (S&D, ES) recommended tackling the issues in the review clause. He agreed with calls for the separate profile of the ESRB and its macroeconomic element to be enhanced, and proposed strengthening the ESAs internationally (mutual recognition). He stressed the importance of the single rule book and of consumer protection and sided with those advocating a shift towards an independent college with a European mandate and single majority voting.

Mr SCHMIDT (ALDE, SE), on behalf of Mr KLINZ (ALDE, DE), proposed including in the introductory part key attributes of effective resolution regimes for financial institutions, enhancing the investigatory powers of the ESAs and focusing on the reasons why the ESAs had not used some of their current powers. He expressed some reservations about enlarging the ESAs' mandate on binding mediation, about granting the ESRB the power to introduce leverage ratios or loan-to-value ratios and about its mandatory involvement in the legislative process. In his opinion, the key point in the report was the level of the ESAs' access to information. He proposed postponing any decision on direct supervision of Central Counterparty Clearing (CCPs) houses and insurers and preferred qualified majority to simple majority voting on the board of supervisors. Nevertheless, he agreed with the need to change voting rights in order to respect the principle of proportionality among Member States. He underscored the lack of flexibility in recruitment and noted that ESAs did not have enough staff to perform their core duties. He therefore rejected any suggestion that their powers should be expanded.

Ms SWINBURNE (ECR, UK) underlined existing frictions between the ESAs and certain Member States. She favoured adequate resources for the ESAs to ensure the use of all their investigative powers and preferred to revisit some non-binding mediation roles for the ESAs which would not threaten national jurisdictions. She backed suggestions to create a consumer stakeholder group and to increase the ESRB's independence. She also announced the submission of amendments on the improvement of the production of financial data, on the peer review process, on the independence of the ESAs from the Commission, and on the merger of the three ESAs into one entity, which she strongly opposed.

Mr KLUTE (GUE/NGL, DE), seconded the calls for additional financial and human resources for the ESAs and the review of the financing structure in order to make it more independent and warned against the excessive concentration of power in the ECB.

Mr GAUZES (EPP, FR) agreed with calls for additional resources. Mr BALZ (EPP, DE) praised the work done by the ECB and therefore disagreed with calls to enhance ESRB's independence.

Mr BALZ agreed, however, that there should be a separate budget line for the ESAs. Mr LANGEN (EPP, DE), on the other hand, did not have any problem with setting up the ESRB outside the ECB, while Ms BERES (S&D, FR) did not see any problems in merging the three seats of the ESAs. Moreover, she favoured simple and weighted majority voting and did not fear the concentration of power in the ECB but cautioned against the absence of checks and balances. Ms BOWLES (ALDE, UK) proposed revisiting the ESRB due to the implications of the new Single Supervisory Mechanism and of macroprudential controls/powers which she thought should be clarified and simplified. She also advocated more transparency in the decision making process of ESAs in order to identify which Member States were blocking certain decisions.

The rapporteur stressed again the potential conflict of interest between monetary policy and financial stability.

Consideration of amendments: 16/17 December 2013. Vote in ECON: 21 January 2014.

Items 7 and 8 on the agenda

Payment services in the internal market and interchange fees for card-based payment transactions

ECON/7/13490 2013/0264(COD) and ECON/7/13565 2013/0265(COD)

Rapporteurs: Mr Diogo FEIO (EPP) and Mr Pablo ZALBA BIDEGAIN (EPP)

- First exchange of views

Items 7 and 8 were dealt with jointly. In his initial remarks, Mr FEIO (EPP, PT) referred to the positive feedback provided by stakeholders on the first Payment Services Directive (PSD) framework. However, he mentioned the need for review in order to curtail fragmentation, to streamline the language used in the proposal, to provide consumers and retailers with accessible information as well as convenient and secure payment methods, to reinforce the Single Euro Payment Area (SEPA), to facilitate standardization through an adequate governance framework, to ensure legal certainty in the field of interchange fees for card-based payments and to address surcharges, and third party payment providers (TPPs).

Mr ZALBA BIDEGAIN (EPP, ES) stressed the need to focus on transparency of charges, to foster the single market and innovation, to strengthen consumer protection, and to set uniform technical and business requirements on interchange fees for card-based payment transactions.

Mr ZALBA BIDEGAIN mentioned the absence of EU legislation and the need to create common rules for interchange fees. He also acknowledged the existence of some controversial points, especially the scope of the regulation on Multilateral Interchange Fees (MIFs) in Article 1 (three versus four party schemes). Moreover, he thought the Commission proposal was not adequate regarding the criteria for establishing caps on the level of interchange fees and underlined the absence of an impact assessment on capping in the Commission proposal. He questioned the attempts in the proposal to achieve differentiation in the adaptation period and proposed improving the wording in Article 6 on Licensing and clarifying Article 7 on the separation of payment card schemes and processing entities. Finally, he expressed some objections regarding Article 10 on banning the ‘Honour all cards rules’.

In the exchange of views that took place immediately after, Mr LUDVIGSSON (S&D, SE), shadow rapporteur for the payment services in the internal market report, agreed with the need to legislate on TPPs and for more consumer protection. He supported calls to broaden the scope to include TPPs, to set up caps on interchange fees and to strike the right balance between three and four party schemes but expressed doubts about the validity of the Commission proposal.

Mr BALDINI (S&D, HR), rapporteur on the interchange fees proposal, stressed that more should be done for consumer protection and innovation.

Ms IN 'T VELD (ALDE, NL), shadow rapporteur for both reports, advocated more simplicity and effectiveness in order to boost the internal market. She backed a European payment system and considered it an anachronism to continue to talk about national payment systems in an open European market. She referred to the emergence of new methods of payment, which would have to be taken into account in order to propose a forward looking model. She enquired about the reasons for establishing certain percentages for the caps on MIFs, claiming that the absence of any plausible justification should result in the deletion of the caps. She suggested aligning national and cross border approaches on MIFs, opposed surcharges and favoured a system open to newcomers and new products.

Mr BESSET (Greens/EFA, FR) spoke as shadow rapporteur for payment services and on behalf of Mr EICKHOUT (Greens/EFA, NL) on interchange fees. He expressed satisfaction with the Commission modernization and simplification proposals and favoured the expansion of the scope of the first proposal to include TPPs. As regards the interchange fee proposal, he viewed the setting up of ceilings as a key point and cautioned against self-regulation. He also told the committee that his group would focus on democratic rules and technical standards.

Mr FOX (ECR, UK), shadow rapporteur for both files, agreed with calls for a competitive market with few distortions, with bringing TPPs into the scope of PSD2 and expressed concerns with interchange fee caps and fixed prices which in his opinion would hinder innovation.

Mr KLUTE (GUE/NGL, DE) proposed enhancing supervisory powers on sanctions to ensure the implementation of PSD2 and warned against overlaps with his report on payment accounts.

Mr TERHO (EFD, FI), shadow rapporteur for both reports, advocated a level playing field with additional transparency, clarity and security to promote fair competition and benefit the consumer. He considered interchange fees acceptable provided there was no other alternative.

Mr FEIO admitted the need to focus on TPPs, surcharges, information and security while Mr ZALBA BIDEgain noted that he would focus on caps, e-commerce and new payment methods.

Consideration of draft reports: 16/17 December 2013.

Item 9 on the agenda

Chair's announcements

Mr ZALBA BIDEgain (EPP, ES) told the committee that Mr MOSCOVICI, French Minister for the Economy, would not attend the meeting scheduled for the exchange of views with the committee on 14 November and that a new meeting was planned for 12 February 2014. He informed the committee that a trilogue on the Banking Recovery and Resolution Directive had taken place on 22 October and had focused on issues concerning direct government intervention. The next trilogue would take place on 12 November. He also announced that a trilogue on OMNIBUS II had taken place on 24 October, but no fundamental progress had been made on any issue; the next trilogue would take place on 15 November.

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

Item 10 on the agenda

Mandatory automatic exchange of information in the field of taxation

ECON/7/13023 2013/0188(CNS)

Rapporteur: Mr CUTAS (S&D, RO)

- Adoption of the draft report

The draft report was approved, with 33 votes in favour, 0 against and 9 abstentions.

Item 11 on the agenda

European Central Bank Annual report for 2012

ECON/7/12316 2013/2076(INI)

Rapporteur: Mr PITTELLA (S&D, IT)

- Adoption of the draft report

The draft report was approved, with 41 votes in favour, 5 against and 1 abstention.

*** *End of vote* ***

Item 12 on the agenda

Statistics relating to trading of goods between Member States as regards conferring of delegated and implementing powers upon the Commission for the adoption of certain measures, the communication of information by the customs administration, the exchange of confidential data between Member States and the definition of statistical value.

ECON/7/13560 2013/0278(COD)

Rapporteur: Mr Hans-Peter MARTIN (NI)

- Consideration of draft report

In his initial address Mr MARTIN (NI, AT) stressed the importance of data protection. He wanted to avoid excessive additional costs for national statistical authorities and to extend the deadline for the submission of objections by the European Parliament from two to three months.

During the exchange of views, all speakers supported the Commission proposal. Mr PALLONE (EPP, IT) proposed having one member per country on the European Statistical Service (ESS). Mr HOANG NGOC (S&D, FR) underscored the need for a uniform definition of statistical value, keeping the costs for Member States under control as well as including a clause to ensure that confidential data was only used for statistical and tax purposes. Mr SCHMIDT (ALDE, SE) proposed setting some limitations on the exchange of confidential information while Mr LAMBERTS (Greens/EFA, BE) asked for clarifications on amendments 9, 10 and 11. Finally, Mr KAMALL (ECR, UK) stressed the need to exchange only data that needed to be exchanged.

Deadline for amendments: 12 November 2013. Vote in ECON: 2 December 2013.

Item 13 on the agenda

European Long-term Investment Funds

ECON/7/13277 2013/0214(COD)

Rapporteur: Ms Rodi KRATSA-TSAGAROPOULOU (EPP)

- First exchange of views

In her opening address Ms KRATSA-TSAGAROPOULOU (EPP, EL) outlined the main objectives of the Commission proposal: to set up a cross border framework to encourage long-term investment, to attract new capital and to involve small investors. She wanted to include listed stock exchange companies in the funds, to assess the ideal lifespan of the funds and to address taxation.

In the debate that followed, Ms MIZZI (S&D, MT) on behalf of Mr EL KHADRAOUI (S&D, BE), viewed long-term investment funds (LIFs) as an adequate instrument to channel savings towards infrastructure projects and to offset the dependence on bank loans. She proposed clarifying some points to make sure that the idea of a European passport was workable.

Mr DE BACKER (ALDE, BE) recommended addressing market mismatches and the reasons why LIFs did not attract the right type of investors, as well as distinguishing between funds for retail investors and for institutional investors.

Mr LAMBERTS (Greens/EFA, BE), on behalf of Mr GIEGOLD (Greens/EFA, DE), noted that managers of LIFs should undergo a professional authorization process. He suggested having the European Securities and Markets Authority (ESMA) responsible for the public register on LIFs, which in his opinion should include information on the investment portfolio. He claimed that the use of derivatives should be restricted to hedging and proposed matching the maturity of debt with the predefined life of LIFs to prevent liquidity problems, as well as clarifying what was considered as an investment in real assets in order to assess systemic risk implications.

Finally, Mr KAMALL (ECR, UK) noted that potential investors advocated some flexibility in the funds since redemption would not be possible until the end of the fund's life. He proposed enabling shorter term investments to allow for different funds to be developed for different investor groups.

Consideration of draft report: 26 November 2013. Deadline for amendments: 2 December 2013.

Item 14 on the agenda

Public Hearing on Successes and Failures in Crisis Countries

ECON/7/14301

Several academics intervened in the first two panels. Mr JORION drew two scenarios in the event of the insolvency of the euro area: the first consisted in creating a smaller and solvent area and ejecting insolvent countries which would have to restructure their debt, restore their currency; and devalue it; and the second in having a general default and the pooling of debt with a devaluation of the euro vis-à-vis other currencies, through a financial, fiscal and banking union. Mr FERNANDEZ stressed the ill-fated set-up of the European Monetary Union and the frictions arising from the coexistence of national regulations with the aspirations of EU regulation. He considered the powers of the European Central Bank (ECB) to be limited and noted that without a EU deposit guarantee scheme, a euro deposited in a 'good' Spanish bank would always worth less vis-à-vis the market than a euro deposited in a 'bad' German bank. Mr TIMBEAU warned against the risk of wage deflation. He noted that, nominal wages in Greece and Portugal had fallen for the first time since 1945 and that short term gains in competitiveness were offset by a rising debt burden.

So, Mr TIMBEAU suggested suspending austerity and striving for long-term equilibrium by setting minimum wages for each country which could be adjusted dynamically by increasing the minimum wage in surplus countries and lowering it in deficit countries. Mr SAINT-PAUL advocated austerity and wage devaluation and claimed that Greece could not afford a high level of social protection.

In the third panel, Mr DEROOSE from the Commission and Mr MASUCH from the ECB noted the utility of the Troika model for dealing with the challenges facing Euro-area countries, stressed the ownership of the programmes by the Member States concerned and announced that the three institutions which made up the Troika had stated their intention to continue their involvement for the foreseeable future. Moreover, Mr DEROOSE acknowledged the Commission's awareness of the European Parliament's own initiative to study the functioning of the Troika with a view to enhance its legitimacy and underscored the Commission's commitment to reinforce accountability. Both admitted that despite some progress in crisis countries many challenges remained such as enhancing growth, reducing unemployment, prices and financial market fragmentation, adjusting the labour and product markets, continuing fiscal consolidation, fostering competition and investment and fighting tax evasion and corruption.

MEPs criticised the work of the Troika, its lack of democratic accountability, and the design of the assistance programmes (Mr KARAS –EPP,AT-; Mr FEIO -EPP, PT-; Ms BOWLES -ALDE, UK-). They also accused the Troika of poor economic forecasting (Mr EPPINK –ECR, BE-) and were highly critical of the economic and social consequences of the Memorandums of Understanding (MoU) (Mr SKYLAKAKIS -ALDE, EL-; Ms MATIAS -GUE/NGL, PT-). They mentioned that the programmes should not only focus on the redress of the economy; underlined the need for political and social stability, and asked if serious unrest was factored in the programmes (Ms PODIMATA -S&D, EL-). MEPs also questioned the true nature of the role of the Commission and of the ECB in the Troika and in the design of the MoU, (Mr LAMBERTS -Greens/EFA, BE-), and underscored the disagreements between the International Monetary Fund (IMF) and the Commission on fiscal multipliers (Mr HOANG NGOC -S&D, FR-). The absence of the IMF in the public hearing was also mentioned among speakers (Mr LANGEN -EPP, DE-).

Mr DEROOSE and Mr MASUCH noted that the role of the Troika was merely technical and that the real decision-making power lay with the Eurogroup. Both admitted that the forecasts were at times off-track and in particular in the case of Greece which in their opinion resulted from incorrect figures provided by the Greek government in 2010, from political instability and a lack of ownership of reforms which according to both had also increased the social cost. Nevertheless Mr DEROOSE pointed out the accuracy of forecasts in the case of Ireland and warned against confusing poor forecasting with programme failures. Both reiterated the positive effects of the assistance programmes which had avoided disorderly defaults, improved competitiveness, fiscal consolidation, recapitalized the banking sector and reduced funding stress for sovereigns and contributed to a return to growth in most crisis countries. Nevertheless they accepted that some things could have been done differently. Mr DEROOSE said that there was too little emphasis on competitiveness in the first Greek programme, while financial stability in the banking sector should have featured more strongly when it came to restructuring and recapitalizing banks, whereas Mr MASUCH admitted that the Troika had overestimated the capacity of the public administration to implement such large programmes. In his opinion, the surprising experience in Greece was to see the extent to which vested interests tried to avoid, delayed and water down reforms. Both officials reassured the committee that the Troika took into account social and political difficulties and that this was reflected in the flexibility which was built in the programmes.

Item 15 on the agenda

Any other business

No other business was discussed.

Item 16 on the agenda

Next meeting

The next meeting will be held in Strasbourg on 18 November 2013.
