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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 7 April 2014 Chair: Ms Bowles (ALDE, UK) and Mr Zalba Bidegain (EPP, ES)

ECON decided to table for plenary the texts agreed between the European Parliament and the Council on two codecision files on key information documents for investment products and on payment accounts. It voted on the informal report on the possible adoption by Lithuania of the euro and held exchanges of views with the Vice-President of the European Central Bank, Mr Vítor CONSTÂNCIO, and with the Commissioner for Taxation and Customs Union, Audit and Anti-Fraud, Mr Algirdas ŠEMETA.

Agenda item 1

Adoption of the agenda

The agenda was adopted.

Agenda item 2

European Central Bank Annual Report for 2013

ECON/7/15553

- Exchange of views following the presentation of the Annual Report by ECB Vice-President, Vítor Constâncio

In his introductory statement, Vice-President CONSTÂNCIO delivered the speech in Annex I, in which he presented the monetary policy pursued by the European Central Bank (ECB) in 2013, reviewed the progress made in financial legislation, and reflected on the way ahead.

MEPs praised the ECB's work, its active dialogue with the European Parliament (EP), and the expertise provided on numerous legislative files. Ms WORTMANN-KOOL (EPP, NL) and Ms BOWLES (ALDE, UK) focused their interventions on the preparations of the comprehensive assessment. The former voiced concerns about the level of involvement of independent experts, and the latter about transparency. Mr DOMENICI (S&D, IT) and Ms FERREIRA (S&D, PT) enquired about the use of unconventional instruments to deal with a prolonged period of low inflation. The latter also urged the ECB to ensure the existence of a credit line from the outset of the set-up of the Single Resolution Fund and questioned the success of austerity measures in the EU. Mr SCHMIDT (ALDE, SE) wondered what would be the appropriate level/pace of fiscal consolidation to secure a continued period of sustained growth and Mr GIEGOLD (Greens/EFA, DE) what the ECB's position was on preventive recapitalisation under the Bank Recovery and Resolution Directive (BRRD). He feared that Article 27(2) of the BRRD text would enable preventive recapitalisation and hence the bailing out of banks with taxpayers' money. Lastly, Mr LANGEN (EPP, DE) referred to the ECB's macroeconomic supervision mandate and feared an increase in imbalances.

Mr CONSTÂNCIO returned the MEPs' compliments. He confirmed the active involvement of independent private firms (5 000 external experts) with full access to all bank records in the 18 countries subject to the comprehensive assessment in order to enhance the transparency and credibility of the exercise, and explained that it was difficult to anticipate the size of the capital shortfall before the comprehensive assessment, which could be smaller than expected due to the current enthusiasm for bank assets and the improvement of market expectations.
He conceded that a potential situation of prolonged low inflation with a high levels of private and public debt overhang could have negative effects within the economy.

In addition, Mr CONSTÂNCIO underlined the unanimous decision by the Governing Council of the ECB to consider extraordinary measures in the event that it observed significant deviations from its medium-term inflation targets.

He said that countries with structural imbalances and high debt ratios had no choice but to pursue fiscal consolidation and to respect their commitments, which was made more difficult by the current stagnation of advanced economies and the declining population trend (0.6% per year until 2030).

He pointed out that the Commission guidelines on State aid and the bail-in of subordinated debt would always apply, irrespective of the interpretation of the bail-in rules in the BRRD text, and that the ECB had not argued for lax use of the provisions on bail-in in the BRRD text.

He mentioned several ongoing technical studies which would determine the ECB's policy stance on the purchase of sovereign bonds and explained that the ECB would ensure price stability in the medium term by avoiding inflation and deflation. He claimed that low inflation had become a generalised trend across the globe and had led to lower interest rates. He referred to the conclusions drawn in Chapter 3 of the International Monetary Fund's World Economic Outlook, which state that interest rates will remain low for a considerable amount of time. He also said that investment in the euro area was 18% lower than in 2007 due to a lack of demand, and that the existing imbalances in stress countries had already been largely addressed.

He noted that the ECB accepted credit to SMEs as direct collateral for its monetary policy operations through a programme called additional credit claims, which had not been used to the expected extent due to low growth and banks' risk aversion. He explained that the tools available for central banks in this respect were scarce and that the ECB could not force banks to lend to the real economy and added that the main refinancing rate of the ECB was 0.25%, and that in the past the ECB had attempted to increase the monetary and credit aggregates with the creation of two liquidity operations to stimulate the economy.

Agenda item 3

Possible adoption by Lithuania of the euro

ECON/7/15316

Rapporteur: Werner Langen (EPP)

- Consideration of amendments

The consideration of the 31 tabled amendments reflected earlier exchanges of views. The informal report was adopted by the Committee soon after.

Agenda item 4
Chair's announcements

Ms BOWLES (ALDE, UK) stated that in the past three years, the Committee on Economic and Monetary Affairs (ECON) had successfully and proactively implemented the Six-Pack and the Two-Pack Regulations, and that the main driver had been a clear ambition to improve democratic accountability of the decisions taken within the new economic governance framework. She said that the Committee had increased the number of economic dialogues and exchanges of views it had with EU institutions and that it had set up and commenced implementation of economic dialogues with Belgium, Spain, Germany, France, Italy, Hungary, Malta, Slovenia, Latvia, Greece and Lithuania, as well as with the respective country holding the Council Presidency. She added that during the current legislative term, ECON had attempted to organise even more economic dialogues and that invitations were pending for economic dialogues with France, Luxembourg and Portugal, and for an exchange of views with the Managing Director of the European Stability Mechanism. She noted that ECON coordinators had expressed their wish still to hold an economic dialogue with France during the current mandate and that a slot had been blocked for this purpose from 08:30 till 10:00 on 17 April in Strasbourg[1].

She also made some announcements on the finalisation of ECON files in Council. She said that the Council had officially informed the European Parliament (EP) on 4 April that it no longer had the necessary resources to carry out the finalisation of the open ECON files in time for a corrigendum to be presented to the outgoing Committee, and that it had been instructed to prioritise finalisation of the Georgia and Moldova Association Agreements in the period 23 April-23 May to the exclusion of everything else. She explained that this would mean that finalisation would not proceed on any of the six open ECON files, including the Single Resolution Mechanism (SRM). While she understood that the association agreements had been prioritised in the light of the situation in Ukraine, she urged the Council to fulfil its pledges, in particular on the SRM, whose provisions relating to the Board should enter into force on 1 January 2015. She considered it essential to ensure a timely finalisation which would allow for the reconsultation of ECON and for a corrigendum in July I, in order for the the Regulation to enter into force and be implemented within the agreed timeframe. She stressed that any delay in the legal revision would delay the whole process and could have a knock-on effect on the application of the Regulation.

[1] This meeting has since been cancelled.

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

Agenda item 5

Reconsultation of the Committee: (Rule 70 of the Rules of Procedure):

- Key information documents for investment products (rapporteur: Pervenche Berès)

- Payment accounts (rapporteur: Jürgen Klute)

ECON/7/12108

Ms FERREIRA (S&D, PT), on behalf of Ms BERÈS (S&D, FR), considered the text a key legislative act which would protect retail investors and provide suitable information on investment products. She welcomed the final result of negotiations with the Council and felt that the European Parliament (EP) had achieved a good compromise. She listed the main achievements, which included: a wider scope of financial products covered by the Regulation that included insurance-based products (the Commission would have to assess in four years whether pension products will continue to be excluded); better information on distribution costs and on economic, social and environmental characteristics of the investment products; a comprehensive alert mechanism on the complexity of the products; the creation, if needed, of a European fund calculator by the Commission in four years' time; the alignment of the intervention powers of the European Insurance and Occupational Pensions Authority (EIOPA) and respective national competent authorities with the current provisions of the other two European Supervisory Authorities; the improvement of the sanctions regime through the introduction of pecuniary sanctions in the event of misleading and false information.

Mr KLUTE (GUE/NGL, DE) underlined the fact that the United Kingdom had relinquished its right to an opt-out or exception thanks to the support of the Commission.

Both Ms FERREIRA and Mr KLUTE recommended a first reading agreement with the Council.

Ms BOWLES (ALDE, UK) informed the Committee that any corrigendum on either file would be subject to delays.

The Committee decided to table the agreed texts between the EP and the Council for vote in plenary.

Agenda item 6

Possible adoption by Lithuania of the euro

ECON/7/15316

Rapporteur: Werner Langen (PPE)

- Adoption of draft report (informal)

The draft report (informal) was approved, with 29 votes in favour, 0 against and 1 abstention.
****** End of vote ******

Agenda item 7

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

ECON/7/00333

Commissioner ŠEMETA delivered the speech in Annex II in which he praised the role of the European Parliament (EP) in major tax files, updated the Committee on the progress made during the legislative term, and listed the main challenges ahead.

MEPs thanked Commissioner ŠEMETA for his work and for the excellent cooperation with the EP. Mr GAUZÈS (EPP, FR) called for more tax and social harmonisation for the EU to regain the interest of citizens, and asked if the international standards on exchange of information would be adopted soon by the Organisation for Economic Cooperation and Development (OECD). Ms FERREIRA (S&D, PT) underlined the importance of social justice and fairness during the crisis and called for a swift agreement on the Financial Transaction Tax (FTT) and the Common Consolidated Corporate Tax Base (CCCTB). Mr SCHMIDT (ALDE, SE) criticised existing differences in the overall level of taxation in EU countries and called for the improvement of tax regimes across the EU to render them more just and growth friendly. Mr GIEGOLD (Greens/EFA, DE) deplored the lack of progress on certain files such as the CCCTB and the taxation of energy, which had caused the adoption of additional austerity measures. Mr KLUTE (GUE/NGL, DE) considered the provisions on the Money Laundering Directive to fall short of expectations, while Ms GÁLL-PELCZ (EPP, HU) considered that not enough had been done in the area of tax evasion and tax avoidance. She also suggested focusing on reverse taxation and company registers in order to improve transparency and tax collection. Lastly, Mr HOANG NGOC (S&D, FR) criticised the Commission's stance on the legislative proposal on the European Statistical System.

In response, Commissioner ŠEMETA referred to the constraints in the field of taxation caused by the unanimity rule, which had slowed down progress in many legislative files. He felt that substantial progress had nevertheless been achieved during his mandate and looked forward to further developments before and after the European elections on the Parent-Subsidiary Directive, the Administrative Cooperation Directive and the FTT. He promised to prepare a legacy document by the end of his mandate and explained that the Commission would adopt a White Paper on the definitive VAT regime during the current legislative term.

He told the Committee that the rules governing international standards had been endorsed by the G20 Finance Ministers in Australia in February and that they were expected to be adopted during the next OECD Ministerial Meeting in May. He added that the implementing provisions should be adopted by the OECD at technical level in September and endorsed by the G20 in November. He also referred to improvements in the coordinated approach by EU countries.

He noted that the EU had attempted to address the issue of discrepancies in the overall level of taxation across the EU through the European Semester but that taxation remained under national prerogatives overall and added that the Commission had made several recommendations to different countries to pursue their growth-friendly fiscal adjustment efforts.

He mentioned the good cooperation with Commissioner ALMUNIA on tax avoidance and suggested further collaboration between the EP and national parliaments on tax issues.

He conceded that a lot remained to be done in the field of tax fraud and evasion and proposed that the next Committee use the Commission action plan to monitor progress and for the next Commissioner to commit to the full implementation of the action plan.

He said that the Commission had adapted amendments to VAT legislation in the Quick Reaction Mechanism, which enabled Member States to request the application of the reverse charge mechanism and that the reverse charge list had been extended to broaden the number of goods subject to reverse charge.

He rejected allegations that he had threatened to withdraw the legislative proposal on the European Statistical System and stressed that it had been the Commission that had introduced far-reaching amendments in statistical legislation to ensure the independence of the Director General of Eurostat, by requiring that his appointment be made on professional grounds only. He underscored nevertheless the need to respect institutional boundaries regarding the appointment of officials in the Commission and pointed out that the Treaty ensured the right for the President of the Commission to appoint the Director General of Eurostat.

Agenda item 8

Any other business

There was no other business.

Agenda item 9

Date of next meeting

To be confirmed.

ANNEX I

Speech by the Vice-President of the European Central Bank, Mr Vítor Constâncio

Madame Chair,

Honourable members of the Committee on Economic and Monetary Affairs,

I am delighted to be back here in Brussels before the Committee on Economic and Monetary Affairs for the presentation of the European Central Bank's Annual Report for 2013.

Almost a year ago to the day I presented to you the ECB's Annual Report for 2012. This was the starting point of an intensive work stream in this house that led to the adoption of a resolution by the Plenary in December 2013. We have read this resolution carefully, as the recommendations and thorough assessments we receive from you constitute valuable input to our policy preparation and discussions. As was explained to you, the ECB takes these recommendations into account. For example, in 2013 the ECB decided to adopt targets to substantially increase the number of female managers over the coming years, an HR policy that is already paying dividends. We also published the rules governing the ECB's role in the granting of emergency liquidity assistance on our website.

In my initial remarks today I would like to focus on three topics. First, I will present the monetary policy conducted by the ECB in 2013. Second, I will discuss the progress made in the area of financial legislation, most importantly in the context of banking union. Finally, allow me to share my reflections on some upcoming legislative dossiers.

Economic and monetary developments in 2013

In 2013 we conducted monetary policy in an environment that remained challenging, despite improvements in economic confidence, financial market sentiment and financing conditions.

Real GDP declined by 0.4% for the year as a whole, but the economic recovery gradually took hold over the second half of the year, aided by receding financial market tensions, improving economic confidence and a pick-up in foreign demand.

Average annual inflation stood at 1.4% in 2013, with inflation declining markedly over the year, from 2.2% in December 2012 to 0.8% in December 2013. Low inflation mainly reflected a strong decline in energy and food price inflation.

At the same time, medium and long-term inflation expectations remained firmly anchored at levels consistent with our aim of keeping inflation rates below, but close to, 2% in the medium term.

Monetary and, in particular, credit dynamics remained subdued throughout the year. M3 growth was 2.4%, compared with 3.1% in 2012, but declined throughout the year to the low level of 1% in December. In 2013, loans to the private sector, and to enterprises in particular, contracted by more than 2%. To a large extent, this contraction reflected the weak economic situation and outlook, risk aversion and the balance sheet adjustment of banks, households and enterprises.

At the start of 2013 our balance sheet started to shrink, predominantly reflecting repayments of funds that banks had borrowed under the two 3-year longer-term refinancing operations (LTROs). These two LTROs, which amounted to almost €1 trillion, represented in net terms an increase of €500 billion of our monetary base. However, more than €500 billion have already been paid, and excess liquidity came down from a peak of €800 billion to a little over €100 billion. The high levels of inflation that some voices predicted never materialised, and we are now in a regime of low inflation. We closely monitor developments in money markets that may result from the concurrent reduction in abundant liquidity. We continue to stand ready to take measures to ensure stable money market conditions.

In order to safeguard price stability in the environment of weak economic activity and downward revisions to the inflation outlook, we lowered key ECB interest rates in May and again in November 2013.

In late spring and summer we noted a sustained increase in expected interest rates in money markets, partly as a result of contagion from the United States. This development was unwarranted given the underlying macroeconomic conditions, and was not in line with our policy dispositions. Therefore, in July 2013 we started to provide forward guidance, stating that we expected the key ECB interest rates to remain at prevailing or lower levels for an extended period of time. The new policy was successful, leading to a reduction in the short-term forward rates, and we have confirmed this message since then.

Today these expectations are based on an overall subdued inflation outlook extending into the medium term, given the broad-based weakness of the economy, the high degree of unutilised capacity, and subdued money and credit creation.

As mentioned, in November we lowered interest rates given the overall subdued outlook for inflation extending into the medium term. Following this decision, rates stand at 0.25% for the main refinancing rate, 0.00% for the rate on the deposit facility and 0.75% for the rate on the marginal lending facility. We also extended our pledge to guarantee full liquidity provision at a fixed rate to our counterparties against eligible collateral for as long as needed and at least until July 2015. We are resolute in our determination to maintain a high degree of monetary accommodation, given expectations of a prolonged period of low inflation, to be followed by a gradual upward movement towards levels closer to 2%. We are ready to act swiftly if needed, and the Governing Council has stated unanimously its “commitment to using also unconventional instruments within our mandate to cope effectively with the risks of a too prolonged period of low inflation.”

Key developments towards banking union

By putting in place and finalising legislative and practical steps towards banking union, 2013 marked a quantum leap in European integration. Today, not even two years after the EU Heads of State or Government committed to build a genuine banking union, the two cornerstones of this ambitious project – the Single Supervision Mechanism (SSM) and the Single Resolution Mechanism (SRM) – are in place.

The SSM will create genuine European supervision, requiring the ECB to take responsibility for ensuring that the European banking sector is sound and safe. In the process of establishing the SSM, we need to further restore the health of the banking sector and confidence in it, thereby creating the conditions for a revival of credit provision to the real economy. The ECB’s comprehensive assessment is designed for this purpose. At the ECB, we are very conscious of the huge responsibility that we have been asked to shoulder, and this exercise will be executed in a credible and consistent manner. Let me assure you that we will under no circumstances compromise the rigour of the comprehensive assessment.

As regards the SRM, we welcome the political agreement that was reached on 20 March 2014.

The intense negotiations between the co-legislators produced an SRM that is more efficient, more credible and more European. The European Parliament undoubtedly played a decisive role in achieving this outcome.

Let me highlight three aspects of the agreement that the ECB deems particularly important. First, we had insisted all along on the need for adequate funding for the Single Resolution Fund (SRF). We therefore welcome the fact that the SRF will be mutualised faster and that the pace of mutualisation will be significantly frontloaded. Taken together, this means that it will have more common firepower already in the early years, and will thus be more effective in breaking the link between banks and sovereigns, and protecting taxpayers' money. There will also be a clear reference to establishing an enhanced borrowing capacity for the Fund, and we look forward to concrete progress being made in this field.

A second essential requirement from the ECB's viewpoint was the need for a swift and efficient decision-making process, allowing for the resolution of a bank over a weekend. We welcome the fact that the text now caters for a swifter procedure, ensuring timely resolution decisions.

Finally, we note with satisfaction that the ECB as supervisor will have the primary role in deciding whether a bank is failing or likely to fail.

In the field of financial regulatory reform more broadly, the EU has also taken key steps in 2013, with the European Parliament playing an important role. The single rulebook, which is aimed at providing a single set of harmonised prudential rules throughout the EU, will be the cement that holds together the single market for financial services. The adoption of the Capital Requirements Regulation and Capital Requirements Directive in April 2013 was therefore an essential step towards strengthening the stability and resilience of the banking sector. In parallel, banks will have to satisfy the requirements of the bank recovery and resolution directive which comes into force in 2015, by developing recovery plans, cooperating with resolution authorities and making necessary changes to capital holdings, business activities, legal and operating structures.

With these measures, we have the possibility to bring banks and financial services back to their core mandate of being at the service of the real economy and protecting savers.

Looking ahead

Therefore, it is of the utmost importance to maintain this momentum and to continue with the rapid adoption of a number of pending legislative proposals. First, the proposed regulation on indices used as benchmarks in financial instruments and financial contracts needs urgently to be adopted and implemented, as regulatory uncertainty has been one of the factors leading to banks leaving the EURIBOR panel. Second, regulatory reforms of shadow banking, in particular the Commission's proposal on money market funds, will ensure that money market funds are safer and better managed. Third, the legislative work will have to proceed on the European Commission's proposal on the structural reform of the EU banking sector, as it would contribute to reducing the potential fragmentation caused by different national regulations.

Beyond these pending legislative proposals, the coming months will also provide the opportunity to review a number of legislative packages adopted during the crisis.

First, the review of the six-pack and of the two-pack will allow stock to be taken of what has been achieved and to identify gaps in the EMU architecture that still need to be filled. I trust that with its European perspective, the European Parliament will ensure that this review will consolidate those achievements that have proven successful, while at the same time strengthening the governance framework in those areas where there is room for improvement.

Second, the review of the European System of Financial Supervisors may enable us to cater to new realities. Three years ago the creation of the European Supervisory Authorities and of the European Systemic Risk Board certainly constituted the right step at the right time. This upcoming review could be an opportune moment to reflect on how to fine-tune the regulatory and supervisory landscape in Europe to account for the changes brought about by the establishment of the SSM.

Honourable members,

I understand that today is the last meeting of your committee in this legislature. Let me take the opportunity to thank all of you for the very constructive relationship that we have established over the past five years.

I am now at your disposal for questions.

ANNEX II

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

Dear Sharon, Honourable Members,

For the last time, through this structured dialogue, I have the chance to update you on the progress made in my portfolio, and to look ahead at "what next?"

Before I move to the substance, however, let me first say a few words of gratitude to you all.

Few would have believed, 5 years ago, the remarkable progress that could be made in EU tax policy over the course of this mandate.

In some areas – such as the Financial Transaction Tax and the fight against evasion – developments have been unprecedented.

The role of the Parliament – and its support for the Commission on major tax files – has been invaluable.

Your interest and your commitment have helped push the boundaries of ambition and provided necessary political pressure at times.

I thank you wholeheartedly for that.

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Today, I would like to focus on two key themes to outline the progress achieved during my mandate.

These are: Promoting fair taxation and Promoting growth-friendly taxation

Both objectives have been fundamental in our efforts to exit the economic crisis successfully, without losing legitimacy in the eyes of our citizens.

Fair taxation

On the issue of fairness, allow me to start with the fight against tax evasion.

Because that is about every citizen and business paying no more, and no less, than their fair share.

And it is about Member States playing fair amongst each other.

If we look back 5 years, we will remember that this issue was barely on the political radar.

Gathering serious interest or momentum for measures to tackle tax fraud was nearly impossible.

Thankfully, that has changed dramatically.

Citizens' demands for fair burden sharing, and Member States' needs in terms of revenues, became too great for national authorities to ignore.

I am proud that, when the political interest awoke to the serious problem of tax evasion, the Commission already had a host of tools ready to respond.

And we were able to quickly present new ones too, when needed.

The inventory of new initiatives to fight against tax fraud and evasion is impressive.

Let's start with VAT. Our study last year on the VAT Gap gave us a concept of the scale of revenue shortfall in this area. And it is unacceptably high.

To tackle this issue, we agreed on a quick reaction mechanism and measures to enable Member States to apply a reverse charge scheme – both of which should make a major difference in tackling large-scale fraud.

Eurofisc is also now well established, ensuring better cooperation between national VAT authorities.

And we have done everything to ensure the smooth introduction of the mini One Stop Shop and change in VAT rules in 2015. Amongst other things, these will ensure fairer revenue distribution between Member States.

I would like to particularly thank David Casa for his cooperation on VAT issues.

Meanwhile, our 2012 Action Plan against tax evasion helped to focus and propel the political momentum in this area. And it paid off.

After 6 long years of deadlock, we finally have agreement on the Savings Tax Directive.

This was a strong signal that every single Member State is now committed to tax transparency, and that the EU will continue to lead by example when it comes to tax good governance.

I expect the Administrative Cooperation Directive – which I proposed last year – to be agreed before the end of the mandate.

Together with the Savings Directive, this will cement the widest automatic exchange of information within the EU.

And it will ensure that we are 100% coherent with the new global standard on automatic exchange, when it comes into effect.

On that note, we cannot overlook the immense progress made at international level in this field.

The world is ready to move to automatic information exchange. The days of bank secrecy are over.

And the EU should take great pride in the active role it played in helping to bring this about. It just goes to show what we can achieve when we speak with one voice!

In parallel, the Commission is continuing negotiations with Switzerland, Liechtenstein, Monaco, Andorra and San Marino on stronger tax agreements, based on automatic exchange.

I have assured Member States that I intend to conclude these negotiations before the end of the year. And our progress so far contributed greatly to Austria and Luxembourg unblocking on the Savings Directive.
In this area, I would like again to thank you for your commitment and ambition.
In particular, I must mention Leonardo Domenici, George Sabin Cutaş, Philippe Lamberts, Sven Giegold and Mojca Kleva Kekuš, [who, by the way, merits extra congratulations on the recent birth of her baby girl].

The battle against tax avoidance was also kick-started in the EU, with our Recommendation against aggressive tax planning, amongst other things.
Your recent work on the Parent Subsidiary Directive, as well as on Country-by-Country reporting, has supported and reinforced important Commission proposals to clamp down on corporate tax dodging.
Meanwhile, we have responded rapidly to emerging challenges. The changing shape of our economy meant that we can not ignore the digital world in our work to ensure fair taxation. Developing a level playing-field between internet giants and their more traditional counterparts has become ever more pressing.
The High Level Expert Group I created to examine this challenge will report back by the summer. On that basis, we will decide the best direction to take so that digital companies also contribute fairly to public finances.
I still hold out hope for agreement on the CCCTB too. Its value lies in the fact that it can both eliminate opportunities for profit-shifting, while also simplifying the business tax environment. Your strong support and the devoted work of Marianne Thyssen helped keep the CCCTB on the political agenda, despite the resistance of some Member States.
Meanwhile, the Commission will continue to use every tool at our disposal – whether state aid rules or the Code of Conduct on Business Taxation – to entice Member States to play fair and refrain from encouraging tax optimisation.

Looking beyond our borders, I am very pleased that similar ambition to tackle corporate tax avoidance is being shown at international level.
First, we are making good progress on the dialogue that we have with Switzerland on harmful corporate tax regime.

Second, the work of the OECD on Base Erosion and Profit Shifting (BEPS) will fundamentally overhaul global tax rules, making them fairer, more efficient and better equipped for the 21st century.

The fight against tax evasion is not won overnight. Political momentum will have to be sustained and commitments will have to turn into actions.

Thanks to our past experience on tax transparency and following calls from the European Council, we have now a better coordination process of the EU Member States' positions in the OECD and a stronger capacity to impact the outcome globally.

Let me repeat that this Committee has been integral to the successes we have had so far. I hope you continue to play an active role in the future, and keep this issue high on the political agenda.

Fairness is central to the fight against tax evasion. And this principle has guided much of our work during this mandate.

In particular, we must single out the Financial Transaction Tax, as the epitome of a fair tax.

Your Committee, and in particular Anni Podimata, gave the support and impetus needed to advance this project.

The FTT is remarkable for its huge popularity amongst citizens.

And the FTT is remarkable for triggering – for the first time ever - enhanced cooperation in the field of taxation.

Its fate now is in the hands of the 11 Member States signed up to it. I strongly hope that they deliver on their commitments and agree on the FTT as quickly as possible.

Growth and Competitiveness

Dear Sharon, Honourable Members,

Greater fairness in taxation was accented by the crisis.

But so too was the need for tax policies and decisions that could support Europe's return to growth and competitiveness.

This has been the second overarching theme of my mandate.

Taxation is about much more than collecting revenue. As highlighted in the Olle Schmidt and Ildikó Gáll-Pelcz reports, taxation holds a much greater potential.

This is a potential we have worked to harness.

First, through the European Semester, we have encouraged Member States to pay particular attention to designing growth-friendly tax policies.

We recommended a tax shift away from labour towards taxes that are less detrimental to growth, such as those on consumption, environment and property.

These recommendations are now being implemented by Member States, with special attention being paid to the most vulnerable citizens and businesses.

At European level, we have also sought to create a tax environment more conducive to growth and investment.

For example, we know that the administration around VAT can pose major headaches to businesses.

That is why I put forward a standard VAT declaration, for which I thank Ivo Strejček for his strong report. We should not let Member States water down this initiative which offers major benefits to companies.

It is also why the new rules on VAT invoicing – which facilitate e-invoicing and make special provision for micro-companies - are so significant.

Our focus has been on cutting compliance costs, particularly for SMEs, and easing their expansion in the Single Market.

The proposal to review the Energy Tax Directive also very much reflects the growth-friendly taxation we should be implementing.

Your committee, under the sound guidance of Astrid Lulling, advocated a balance between taxing polluting activities and promoting green-growth innovation.

However, to my big regret, this proposal hasn't enjoyed the same investment from the Member States. The next Commission may therefore need to review its approach towards environmental taxes and their interaction with other EU legislation.

Tax reforms can only be growth-friendly if they work. They should not be undermined by a lack of policy co-ordination.

Coordinated action at the EU level should, therefore, continue to support Member States in eliminating mismatches and removing tax obstacles to the Single Market.

In this context, I believe that stronger links between the European parliament and national parliaments in taxation could deliver great progress.

This Committee could make a major impact by seeking deeper cooperation and alliances with national legislators in the area of taxation.

Dear Sharon, Honourable Members,

Over this mandate, EU tax policy has risen high in the political agenda, and we have made substantial progress.

However, these progresses have often been too slow.

The reality of our unanimity based decision-making process is that the convoy currently moves at the pace of the slowest ship. We have to ask whether that is sustainable in the long-term, as our economic and monetary integration becomes ever deeper.

Whatever the future institutional evolution brings, the next Parliament will continue to have a crucial role in pushing tax issues forward.

May they be as active, as engaged and as efficient as you have been.

Let me conclude by wishing you all the best in your future, be it here in the Parliament or elsewhere.

Many thanks again for these 4 years of intense and fruitful exchanges on EU tax policy.