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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Partial summary record of the meeting of the **Committee on Economic and Monetary Affairs (ECON)** of the European Parliament, held in Brussels on 26 and 27 January 2015
- Items 4, 6, 7, 9-12 and 18

- **The committee held two debates on the European Fund for Strategic Investments, with Commission Vice-President Katainen and EIB President Werner Hoyer, focusing largely on the selection of projects. MEPs wanted to know how EU priorities would be taken into account and how the EP could be involved in the process.**
- **During the exchange of views with Finance Ministers Schäuble and Padoan on economic governance, Mr Padoan focused on the need for a coherent policy mix and stronger economic governance for achieving growth and convergence. Mr Schäuble took the view that rules had to be respected in order to foster trust and that an economic governance reform would require treaty changes.**

- **The Committee endorsed the results of the trilogues on the Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, the Regulation on information accompanying transfers of funds and the Regulation on interchange fees for card-based payment transactions. It also adopted its report on the Annual Report on EU Competition Policy.**

4., 6. Exchanges of views with Jyrki Katainen, Commission Vice-President for Jobs, Growth, Investment and Competitiveness, and Werner Hoyer, President of the European Investment Bank (EIB) and Chairman of its Board of Directors
ECON/8/02581 and ECON/8/00529

In his introductory remarks VP KATAINEN gave an overview of the three strands of the investment plan, including the proposal on the European Fund for Strategic Investments (EFSI), stressing the need to develop the single market, which he believed would make the biggest difference to investment in the medium to long term.

Focusing on EFSI as such, Mr HOYER explained that the idea had been to avoid creating a new institution, which is why the fund was embedded in the existing EIB structures. However, there was also a specific situation – use of the EU budget for guarantee purposes. Therefore, someone had to check the compatibility of the loans with the eligibility criteria of the EU budget guarantee. The idea had been to depoliticize the process, which is why the task was given to the Investment Committee, which is run by people who enjoyed the trust of the Commission, bearing in mind that the Commission was responsible to the EP.

In their interventions MEPs raised a number of issues, including the expected effects of the investment plan, the basis on which the leverage ratio of 15 had been suggested and how MEPs could encourage the member states to contribute to the fund.

A large number of questions addressed the issue of project selection. Mr NIEDERMAYER (EPP, CZ) pointed to the difficulties of attracting investors, who wanted to get their return, while making sure that the outcome would reflect EU priorities. He expressed concern that the private sector would want to achieve the best possible balance of risk, reward and costs, thus focusing on bigger and less risky projects. This could lead to a focus on projects that would have been financed anyway. Similar worries were expressed by Mr LANGEN (EPP, DE) and Ms KAPPEL (NI, AT). Several MEPs expressed their views on where the priorities should be, such as projects in the sectors with the potential for innovation and competitiveness (Ms HÜBNER, EPP, PL), long-term rather than quick-win projects (Ms VAN NIEUWENHUIZEN, ALDE, NL) and projects with a social and environmental impact (URTASUN, Greens, ES; ZANNI, EFDD, IT). S&D, GUE/NGL and Ms PAUNOVA (EPP, BG) also raised the issue of fair geographical distribution of the projects.

In this context many MEPs wanted to know how it would be ensured that project selection reflected those different priorities. There were calls for defining more precisely the selection criteria for the projects (Mr BAYET, S&D, BE) and for the balances struck by the EP in the EU budget to be reflected in EFSI work (Mr SIMON, S&D, DE). The rapporteur, Mr BULLMANN (S&D, DE), took the view that the EP had to be involved in the decisions taken.

Regarding the governance structure of the fund, Ms RODRIGUES (S&D, PT) was worried about the participation of private sector and non-European actors in EFSI. It was necessary to ensure that the broader EU interest prevailed in this context. Mr NIEDERMAYER (EPP, CZ) expressed concern about staffing the Investment Committee with people hired from the market.

There were also several questions from EPP, S&D and ALDE about helping SMEs and start-ups to get financing from the fund. S&D and GUE/NGL wanted to make sure that investors operating out of tax havens did not get funding.

In his replies VP KATAINEN explained that the Commission expected the 300bn additional investment to create as many as 1.3 million new jobs in Europe. He agreed that financing had to support the other policy areas in the EU. However, he also stressed the importance of a depoliticized selection of projects, to enable private investors who needed returns to rely on the work of the fund and make their investment decisions. Technical assistance had been foreseen in order to help all member states to structure good projects. Regarding the governance structure of the fund, he agreed that it was important for the EU as a whole to keep a majority in its decision-making.

Mr HOYER considered the leverage ratio of 15 realistic based on the EIB's experience and stressed, with regard to project selection, that while the Investment Committee had been depoliticized, the orientation given by the political leaders formed the basis for the work. Regarding the role of the EP, he agreed that if there was an EU budget guarantee against the risk, the weighting of the different areas would have to follow the priorities of the EP as well. He suggested that it was for the EP to ensure during the trilogues that its budgetary competence was protected. Mr Hoyer also agreed that the focus should be on SMEs and start-ups and stressed that compliance with international standards in the field of tax evasion was very important for the EIB.

7. The review of the economic governance framework: stocktaking and challenges

ECON/8/01152, 2014/2145(INI)

Rapporteur: Ms BERES (S&D, FR)

- Exchange of views with Wolfgang Schäuble, Finance Minister of Germany, and Pier Carlo Padoan, Minister of Economy and Finances of Italy

Mr PADOAN argued that the current economic governance framework had to be assessed on the basis of the growth and convergence it would lead to, and considered the results unsatisfactory from this point of view. He stressed the need for a coherent policy mix and a stronger governance structure to achieve this. It was important to take into account the interaction of national and European policies and the impact of policies in one country on others, in particular the positive spill-over effects which had so far been neglected. He also referred to the single market, simplifying the tax arrangements and developing a real Capital Markets Union. All these elements had to be dealt with in a coherent way in the Annual Growth Survey.

Regarding structural reforms, Mr Padoan took the view that they should be designed and implemented bearing in mind the time factor and their interaction with macroeconomic elements. National ownership was key. He considered that many well-designed and well-implemented economic policy measures had achieved sub-optimal results as they were not in a position to inspire sufficient trust amongst market operators. There was a need for a clear design for injecting confidence in economic policy, both at the national level and across Europe. Institutional reforms which increased stability and trust were important and many economic policy efforts stood to gain from them.

Mr SCHÄUBLE took the view that risk-sharing and sharing of sovereignty were linked, quoting Commission Vice-President Dombrovskis at the ECOFIN meeting the day before. He considered that treaty changes were necessary for changing the framework, referring to the well-known position of the German government on this. Improvements could also be made within the existing rules, however the rules needed to be respected.

Regarding flexibility, he took the view that this was not a bad thing in itself, but should not lead to agreed rules no longer being respected, as this would undermine trust. He pointed to a number of member states where there was a growing call for sticking to the existing legal framework. He considered that it was going to be difficult to get people on board when it came to changing the rules, including in Germany.

Mr Schäuble nevertheless also emphasized the need for solidarity in the wake of the crisis. Asked for suggestions for improving the existing system, he stressed that it was important to achieve a balance within the EMU and for stronger regions to support the weaker ones. He pointed out that his country had had the experience of a very long process of transfers between West and East Germany. However, such measures had to be negotiated and the balance needed to be achieved in line with the treaties.

In conclusion the rapporteur, Ms BERES noted Mr Schäuble's remarks about agreements on transfers and compensation. It was important to understand what this meant for the euro area. She also called for keeping an open mind when evaluating the 2-pack and 6-pack.

Timetable:

- Consideration of the draft report: 23 or 24 February
- Deadline for amendments: 3 March
- Consideration of amendments: 23 or 24 March
- Vote in ECON: 14 April
- Plenary vote: April II session

9. Joint ECON-LIBE meeting:

Reconsultation of the Committee: (Rule 73 of the Rules of Procedure):

- Prevention of the use of the financial system for the purpose of money laundering and terrorist financing (rapporteurs: Mr Kariņš (EPP) and Ms Sargentini (Greens/EFA))

- Information accompanying transfers of funds (rapporteurs: Peter Simon (S&D) and Timothy Kirkhope (ECR))

The agreed texts were approved with 87 votes in favour, two against and two abstentions, and 83 votes in favour, four against and three abstentions, respectively.

10. Reconsultation of the Committee: (Rule 73 of the Rules of Procedure)

- Interchange fees for card-based payment transactions (rapporteur Mr Zalba Bidegain (EPP))

ECON/8/02552

The agreed text was approved by 51 votes in favour, two against and two abstentions.

11. Annual Report on EU Competition Policy

ECON/8/00965, 2014/2158(INI)

Rapporteur: Mr MESSERSCHMIDT (ECR, DK)

- Adoption of draft report

The report was adopted as amended, with 51 votes in favour, two against and four abstentions.

12. European Investment Bank - Annual Report 2013

ECON/8/00967, 2014/2156(INI)

Rapporteur: Mr URTASUN (Greens/EFA, ES)

- Adoption of draft report

The vote on the report was postponed.

18. Next meetings

– Monday, 23 February (afternoon) and Tuesday, 24 February 2015 (full day)