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**NOTE**

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from: General Secretariat of the Council  
to: Delegations

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Subject: Summary record of the meeting of the European Parliament **Committee on Economic and Monetary Affairs (ECON)** held in Brussels on 25 and 26 November 2013

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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 4 and 5 November 2013**

The minutes were approved.

### *Item 3 on the agenda*

#### **Chair's announcements**

Ms BOWLES (ALDE, UK) announced that the ninth trilogue on the Markets in Financial Instruments Directive has taken place on 21 November with progress being made on market structure and transparency, G20 trade obligations for clearing and derivatives and access to market infrastructure. The next trilogue would be held on 4 December.

She informed the committee that two trilogues on Central Security Depositories (CSDs) has taken place on 6 and 12 November and that, despite some progress, certain issues remained open, such as the penalty regime for settlement fails, treatment of internalised settlements, aspects of third country regimes and conditions for CSDs to hold banking licences.

She told the committee that the eighth trilogue on the Bank Recovery and Resolution Directive has taken place on 20 November and had focused on resolution financing and the involvement of deposit guarantee schemes as well as on terms of state intervention in the event of systemic crisis. She referred to the political meeting that had been held with the Lithuanian Presidency on Deposit Guarantee Schemes (DGSs) on 19 November, which had focused on the target level for the DGS fund, and said that the Conference of Presidents had settled the conflict of competences between the Economic and Monetary Affairs and the Legal Affairs Committees on the damages file.

### *Item 4 on the agenda*

#### **Disclosure of non-financial and diversity information by certain large companies and groups**

ECON/7/12515 2013/0110(COD)

Rapporteur: Ms Sharon BOWLES (ALDE)

- Consideration of amendments

Ms BOWLES (ALDE, UK) stressed that there had been convergence on most amendments and listed the tabled amendments by subject matter: the level of thresholds of companies and types of disclosure, the use of EU and/or international frameworks, country-by-country reporting (CBCR), diversity requirements, company disclosure, the introduction of a safeguard closure, delegated acts on minimum indicators and the rejection of the proposal by German MEPs.

Ms McCARTHY (S&D, UK) noted that her group broadly agreed with the report, while Mr FOX (ECR, UK) said that his group preferred the Commission's original, supported the "comply or explain" approach and rejected amendments that added to the burden of regulation on businesses.

Mr FOX also mentioned the Directive's overlapping requirements with gender balance legislation. Ms BOWLES cautioned against burdening EU companies with extra requirements on disclosure and suggested aligning the provisions on disclosure with the recently adopted Accounting Directive. Mr LAMBERTS (Greens/EFA, BE) reiterated the idea of setting up a three-tier approach on compliance provisions to exempt SMEs during an initial phase.

Ms BOWLES was in favour of the widest possible scope on CBCR, whereas Ms McCARTHY preferred the Presidency proposal to that of the Legal Affairs Committee (JURI). Mr FOX opposed CBCR on tax due to compliance burdens and competitive disadvantages.

Ms BOWLES warned against the introduction of a safeguard clause which could lead to exemptions on disclosure for extractive industries, and therefore called for an impact assessment.

Mr GAUZES (EPP, FR) explained that he did not intend to encourage CBCR exemptions, while Ms McCARTHY cautioned against reopening legislation on criminal action and in particular on the extractive and forestry industries. Mr LAMBERTS said that CBCR should be protected wherever it already existed, including in the banking sector, and expressed concern at the position of the Council and that of the JURI Committee on transparency and disclosure. He referred to the Council's promise to put an end to bank secrecy in December and proposed using public opinion to exert pressure on the Council. Mr FOX opposed the inclusion of additional areas that would extend the grounds of discrimination beyond the six already recognised in EU law.

Ms BOWLES suggested initially keeping diversity requirements only for listed companies. This was backed by Mr FOX, who did not see the logic of making private companies provide detailed reports.

Ms BOWLES and Ms McCARTHY agreed with the "comply or explain" principle on disclosure but stressed that it should not be a "box-ticking" exercise. Mr KLINZ (ALDE, DE) mentioned that, in the past, German tax law had enabled engineering companies to consider corruption payments as "useful expenses", and this explained the current resistance to the proposal in certain sectors of the German economy. He therefore proposed concentrating on engineering, large projects and the extractive sectors.

Mr LAMBERTS said that corporations could not be above democracy and that the key issue at stake was transparency, while Ms BOWLES pointed out that tax avoidance had also become a problem in developed countries.

Vote in ECON: 9 December 2013.

### *Item 5 on the agenda*

#### **Long-term financing of the European economy**

ECON/7/13125 2013/2175(INI)

Rapporteur: Mr Wolf KLINZ (ALDE)

- Consideration of draft report

Mr KLINZ (ALDE, DE) underlined the risk-averse nature of European society and the reliance of the EU economy on the banking sector. He listed some of the alternatives for the financing of long-term projects and proposed adopting a best practice and investor-friendly approach. Moreover, he called for an impact assessment of the various possibilities for attracting investment and for a reliable and stable tax environment for Long-Term Investment Funds (LTIFs)

Speakers broadly supported the own-initiative report, including the need for a consistent and transparent regulatory framework to attract investment. However, differences emerged over securitisation, tax harmonisation and excessive red tape. Mr PALLONE (EPP, IT) suggested that the focus should be on institutional investors, while Mr HOANG NGOC (S&D, FR) proposed that legal certainty be enhanced. Both speakers endorsed the need for some tax harmonisation. Mr STREJCEK (ECR, CZ), on behalf of Ms FORD (ECR, UK), rejected that idea and favoured tax competition instead, adding that excessive regulation could hinder growth. Ms GALL-PELCZ (EPP, HU) preferred tax coordination in the short term, whereas Mr KLINZ (ALDE, DE) felt that a stable tax regime did not necessarily require tax harmonisation. Mr HOANG NGOC warned against securitisation, whereas Mr GAUZES (EPP, FR) considered that it did not necessarily have to be excluded. Finally, Ms GALL-PELCZ noted that public investment should not be disregarded either.

Consideration of amendments: 9 January 2014. Vote in ECON: 22 January 2014.

### *Item 6 on the agenda*

#### **Financial participation of employees in companies' proceeds**

ECON/7/13166 2013/2127(INI)

Rapporteur: Mr Fabrizio BERTOT (EPP)

- Consideration of amendments

Mr BERTOT (EPP, IT) stressed that there was broad agreement on all tabled amendments except for Compromise B and amendment 26 by Ms ESSAYAH (EPP, FI).

This was confirmed during the vote that took place the following day.

Vote in plenary: 13 January 2014.

***Item 7 on the agenda***

**Rules governing actions for damages under national law for infringements of the competition law provisions of the Member States and of the EU**

ECON/7/13019 2013/0185(COD)

Rapporteur: Mr Andreas SCHWAB (EPP)

- Consideration of amendments

Mr SCHWAB (EPP, DE) announced that, following the decision of the Conference of Presidents, the Legal Affairs Committee would have exclusive competence on Articles 5, 10, 17 and 18, and the Economic and Monetary Affairs Committee on Articles 4, 6, 7, 9 and 19 to 22, and that all other areas would be shared. He referred to the ongoing discussions on the legal basis and stressed the importance of leniency programmes and class actions in the fight against cartels.

All speakers broadly agreed with the Commission proposal. However, differences arose over the disclosure of leniency programmes and collective redress.

Mr SANCHEZ PRESEDO (S&D, ES) agreed with the proposed legal basis proposed. He mentioned his group's intention to introduce the idea of consensual agreements and settlements and to guarantee the possibility for actions by representatives of one or more individuals who were victims of damages. He also referred to the need to protect leniency programmes and to strike a balance on access to information. In addition, he warned against the duplication of payment of damages and proposed addressing group sanctions.

Ms in 't VELD (ALDE, NL) viewed leniency programmes as unfair because they gave an advantage to one of the parties that had engaged in wrongdoing, and therefore proposed exploring other investigative methods. She disagreed with an automatic and full ban on disclosures and suggested instead that every ban be justified on a case-by-case basis. She considered that the reversal of the burden of proof and the need to demonstrate harm without having access to certain evidence were delicate matters which made it difficult for the victims of anti-competitiveness practices to bring a claim before a court. She also supported the notion of collective redress and favoured a suitable balance between public and private enforcement.

Mr BESSET (Greens/EFA, FR) stressed the need for a legal framework on collective redress.

Mr EPPINK (ECR, BE) proposed adopting the original Commission proposal including the original safeguards on the disclosure of leniency documents and agreed with calls for a balance between public and private enforcement of competition law. However, his group opposed the introduction of collective redress in the current Directive, calling instead for that provision to remain in the Commission Recommendation to ensure a coherent and horizontal approach on collective redress in the EU. He noted that some aspects of the proposal had a far-reaching impact on national procedural law and suggested deleting or amending some articles so that national law privileges remained unaffected. He stressed the need to safeguard leniency documents and to ensure that private enforcement did not compromise the effectiveness of leniency programmes.

Mr KLUTE (GUE/NGL, DE) wondered as well whether collective redress should be addressed in the current proposal, while Ms BOWLES (ALDE, UK) proposed extending the limitation period.

The Commission representative underscored the appropriateness of the legal basis in the proposal.

The rapporteur stressed the need to ensure legal certainty on protection and access to documents and favoured cross-border collective redress. He noted that collective redress remained within the remit of Member States but that the Commission had introduced some harmonisation in certain areas. He also pointed out that the European Court of Justice did not seem to share the Commission's view on the full inviolability of some documents and that this should be addressed by courts on a case-by-case basis. Finally he warned against the duplication of cases.

Vote in ECON: 27 January 2014.

### ***Item 8 on the agenda***

#### **Insurance of natural and man-made disasters**

ECON/7/13126 2013/2174(INI)

Rapporteur: Mr Sampo TERHO (EFD)

- Consideration of amendments

Mr TERHO (EFD) said that individual responsibility should be maintained to avoid moral hazard.

Mr LANGEN (EPP, DE) recommended encouraging personal responsibility and ensuring affordable and compulsory protection. He explained that in amendment 1, the word 'particularly' should be replaced by the word 'possibly'.

Mr SANCHEZ RESEDO (S&D, ES), on behalf of Ms MIZZI (S&D, MT), pointed out that disaster prevention should remain within the remit of Member States, while Mr TORVALDS (ALDE, FI) held that no liability existed in the event of natural disasters. Mr BESSET (Greens/EFA, FR) favoured a move towards harmonisation at EU level on prevention, information and insurance. He proposed that adequate responses be found to cross-border man-made disasters and that a database be created to identify risk areas. Mr FOX (ECR, UK) opposed strong EU action and supported the view that man-made and natural disasters should be treated separately.

Vote in ECON: 17 December 2013. Vote in plenary: February 2014.

### *Item 9 on the agenda*

#### **Exchange of views with Angel Gurría, Secretary-General of the OECD**

ECON/7/09009

In his introduction, Mr GURRIA read out the speech contained in Annex I.

The ensuing debate focused on credit access fragmentation (Mr ZALBA BIEDGAIN - EPP, ES), the improvement of the Eurozone, the fight against tax evasion and tax fraud and the reform of the international institutional architecture (Ms FERREIRA - S&D, PT), non-financial reporting issues (Ms BOWLES - ALDE, UK), diverging monetary policies in the US and the EU (Mr EPPINK - ECR, BE), conflicts of interests and revolving doors (Mr GIEGOLD - Greens/EFA, DE), France's competitiveness redress (Mr GAUZES - EPP, FR), the validity of the policy mix applied in programme countries (Ms PODIMATA - S&D, EL), the value of vocational education (Mr LANGEN - EPP, DE), fiscal reform (Mr BOKROS - ECR, HU) and non-tariff trade barriers (Mr LAMBERTS - Greens/EFA, BE).

In response Mr GURRIA referred to the need to redress the banking sector and to conclude the banking union to restore funding to the real economy. He agreed with calls to shift taxation away from labour and to enhance the fight against tax evasion and fraud. He viewed automatic exchange of information as essential and called for consistency between EU and international legislation on taxation, stressing that the OECD was recommending differentiated monetary policies in the US and the EU because they were in different economic cycles. He warned against protectionism and viewed the Transatlantic Trade and Investment Partnership as a key step for the global economic recovery.

Mr GURRIA considered the G20 to be the most suitable international institutional framework and admitted that the Organisation for Economic Co-operation and Development (OECD) needed to adapt to the new global reality. He acknowledged the right of individuals who worked in international public organisations to exploit their knowledge in the private sector and congratulated the EU for tightening its rules on revolving doors. He said that France needed to improve research and innovation and optimise its public and educational sectors to redress its competitiveness, and that programme countries needed to reduce public deficits and unit labour costs and improve their productivity to promote growth and jobs. He noted that in all EU countries there was scope for governments to increase the efficiency of tax collection, reduce costs and become more efficient in the delivery of public services. He recognised the value of vocational training and proposed a system that would issue yearly diplomas. He also referred to the existing mismatch in terms of skills in the labour market. Lastly, he played down the importance of tariffs in the global economy and noted that reducing the burden on imports was key to promoting competitiveness on the export front which, he felt, required the further opening up of trade.

*Item 10 on the agenda*

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

ECON/7/00333

Commissioner SEMETA read out the speeches contained in [Annex II](#) and [Annex III](#).

During the exchange of views MEPs focused on the need to strengthen Eurostat's independence and the European Parliament's involvement in the appointment of Eurostat's Director General (Mr HOANG NGOC - S&D, FR), the level of cooperation between Member States and Eurostat (Mr LANGEN - EPP, DE), the need to expand statistical indicators to include the social and environmental fields (Mr LAMBERTS - Greens/EFA, BE), VAT rates in the digital and equestrian sectors (Mr GAUZES - EPP, FR), the viability of the Financial Transaction Tax (FTT) (Mr EPPINK - ECR, BE - and Ms LULLING - EPP, LU), the effectiveness of provisions on tax evasion and tax fraud in Greece (Mr CHOUNTIS - GUE/NGL, EL) and in the EU (Mr MARTIN - NI, AT - and Ms KLEVA KEKUS - S&D, SI), the improvement of the Commission recommendations on tax shifts (Mr DE BACKER - ALDE, BE), and the status of negotiations on the Common Consolidated Corporate Tax Base (CCCTB) (Ms THYSEN - EPP, BE).



In response, Commissioner SEMETA referred to the ongoing impact assessment on reduced VAT rates, the work on the definitive regime to tackle cross-border VAT fraud and the need for all Member States to implement the provisions of the VAT Directive. He urged Member States to reach an agreement on double taxation and to ensure timely VAT refunds (no more than 30 days). He acknowledged the seriousness of the VAT "gap" and drew attention to the agreements on the quick reaction mechanism and the broadening of the scope of the reverse charge mechanism to goods and services. He called for the introduction of measures at national level to address VAT fraud and tax collection and insisted that VAT should be included in the Directive on the protection of EU financial interests, pointing out that the unanimity rule made agreements difficult. He called for Member States to use all information available to fight tax fraud and tax evasion and stressed the need to strike the right balance between the specifics of the Commission recommendations and the subsidiarity principle when it came to taxation. He said that recommendations on taxation were already quite specific but that they had not always been followed by Member States.

He pointed to the close cooperation between the Commission and the Greek tax authorities and the progress made in overhauling the Greek tax administration system, while nevertheless recognising the need for additional efforts to further improve tax collection.

He was cautiously optimistic about negotiations on CCCTB and believed that the Commission proposal on the parent and subsidiary Directive could address specific problems of cross-border activity and close loopholes on tax avoidance. He claimed that, if Member States adopted all existing legislative proposals on taxation, there would be tremendous progress in tax collection.

He explained that the Council's Legal Service had only expressed a few reservations on a particular point on the FTT - which the Commission did not share - and that the Commission would substantiate its position during the next working party meeting in the Council on 12 December.

He reiterated the full independence of Eurostat but acknowledged the need to strengthen the European statistical system and reach a final agreement on EU statistical legislation and Eurostat's status. He confirmed that the Commission was working on a project on social indicators in coordination with the Organisation for Economic Co-operation and Development (OECD), and spoke of the difficulty in ensuring the availability of all indicators (economic, social and environmental) at the same time. He noted that the adoption of legislation on Excessive Deficit Procedure statistics had strengthened the capacity of Eurostat and improved cooperation between national and EU statistical bodies and the quality of statistics. He stressed the importance of the Macroeconomic Imbalance Procedure (MIP) and proposed enhancing the powers of Eurostat in the MIP. He explained that it would be very difficult to set indicators on non-declared economic activities due to the difficulty in obtaining precise measurements and data.

**\*\*\* Voting time \*\*\***

***Item 11 on the agenda***

**Financial participation of employees in companies' proceeds**

ECON/7/13166 2013/2127(INI)

Rapporteur: Mr Fabrizio BERTOT (EPP)

- Adoption of the draft opinion

The draft opinion was approved, with 32 votes in favour, 3 against and 1 abstention.

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

***Item 12 on the agenda***

**Exchange of views with Mr. Joaquín Almunia, Commissioner for Competition**

ECON/7/00334

In his introductory remarks, Commissioner ALMUNIA read out the speech contained in [Annex IV](#).

During the exchange of views, the speakers focused on the impact of the new provisions on Multilateral Interchange Fees (MIFs) in the Single Market and on consumers (ZALBA BIDEAIN - EPP, ES), the correlation between the asset quality review, state intervention, bank recovery and resolution and state aid rules (Ms FERREIRA - S&D, PT - and Mr LAMBERT - Greens/EFA, BE), the impact of credit fragmentation on SMEs and competitiveness (Mr TREMOSA I BALCELLS - ALDE, ES), the need to ensure a level playing field in the energy sector (Ms FORD - ECR, UK), the separation of the files on collective redress and follow-on actions and the need for a regulation on search engines (Mr SCHWAB - EPP, DE), the implications of state aid guidelines in public-private partnerships (PPPs) and structural funds (Mr CANCIAN - EPP, IT), damages actions and the impact of leniency programmes on cartels (SANCHEZ PRESEDO - S&D, ES), and concessions (Mr BERTOT - EPP, IT).

Commissioner ALMUNIA explained that the proposal on MIFs would avoid market abuse and enhance transparency. He noted that the Commission guidelines on state aid to the banking sector established a well-defined set of rules for state aid to safeguard taxpayers, adding that resources from the EU budget were not covered by state aid provisions and that direct recapitalisation could only be considered in exceptional circumstances. He believed that the Commission, in conjunction with the European Central Bank and the supervisory board, should have the final word on recovery and resolution.

Commissioner ALMUNIA also said that the Commission would not give in on its exclusive competencies on state aid control once the Banking Union was completed. He explained that the Commission was preparing the new energy and environmental guidelines but that Member States remained responsible for their own energy choices. He added that the Commission would assess any proposal on energy investment on a case-by-case basis. He expressed concern about the slow pace of negotiations in the European Parliament on the private action Directive and called for swift action. He underlined the importance of the European Court of Justice rulings in the definition of state aid rules and pointed out that state aid rules only applied to PPPs in certain cases. He said that the state aid modernisation and simplification packages which were intended to simplify and improve the concept of state aid would be presented by the end of the parliamentary term. He added that leniency programmes were essential to fight cartels and noted that the management of concessions could fall within the remit of state aid rules. Lastly, he said that at present there was no reason to regulate search engines.

### *Item 13 on the agenda*

#### **European Long-term Investment Funds**

ECON/7/13277 2013/0214(COD)

Rapporteur: Ms KRATSA-TSAGAROPOULOU (EPP)

- Consideration of draft report

Ms KRATSA-TSAGAROPOULOU (EPP, EL) said that she had tabled amendments to improve the incentives for SMEs, pension funds, third-country investors, banks and depositors to invest in European Long-term Investment Funds (ELTIFs). She proposed laying down provisions to enable ELTIFs' lifespan to be extended or reduced, link ELTIFs with project bonds, structural funds and Trans-European Networks to enhance incentives, reduce the rigidity of the hypothecation of ELTIFs assets and enable small investors to redeem their holdings before the maturity date. She also believed that it was essential to provide fiscal incentives to ensure the attractiveness of ELTIFs.

In the ensuing debate, Mr EL KHADRAOUI (S&D, BE) asked if ELTIFs would be open to institutional investors and if there would be any provisions on redemption. He also asked about the conditions for access, admission, financing and investment. He was in favour of allowing non-listed SMEs to invest in ELTIFs and recommended additional focus on transparency and the remuneration of ELTIFs managers.

Mr DE BACKER (ALDE, BE) stressed that there were some regulatory obstacles that could hamper ELTIFs. He rejected a "one size fits all" approach as he did not think that retail investors could invest directly in ELTIFs. He therefore suggested either splitting the proposal in two to allow for retail investment or allowing retail investors to invest through a fund of funds.

Mr LAMBERTS (Greens/EFA, BE) proposed using Undertakings for Collective Investment in Transferable Securities to enable retail investment in ELTIFs and early redemption. He agreed that third country investors should participate and proposed defining clear rules on the ELTIFs lifecycle. He also expressed some doubts on whether ELTIFs should be able to lend out their assets, which he felt could promote instability and short termism.

The Commission representative stressed that retail investment already existed in long-term funds in the EU, which was why it had been included in the scope of the proposal.

Consideration of amendments: 14 December 2013. Vote in ECON: 21 January 2014.

***Item 14 on the agenda***

**Any other business**

No other business was discussed.

***Item 10 on the agenda***

**Next meeting**

The next meeting will be held in Brussels on 27 November 2013.

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**Speech by Mr Angel Gurría, Secretary-General of the OECD**

Ladies and Gentlemen,

It is a great pleasure to address the Committee on Economic and Monetary Affairs of the European Parliament, now for the second time.

The crisis which hit us over five years ago has left us four legacies: first; low growth. As shown in the latest Economic Outlook that we launched last week, world GDP growth is expected to reach only 2.7% in 2013, the lowest rate in the last four years. While we expect global growth rates to move again towards 4 per cent in 2015 (its average rate in the decade to 2008), the recovery will be uneven.

While growth in the US is picking up (3% expected in 2014), potential downside risks remain in the form of fiscal brinkmanship. In Japan, growth is expected to slow down (1.5% in 2014) and there is the big question over the high debt burden. The Emerging market economies' high growth rates are also expected to come down.

As you know, in Europe the recovery is lagging and uneven. Growth is resuming at a low pace in most EU countries outside the euro area. But in 2013 the euro area itself will experience a second year of recession (-0.4% growth), and a slow improvement over the near term (1.0% in 2014 and 1.6% in 2015).

The second legacy of the crisis is unemployment, which remains unacceptably high, at 8% this year for the OECD countries on average, and falling only slightly to 7.5% by 2015. In the euro area, we expect unemployment to hit 12% this year and only to fall back below this level after mid-2015. Furthermore, long-term unemployment is increasing. Long-term joblessness ranges between 45-55% in some European countries, including Spain and Italy.

Youth unemployment has also reached alarming levels in some of these countries (around 60% in Greece, 56% in Spain). Youth (15-24 years old) not in employment, education or training (NEETs) in these same countries has doubled since the onset of the crisis to over 20% of the total youth population in 2012. There is a real risk of a lost generation.

Third, the crisis has intensified the increase in income inequality. During the worst years of the crisis – between 2007 and 2010 - market income inequality in the OECD went up more than in the preceding twelve years. But growing inequality is not new, we have been experiencing it for the past three decades.

In OECD countries today, the average income of the richest 10% of the population is about nine and a half times that of the poorest 10% – a ratio of 9.5 to 1. In the mid-80s, that same ratio was 7.5 to 1. In the US, the increase in this ratio has been even more dramatic, from 11 to 1 in the mid-80s to about 16 to 1 today. European countries have generally experienced a more muted increase in inequality. For instance, in France and Germany, the ratio has gone up from about 5 to 1 in the mid-80s to 7 to 1 today.

The fourth, and related, legacy is a loss in public trust in government. This is described in detail in our recent publications “How’s Life” and “Government at a Glance”, which also show similar declines of public trust in banks, the judiciary system, and other institutions. According to the “How’s Life” report, only 40% of citizens in the OECD trust their national governments – the lowest level since 2006.

This ongoing economic weakness is not surprising. It is the result of the malfunctioning of the four main cylinders of the growth engine.

First, investment remains weak. In OECD countries, the volume of fixed investment is some 8 per cent below its pre-crisis peak. Investment growth is also slowing in the emerging-market economies. Growth of investment is below 2%, the slowest in many years and well below trend.

Second, credit growth remains subdued. The banking sector, particularly in Europe, is still going through a painful deleveraging that is bearing on their capacity to lend. Bank credit in the euro area fell by 4% in the year to September. In the OECD as a whole, it was flat.

Third, trade growth is only slowly picking up. In volume terms the ratio of global trade to GDP remains slightly below its pre-crisis level. Sluggish trade growth (2 – 3%) reflects several factors, including the weakness of investment that I have already mentioned.

Fourth, growth in emerging-market economies has slowed down. In the BRIICS, trend growth declined by 1¾ percentage points between 2007 and 2013. This drop was driven by various factors, including ageing, declining investment growth and a slowdown in productivity.

For these reasons, strong and sustained growth is unlikely to return on its own. But we urgently need inclusive and green growth to heal the social wounds from the crisis and ensure sustainable development.

There are three tools that policymakers have at hand. One, monetary policy has helped much and continues to do so but is close to its limits, as interest rates approach zero and central banks rely heavily on non-conventional tools, such as ‘quantitative easing’, to address deflationary risks. Fiscal policy is even more constrained, because of the need for fiscal consolidation.

Thus, it is important that at least automatic stabilisers are allowed to function, and for more time to be allowed to those countries which are enacting the proper reforms but which are constrained by the sluggish economic environment. The third main tool is structural reform and here we find great scope for bold and ambitious action on several fronts.

In Europe, the two most pressing structural policy priorities that must be addressed are the challenge of unemployment and the restoration the health of euro area banks.

#### Focusing on people and investing in skills

Policy measures to boost job creation need to be cost-effective and focus on the most vulnerable groups. Action is needed on both the demand and the supply side of the labour market. Labour market programmes, as we have recommended in our Youth Action Plan, can make a difference, including higher impact activation policies, effective counselling, job-search assistance, and even temporary hiring subsidies for the low skilled. Also necessary are better incentives for job-seekers and greater flexibility in labour markets, leading to a faster, clearer convergence path for those countries which allowed wages to rise faster than productivity for the better part of the last 15 years, together with.

Greater investment in training would facilitate the re-employment of jobseekers, especially those with low or obsolete skills.

As we showed in the “Adult Skills Survey” - the “PISA for adults”- published last month skills are very unequally distributed and this is a major source of entrenched inequality. Training programmes are not always effective or well-targeted. One example is the adult training system in France. In our recent brochure on French competitiveness, we called for a major reform of this system, which cost about 32 billion euros in 2012 (same as unemployment insurance), but of which only 12% went to the unemployed.

#### Eliminating the financial drag

The second most burning priority is to address the weaknesses in the European banking system to strengthen financial stability, get credit growing again (which fell by 4% in the year to September in the euro area) and improve the transmission power of monetary policy. Banks’ capitalisation is progressing but we know that non-performing loans remain significant and even rising in some countries.

To revive credit, Europe needs to address fully persisting regulatory forbearance.

This means that the real quality of the portfolios, including sovereign debt, needs to be recognised, and banks need to be restructured and recapitalised accordingly, where needed. The forthcoming third round of bank asset quality reviews and stress tests are a crucial step in this process and will have to be implemented rigorously and transparently. And, of course, the euro area also needs to achieve the full banking union with area-wide regulatory, supervisory and resolution authority. Bold reforms to better protect the economy from future bank failures should also be considered. Separating commercial (deposit-taking) and investment banking activities would help to reduce systemic risks as would the introduction of a minimum leverage ratio, which we suggest should be set at 5%.

### Supporting investment and innovation

Restoring growth in Europe also requires investment, which remains subdued since the crisis. In particular, investment is needed in infrastructure and knowledge-based capital.

Higher infrastructure investment will require improving public sector efficiency, and more funding at a time where public finances are heavily constrained. This clearly calls for enhancing private sector participation in this sector, as recommended by the recently approved G20/OECD High-Level Principles of Long-Term Investment Financing by Institutional Investors.

More investment is also needed in knowledge-based capital as source of innovation, which will in turn foster competitiveness, productivity, and job creation. In EU countries like Sweden, the Netherlands and the United Kingdom, most investment is now in such assets and contributes substantially to productivity growth. Fostering investment in knowledge-based capital requires more effective policy support for innovation.

More generally, improving the functioning of product and labour markets in the euro area would have wide economic gains. According to our analysis, if each euro area country were to move to best practice, aggregate output could increase by 22% by 2060, with even larger gains in countries that are the furthest from such best practice.

### European rebalancing

These and other structural reforms are already helping to correct economic imbalances. Unit labour costs are converging. All the European countries with support programmes or that have been under market pressures have already achieved or are close to achieving current account balance or a slight surplus. This is remarkable!



However, the surplus countries also have made considerably less progress, making the adjustment process in Europe rather lopsided. Germany's current surplus has even increased slightly to 7%.

### Recovering tax revenues

To support all these initiatives, additional public funding will be needed. Putting an end to tax evasion by wealthy individuals and aggressive tax avoidance by multinational companies would be extremely effective. These practices undermine the integrity of tax systems across the world, profoundly distort economic competition, reduce available revenues to meet citizens' and business demands and dent public trust.

The OECD has proposed a roadmap to help governments address these issues, the Action Plan on Base Erosion and Profit Shifting. Countries have already started working together along the lines of this action plan supported and mandated by the G8 and the G20 and we highly appreciate the extensive cooperation with the European Union on this project.

Another challenge is the fight against offshore tax evasion. For many years, the OECD and the EU have been working together in this direction. With your support, as well as that of the G20, we are now progressing towards a new, more ambitious, single global standard for automatic exchange of tax information. Following our recent Global Forum in Indonesia, the challenge is now to put our commitments into action and implement a truly global standard for an increasingly borderless world, which we hope to achieve by July 2014.

### Trade and climate change

Europe also needs to throw its full weight behind two other key global priorities: maintaining open markets for trade and investment and promoting a move towards zero carbon emissions. Our analysis shows that achieving the WTO reform goals set for Bali would reduce trading costs by 15% for EMEs and 10% for advanced economies (a 1% reduction in trading costs equates to about €30 billion).

We also have great hopes set in the Transatlantic Trade and Investment Partnership (TTIP), which would be the most significant bilateral Free Trade Agreement to date, covering almost 30% of world merchandise trade and 20% of global foreign direct investment. The potential welfare gains to the European Union and the United States could be as large as 3 – 3.5% of GDP

Tackling climate change should also be a top priority, as I highlighted at an LSE event in London at the beginning of October. As we approach the Conference of the Parties in late 2015 in Paris (via Warsaw), we need to start taking action now to put us on a pathway to achieve zero net greenhouse emissions globally in the second half of this century. The scale of investment needed to reduce our reliance on fossil fuel can give a huge boost to growth, as well as making growth greener.

Ladies and gentlemen,

The growth-oriented policy agenda I have highlighted is an ongoing one. It will require bold and ambitious reforms in some countries and a shared sense of purpose at the international level.

I look forward to building on the very strong cooperation we have established with the European Parliament and with this Committee. And I very much hope also that these visits will continue to be a regular feature under the next parliament.

Thank you for your attention and I look forward to your questions.

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

Madame Chair, Honourable Members,

It is very much appreciated to be here in the Committee on annual basis to make a short summary of the common achievements. It is also a good opportunity to address the most critical outstanding legislative files; and to outline the key projects running in the European Statistical System.

To begin with, I would like to mention a number of concrete achievements which resulted from close cooperation between the Commission and the EP.

I could admit that the Commission kept this Committee increasingly busy with files of major importance for producers of European statistics.

The enhanced economic surveillance and coordination defined new requirements and roles for official statistics at the national and the European level. The link between economic policy measures and the credibility of the underlying statistics has been clearly acknowledged.

The Commission received stronger tools for controlling the quality of public deficit and debt statistics produced by national authorities, including upstream data of the general government. A Commission delegated decision, to which the Parliament actively contributed, set out the necessary details of investigations and fines applicable if government finance statistics are seriously manipulated.

Furthermore, it was an initiative of the Parliament to fix in the 6-Pack a clear-cut guarantee for the professional independence of national statistical institutes. Moreover, this Committee played an active role in refining the list of statistical indicators applied for identification of macroeconomic imbalances.

These are all crucial steps towards equipping the Commission, and in particular Eurostat, with necessary instruments. They ensured the provision of the key economic indicators of highest quality. The past events clearly demonstrated that there can be no guarantee of quality without effective control mechanisms.

Transparency and accountability were in the focus of discussions on the European Statistical Programme for the years 2013-2017. The constructive approach taken by the ECON Committee and its strong support helped to ensure sufficient financial resources for the production of European statistics.

Another major endeavour was the revision of ESA, the methodological standard for National Accounts. The need to adapt ESA to the latest release of the international System of National Accounts (SNA) standard was evident and unquestionable. However, the negotiations on specific elements proved to be extremely difficult. The Commission appreciates the support received from the Parliament on most of the critical issues. These key files have been already successfully closed and their implementation has started.

Second, I would like to refer to the outstanding legislative dossiers. There are yet several other initiatives which need your due attention and rapid progress in the legislative procedure.

Without any doubt, the most critical one is the so called 'Statistical Law', the most important legislation governing the production of European statistics by national statistical institutes and Eurostat.

Let me recall that since 2011 the European Parliament has repeatedly called for sufficient guarantees for the credibility of European statistics, in particular in the context of the enhanced economic governance.

The Commission proposal for a revision of the Statistical Law was driven by the same principles. We must remove the shortcomings revealed by systemic failures in some Member States. They undermine the credibility of European statistics at the onset of the financial crisis. I can only reiterate that we need a legislation which first, reinforces the professional independence of national statistical institutes and second, ensures the statistical coordination at national level.

Last December, the ECON Committee adopted almost unanimously a draft report that followed very much this rationale. Much to our concern, all priority has been moved away from real systemic solutions towards creating a special status for Eurostat.

However, I want to note once again that the independence of Eurostat is already now legally warranted by the 2012 Commission Decision on Eurostat. Experience proves that the EU level meets quite well both expectations and duties. This has been also confirmed by the European Statistical Governance Advisory Board in its reports.

Let there be no doubt; the EU level alone cannot guarantee high credibility of European statistics. European statistics are by nature dependent on the data provided at national level. The standards and necessary safeguards must therefore be the same for all actors at all layers of the European statistical system. The European Statistics Governance Advisory Board (ESGAB) clearly expressed a similar concern in its 2013 Annual Report recently submitted to the Parliament.

Moreover, some elements of the provisions concerning the Director-General of Eurostat do not respect Union's institutional balance. In addition, they reach well beyond what is to apply to Member States, thus creating another imbalance between the European and national levels.

Nevertheless, the Commission is fully ready to pursue negotiations until we all get the right balance in this strategic reform.

You have already started working on the proposal for a regulation on the provision and quality of statistics for the macroeconomic imbalances procedure. It is an essential element of the quality assurance of data necessary for a smooth running of the MIP assessment. It has been requested already twice by the ECOFIN Council since November 2011.

We welcome the draft report by Mr Eppink on this proposal. In particular, the Commission appreciates that the Rapporteur supports the need to improve the statistical monitoring system of MIP relevant data. Embedding clear requirements and procedures of early identification and monitoring of macroeconomic imbalances in a regulation is of utmost importance. The Commission is looking forward to achieving a quick progress on this file. I count on appropriate understanding and support by the Parliament.

Thirdly, coming to an end of my intervention, I would like to quickly refer to the key statistical development projects.

I would like to express my appreciation and thanks to Sharon Bowles' for your active role in a Conference on the implementation of European Public Sector Accounting Standards (EPSAS) which was organised in May this year. This conference clearly demonstrated that there is a need and momentum for agreeing on harmonized accrual-based public sector accounting rules. EPSAS would considerably increase the comparability of financial data for the enhanced economic coordination. It would also contribute to improving the financial management of government entities.

The Commission will further pursue this project building on the very positive feedback received so far. The next step will be to propose the core principles and a detailed project road map.

Given the highest relevance of the EPSAS project for the quality management of government finance statistics, the Commission counts on a strong support of the Parliament in all stages of its design and implementation.

Another important initiative already running in the European Statistical System is a new round of peer reviews covering all principles of the European Statistics Code of Practice. In line with European Statistics Governance Advisory Board (ESGAB) recommendations the coordination within national statistical systems is one of the main aspects under evaluation.

The pilot phase has been finalised and the main exercise should start next year. The results will be a major source of detailed independent information on the degree of compliance with the Code of Practice. Thus, they will most probably give valuable elements for future proposals regarding the further development of the statistical governance and quality assurance at both Union and national levels.

Finally, I would like to inform you that the Commission has initiated an in-depth reflection on the further approach to the modernisation of the production of European statistics and on related governance aspects. The project is launched by Eurostat and its partners within the European Statistical System. A short-term high-level task force including Eurostat and several Member States has been created. The results of this reflection, taking the current Vision as a starting point, will be discussed first the European Statistical System Committee in May next year.

These future-oriented initiatives demonstrate Commission's awareness of the challenges faced by European statistics. This also expresses our motivation to respond to user needs in an efficient way. All these projects require major financial and administrative efforts. Therefore, the political support of all actors at Union and the national level will be necessary. I hope that still this Parliament will offer this support for the sake of ensuring the relevance and credibility of European statistics.

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

Chair, Honourable Members,

I am very happy to be here again with you today to discuss current and future developments in EU tax policy. The European Parliament's contribution to advancing our tax agenda is invaluable, both in terms of political legitimacy and constructive input on key files. So let me start by thanking you for your continued collaboration and support.

**Tax evasion**

The last time I stood before you was in May this year, when I outlined my ideas and expectations for an intensified campaign against tax fraud and tax evasion. I doubt that even the most optimistic among us could, at that time, have anticipated the level of progress we have achieved in this area since then – both within the EU and globally.

**International level**

At international level, with the backing of the G8 and G20, automatic exchange of information has been accepted as the new global standard. And the OECD action plan on Base Erosion and Profit Shifting (BEPS) has been endorsed as the international response to aggressive tax planning and corporate tax avoidance. The EU played a pivotal role in securing the remarkable commitments made by world leaders to improve global tax governance.

For me, this is proof of what can be achieved when we truly work as a Union towards a common goal. But the work is not yet done. In the area of tax good governance, the EU has unrivalled experience and expertise, as well as the collective weight, to considerably influence international developments. We must use these assets to ensure coherence between the EU and the global approach on these matters. So we continue to engage actively within the OECD on both the development of the new global transparency standard, and the BEPS project.

Tomorrow I leave for Australia – the next country to hold Presidency of the G20. I will convey the EU's expectations for a strong political steer on their part, to ensure that momentum doesn't drop in the international drive against tax evasion.

EU level

Meanwhile, at EU level, we have had a highly productive 6 months too. The inventory of new initiatives to fight evasion is impressive. Since May, we have:

- proposed expanding automatic information exchange within the EU
- agreed on a quick reaction mechanism to fight VAT fraud
- started talks on stronger tax agreements with our closest neighbours
- launched the debate on taxing the digital economy
- proposed a standard VAT form to improve tax compliance
- set up a Platform on Tax Good Governance
- and, just yesterday, proposed amendments to the Parent-Subsidiary Directive to safeguard against abusive tax planning

I will come back to some of these initiatives in more detail in a moment. But the general point I wish to make here is that the Commission has used every tool at its disposal to advance our good governance principles in the EU. Meanwhile, EU leaders gave full backing to the EU's anti-evasion agenda at the May European Council, and demanded clear progress and results in key areas.

So the tools for a better fight against tax evasion are there, and so is the highest political backing.

Now it is for the Member States to keep pace. You are no doubt aware that once again the ECOFIN failed to reach agreement on the Savings Directive. I have asked the Lithuanian Presidency to put this point on the agenda again in December. A commitment was taken at the Summit in May to agree this file before the end of the year – and it is a commitment that must be honoured. As I told EU finance ministers last week, the world is moving on automatic information exchange and we cannot be left behind. On this note, I should inform you that negotiations with Monaco, Andorra, Lichtenstein and San Marino have already begun and are progressing well. And we will start with Switzerland as soon as they have their own mandate in the coming weeks. I have personally invested in these talks from the moment we were given the mandate to negotiate, and I can assure you that I will continue to do so to get the best result.

Turning now to the linked, but separate, proposal on the Directive on Administrative Cooperation. The main aim of our proposal is to ensure the broadest possible scope of automatic information within the EU. It would also provide a suitable EU legal base to implement the new global standard of information exchange under discussion. I hope the Parliament will give full support to the extended scope of information exchange when this file is voted in Plenary in December.



## Digital

Our battle against tax evasion has also thrown up new, and very interesting, challenges for us to address. Most notable is the question of how to tax the digital economy in a way that ensures fair taxation without hampering the growth of this important sector. The intangible and mobile nature of digital companies, together with outmoded tax rules, makes tax avoidance an especially pressing problem in this sector. But the youth of the digital sector, and its unique features, means that we have no experience to draw on in deciding how to tax it. There are no easy answers or quick-fix solutions to this problem. That is why I am establishing a high level expert group to identify the key challenges related to digital taxation and present solutions by summer 2014. The final selection of the members of this group – selected from the best and the brightest in both the tax and the digital worlds – was announced yesterday. The group will be chaired by Victor Gaspar, former Portuguese Finance Minister, in whom I have full confidence.

## VAT

Another area of great relevance to the fight against tax evasion is our VAT reform. However, this has broader relevance too, in that it is central to improving EU competitiveness by creating a more business friendly Single Market. I would like to take this opportunity to thank Sharon Bowles for her valuable contribution to the Brussels Tax Forum last week, where VAT was the topic of the day. Our work for a more efficient, more robust and more fraud proof VAT system progressed considerably in recent months. In October, the Commission published a report on the VAT Gap in Europe, which was estimated at €193 billion in 2011.

While this is a very alarming figure, it also confirms that our VAT reform goes in the right direction. Closing the VAT Gap requires both intensifying the fight against fraud, and also facilitating those who want to comply but are hampered by the complexity of the system.

We've advanced on both fronts since I was last here. Important new measures have been taken to fight VAT fraud more effectively, notably with the adoption of the Quick Reaction Mechanism. And significant steps have also been taken to cut red tape for businesses and ease compliance. The Standard VAT Declaration, which I proposed in October, should reduce costs for businesses by about €5 billion a year and simplify the process of filing VAT declarations across the EU. I would like to thank Mr Strejček for his very supportive report on this proposal. I know some of you will be interested in where we are on the issue of VAT rates, so let me quickly update you. Our review of the general system of VAT rates is well underway.

We have gathered input from a wide range of stakeholders, experts and policy-makers on this topic. No conclusions have yet been drawn. The next step will be an Impact Assessment early next year, which should help us to identify the right approach to take.

## CCCTB, FTT, ETD

Allow me now to turn to some of our other key tax files where, I must admit, I would like to see a lot more progress. Starting with the CCCTB. This file is advancing at technical level. But if I'm honest, I am getting impatient with the pace of discussions. It is time that we moved to a real political debate on the CCCTB, especially given its pertinence in our wider work against corporate tax avoidance. The CCCTB offers a "double-dividend". It could eliminate many opportunities for profit shifting by multinational companies – as is recognised in BEPS - while also simplifying corporate taxation for cross-border businesses. Some political momentum therefore needs to be injected into the negotiations if we don't want to miss the boat.

Moving on to the Financial Transaction Tax, the onus now lies with the 11 MS to move – and move quickly. There is nothing to be gained by protracted delays. The Commission has done everything it can to support negotiations, and the Parliament's input has been highly constructive.

It is clear that changes will be needed to the proposal in order to reach a compromise – and that is fine, so long as the core objectives are maintained and they create don't opportunities for circumvention. Plenty of feasible options are open for discussion. Now it's time for a political push. Finally, on the Energy Tax Directive, I fear we may be losing a valuable opportunity. The ETD proposal is the epitome of growth-friendly taxation which supports wider goals. But the latest compromise texts are disappointingly unambitious. The Commission is currently reflecting on the solutions for this file.

## Remaining Work Programme

Honourable Members,

As you know, the list of new proposals for 2014 has been kept very short, given that both the Commission and Parliament's mandates end next year. But that by no means implies that our work stops. On the contrary – we have much to finalise and deliver in the next 12 months.

We do have some new initiatives planned in taxation, notably related to talking cross-border problems for EU citizens. But we also have to press ahead with all our current files – maintaining momentum where it is present, and injecting it when lacking.

I look forward to hearing your views today on how you see things progressing, and what you expect.

Your input has always been much appreciated, and I hope I can rely on your continued support in the coming year.



**Speech by Mr Joaquín Almunia, Commissioner for Competition.**

Madam Chair,

Honourable Members,

Ladies and Gentlemen:

As we approach the end of the year, I think it is appropriate to present a review of our action across our competition-enforcement instruments over the last twelve months and look at the main items for adoption in 2014.

Our activity in cartels and antitrust has been focused mainly on new and growth-promising sectors; abuses of the patent system; and financial markets.

The first investigation I will mention in the high-tech industries is the on-going Google case.

This week we expect to receive the feedback of more than one hundred market players on an improved set of commitments. Recently I've had the opportunity to explain in this Parliament how I see this complex investigation. In the coming months we will assess the results of the present consultation and decide on the next steps.

As to the main decisions adopted this year in these sectors, let me underline the commitments we accepted by Apple and five of the world's largest publishers in our e-Books investigation.

We also fined Microsoft €61 million for failing to comply with legally binding commitments it entered into back in 2009. It was the first time the Commission sanctioned a company for this reason. The fine shows that I take compliance with commitments decisions very seriously.

Moving on to cases involving patents – and, for the first time, for delaying market entry of generic medicines – we imposed fines for €146 million on Lundbeck and other companies.

We also have some on-going cases relating to Standard Essential Patents. These are patents which have been committed to industry standards bodies and which smartphone manufacturers need to make sure that their devices can communicate together.

Among these investigations, two of them are more advanced. One involves Motorola. We informed the company of our concerns and we are studying their response. The other involves Samsung. The company has offered commitments which have been tested. We are analysing the results.

The third area of action I will highlight is financial markets.

Apart from the implementation of the special State aid regime for banks, we have advanced in our cartel investigations in the suspected manipulations of the Libor and Euribor benchmarks – and soon there will be fresh news. On top of this, I cannot rule out new investigations regarding similar practices.

Still in finance, last July we sent Statements of Objections to major investment banks and financial-information providers in the Credit Default Swaps case.

We have received indications of more alleged manipulation of benchmarks – this time in the Forex market.

I have to say that public policy needs to foster a change of culture in the industry. Financial markets must be safer and more transparent. Competition enforcement and regulation must go hand in hand also in this field.

Other activity in cartels includes the €141 million fine imposed on suppliers of electrical distribution systems for cars – the first decision of quite a number of investigations regarding the car parts industry.

Our cartel investigation in the market for smart card chips presented us with a novelty. After starting a settlement procedure, towards the end of last year the talks broke down with all the companies involved. Therefore we issued a Statement of Objections in April and the case will continue under the standard procedure.

In antitrust, other important decisions include the commitments we accepted by Star Alliance members Air Canada, United and Lufthansa.

We also continued our efforts to open up energy markets. We took a commitments decision with the Czech electricity incumbent ČEZ; a statement of objections was sent to OPCOM, Romania's power exchange; and the investigation involving Gazprom is on-going.

In the telecoms industry, Telefónica and Portugal Telecom received a €79 million fine for an illegal non-compete clause; we are investigating potential abuses by Slovak Telekom; and in July we carried out inspections at the premises of Deutsche Telekom, Orange, and Telefónica, involving potential abuses relating to content transmission in their networks.

Let me now give you some figures to illustrate our work in merger control.

This year we have received 219 notifications and approved 196 deals without conditions. We've also cleared 12 cases with commitments – ten of them in phase I and two in phase II. Finally, we have prohibited two mergers: UPS/TNT and Ryanair/Aer Lingus.

Among the deals we cleared, I will note the creation of Penguin Random House, the acquisition of NYSE Euronext by Intercontinental Exchange (ICE), and Vodafone's acquisition of the biggest German cable network, Kabel Deutschland.

In State aid – as I said earlier – we have continued our work with banks in distress.

Here, the main event was the introduction of new State aid rules for banks that entered into force in August. The new rules – prepared to manage the transition towards the Banking Union – draw on the insight and expertise we have gained since the beginning of the crisis.

Over the past five years, we have analysed the restructuring of 68 banks – 25 of which had to be resolved – equivalent to around one quarter of Europe's banking sector in terms of assets.

And the job is not finished. We still have 25 pending cases, in particular in the euro-area countries under programmes.

Between 2008 and 2012 the Commission approved massive amounts of State aid measures, which were used only in part, in the financial sector. In particular, only around one third of the guarantees approved by the Commission have been provided by Member States eventually.

However, the bulk of the support provided by Member States to their respective banking systems was precisely in the form of guarantee measures. In 2012, €92bn of state guarantees were still outstanding compared to the peak of €1,186bn in 2009. Less than 0.2% – that is, €2bn – of the total guarantees provided by the Member States has actually been called to date.

As regards recapitalisation measures, over the same period Member States recapitalised their respective banks for €113.2bn (or 3.2% of EU GDP in 2012). The four countries that most supported their banks with capital measures during these years were the UK (82bn), Germany (64bn), Ireland (63bn), and Spain (60bn). The top receiving banks were RBS (46bn), Anglo Irish Bank (32bn), and Bankia (22bn).

Finally, let me stress that State aid rules ensure that Member States are remunerated for their aid. For the massive guarantees provided during the past four years, Member States have received €3bn in guarantee fees – against, as I said before, €2bn of guarantees invoked. As of end 2012, Member States have received a total of €25bn in revenue in exchange for their support to the banks.

#### Policy developments

I have explained before this Committee the purpose and the main elements of the State aid Modernisation strategy launched in May 2012.

As to the regulatory components of the reform package, the Enabling and Procedural Regulations were adopted before the summer. Next in line will be the General Block-Exemption Regulation and the "De minimis" Regulation.

In addition to the new framework for the financial sector, the new Broadband Guidelines were introduced a year ago, the new Regional aid Guidelines last June and the Cinema Communication two weeks ago.

The Risk Finance Guidelines – which will promote wider risk-finance measures for SMEs and midcaps – will be adopted in early January.

The process will continue in the coming months with the guidelines on Aviation, on Rescue and Restructuring for non-financial firms, on Research, Development and Innovation, and with the Environmental and Energy Guidelines.

This means that all the main elements of the State Aid Modernisation package should be in place in the first half of next year and will enter into force in July 2014 at the latest. I want to thank the European Parliament for its valuable contribution. Your opinions have been extremely useful to improve the legislative texts and the guidelines.

Another policy initiative is the Directive on Antitrust Damages Actions, adopted by the Commission in June.

The proposal has made good progress in Council and the Competitiveness Council is likely to adopt a General Approach next week.

As for Parliament, an agreement has finally been reached on the respective roles of the ECON and JURI Committees as regards their work on the proposal.

I take good note of the fact that the Parliament has also expressed a strong wish that the legislative procedure be concluded before the end of the term.

I look forward to it and I trust this will still be possible regardless of the delays caused by the discussions between your Committee and your JURI colleagues.

If eventually the Directive cannot be voted before the end of your mandate, all those who stand to benefit from the compensations will indeed receive a very negative message.

Another policy development of 2013 is the Merger Simplification Initiative, which will cut red tape and reduce costs for business.

Looking ahead, among the priority items for adoption in 2014 there will be the review – in the antitrust domain – of the Transfer of Technology Block Exemption Regulation.

I will also mention the debates on the new Payments Services Directive and – particularly – the Interchange Fees Regulation. I am working hard with my colleague Michel Barnier to facilitate the co-decision procedures on both.

Finally I conclude with developments in our international relations.

Last week I signed a Memorandum of Understanding in New Delhi with the Competition Commission of India, which means that now we have MoUs with four of the five BRICS countries. I intend to negotiate an MoU with South Africa.

Last May the European Union and the Swiss Confederation signed the first 2nd generation agreement. I welcome the work done by the European Parliament to advance on its consent process. I understand discussions are expected to start next week.

Another big international pact of interest for competition policy is the Transatlantic Trade and Investment Partnership. The competition chapter will include provisions covering antitrust, mergers, state-owned enterprises, and subsidies. I very much hope for a positive outcome in this domain and, of course, for the TTIP negotiations in their entirety.

Thank you.

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