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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 5 December2013

The meeting was chaired by Ms Bowles (ALDE, UK).

Item 1 on the agenda

Adoption of the agenda

The agenda was adopted.

Item 2 on the agenda

Statistics for the Macroeconomic Imbalance Procedure

ECON/7/12975 2013/0181(COD)

Rapporteur: Mr Derk Jan Eppink (ECR)

- Consideration of the draft report

In his opening remarks, Mr Eppink (ECR, BE) suggested aligning the proposal with the existing legislation; restricting sanctions to euro area countries; assigning the fines collected to the European Stability Mechanism (ESM); complementing the current legal basis with Article 121(6) of the Treaty on the Functioning of the European Union (TFEU); clarifying the process for transmission, reporting and communication of the data; introducing a cut-off date for Eurostat to extract the time series needed for the Macroeconomic Imbalance Procedure (MIP) and a publication date for the news release on the MIP Scoreboard indicators; renaming the missions to Member States as "dialogue" visits; and a closer involvement of the European Parliament (EP) and of national parliaments. He called for close cooperation between the European Statistical System (ESS) and the European System of Central Banks (ESCB) to ensure the quality of the MIP-relevant data and for the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) to offer advice on the practical operational arrangements.

In the debate that followed all speakers broadly supported the Commission proposal and the calls for more legal certainty on sanctions more flexibility in terms of data collection, as well as greater alignment with existing legislation and more parliamentary scrutiny. However, divergences arose over the scope of sanctions as well as over the assignment of the fines collected. Unlike the rapporteur, Mr Dorfmann (EPP, IT), Mr Hoang Ngoc (S&D, FR) and Mr Lamberts (Greens/EFA, IT) preferred all 28 Member States to be liable to sanctions. Mr Dorfmann proposed a two-tier system for sanctions (caution deposit and conversion into a fine) with a reverse qualified majority scheme whereas Mr Lamberts wanted to allocate the fines collected to the EU budget.

The Commission representative reiterated the need to apply fines to all Member States and to allocate the fines to the EU budget. He took note of the remarks on the legal basis and promised to address them in cooperation with the EP and the Council. Finally, he explained that visits to Member States were designed to ensure the quality of the data provided.

Consideration of amendments: 23 January 2014. Vote in ECON: 12 February 2014.

Item 3 on the agenda

Chair's announcements

Ms Bowles (ALDE, UK) announced that an agreement had been reached on the Union programme to support specific activities in the field of financial reporting and auditing for the period 2014-2020. She also informed the Committee on the progress on the Markets in Financial Instruments Directive (MiFID) trilogue and in particular on the positive developments on market structure and third countries, adding nevertheless that work remained to be done on commodities and access.

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

Item 4 on the agenda

Nomination to the position of Chair of the Supervisory Board - Ms Danièle NOUY

ECON/7/14664 2013/0901(NLE)

Rapporteur: Ms Sharon Bowles (ALDE)

- Adoption of the draft report

The draft report was approved, with 29 votes in favour, 0 against and 1 abstention.

Item 5 on the agenda

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

ECON/7/12475 2013/0096(NLE)

Rapporteur: Mr Jean-Paul Gauzès (EPP)

- Adoption of the draft report

The vote was postponed.

Item 6 on the agenda

Uniform rules and procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Bank Resolution Fund

ECON/7/13435 2013/0253(COD)

Rapporteur: Ms Elisa Ferreira (S&D

- Adoption of the draft report

The vote was postponed until 17 December.

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

Item 7 on the agenda

Indices used as benchmarks in financial instruments and financial contracts

ECON/7/14051 2013/0314(COD)

Rapporteur: Ms Sharon Bowles (ALDE)

- Consideration of the draft report

Ms Bowles (ALDE, UK) gave a brief synopsis of the report and reiterated some of the views expressed during the first exchange of views[1]. She admitted that the scope remained wide but closer to the legislation on credit rating agencies. Nevertheless, she voiced concerns about the volume and nature of benchmarks and administrators. She explained that she had introduced amendments to deal with proportionality and to enable the inclusion or exclusion of benchmarks; that she had deleted provisions on the automatic exemption of central banks in level 1, and that she had proposed introducing phasing-in provisions and delegating powers to the European Securities and Markets Authority (ESMA). She also referred to third-country provisions, compliance with International Organization of Securities Commissions (IOSCO) standards, disclosure of data and methodology, financial stability and the cessation of benchmarks. Moreover, she considered the 20 % threshold to trigger the requirement for compulsion to contribute too inflexible and proposed making it more elastic. Lastly, she said that transparency in the fee structure for investors should be enhanced and that it should be verified whether or not any incorrect cross-subsidisation existed.

In the debate that followed Mr Mitchell (EPP, IE) welcomed efforts to segment the various categories of benchmarks. He suggested removing the EUR 100 billion threshold on critical benchmarks and giving the Commission implementing powers to designate critical benchmarks. He thought that Central Statistical Offices of Member States should not be included in the scope of the Regulation and was concerned that asset managers could be considered as benchmark administrators. He proposed having third-country administrators making a statement confirming adherence to IOSCO principles to use their benchmarks in the EU and reiterated his calls for provisions on whistleblowing to be strengthened.

Ms Turunen (S&D, DK) agreed with the amendments introduced by the rapporteur on mandatory contributions to critical benchmarks and suggested enhancing obligations on contributors.

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[1] See 16105/13 pp. 4-5.

Ms Turunen proposed a stronger role for the college on EU critical benchmarks. She asked the Commission to clarify its position on the level of sanctions and was convinced that the code of conduct should be legally binding.

Mr Lamberts (Greens/EFA, BE) explained that his group had not yet taken a position on third-country provisions and on narrowing the scope of the Regulation. Nevertheless he proposed including over-the-counter financial instruments in the scope, introducing a definition for foreign exchange benchmarks, including emission allowances as underlying assets, lowering the threshold on critical benchmarks and reinforcing the role of ESMA in the colleges setting up critical benchmarks. Moreover, he believed that interest rates and foreign exchange rate benchmarks should fall under direct supervision.

Mr Eppink (ECR, BE), on behalf of Mr Kamall (ECR, UK), broadly supported the amendments introduced by the rapporteur to narrow the scope and to have a flexible regime on third countries and warned against conflating consumer and systemic risk.

Ms Matias (GUE/NGL, PT) underscored her group's agreement with the rapporteur's proposals on ESMA's competencies, the scope, the segmentation of benchmarks and the 30-month transition period. Nevertheless she expressed some concerns over commodities and the use of IOSCO standards. She recommended further focus on adequate powers for administrators, the continuity of benchmark indicators, and changes in methodology.

Mr Langen (EPP, DE) proposed addressing the legal basis while Mr Schmidt (ALDE, SE) considered it essential to pay additional attention to whistleblowing, transparency and flexibility.

Consideration of amendments: 20 January 2014. Vote in ECON: 30 January.

Item 8 on the agenda

Amendment to Directive 2006/112/EC on the common system of value added tax as regards a standard VAT return

ECON/7/14450 2013/0343(CNS)

Rapporteur: Mr Ivo Strejček (ECR)

- Consideration of the draft report

Mr Strejček (ECR, CZ) was convinced that the report would be broadly supported by all groups. He underlined the complexity of VAT systems and their vulnerability to fraud, and the difficulty in gathering data on cross-border VAT, and agreed with calls to simplify the process through standardisation to help service providers and national tax administrations.

Mr Strejček claimed that this could lead to a gain of EUR 15 billion in additional tax income and administrative savings. He explained that the text proposed a flexible framework with a minimum amount of mandatory information which could be complemented in specific situations with additional information and that SMEs would be granted more time to provide their VAT declarations to avoid overburdening them.

Mr Mitchell (EPP, IE) on behalf of Ms Essayah (EPP, FI) welcomed the proposal. However he suggested clarifying the impact of the current proposal on carousel fraud and expressed concerns about the SMEs' use of electronic VAT forms. He proposed further reducing the amount of required fields for Member States and providing short and clear instructions in all EU languages once the Commission VAT web portal was implemented.

The Commission representative noted that the proposal would generate savings for public administrations and companies, ease cross-border trade, and reduce the VAT "gap" which stood presently at EUR 193 billion.

Consideration of amendments: 22 January 2014. Vote in ECON: 30 January 2014.

Item 9 on the agenda

Economic Dialogue and exchange of views with Edward Scicluna, Minister for Finance of Malta

ECON/7/14619

In his introductory statement, Minister Scicluna outlined the main elements in Malta's budget and referred to the constructive dialogue between Malta and the Commission. He broadly agreed with the country-pecific recommendations proposed by the Commission on fiscal governance, energy, economic growth, education, health and labour participation. However, he was less receptive to calls for additional reforms of pensions. He mentioned Malta's strategy to diversify its sources of energy and reduce its dependency on oil and the strategic partnership with China which he claimed would result in savings of up to 35 %, the reduction of Malta's contingent liabilities and the improvement of competitiveness. He also referred to the measures to improve female and senior labour participation rates, to reform social schemes, to shift taxation away from labour towards consumption, and to reform the judicial and health system, which were designed to promote investment, growth and jobs.

Mr Scicluna also announced the intention to introduce third-pillar pension schemes by 2014 and underlined the Government's objective to reduce the deficit below 3 % by 2013 and to resolve discrepancies with the Commission on economic forecasts.

In the debate that followed speakers focused their interventions on the strategic partnership between Malta and China (Ms Bowles, ALDE, UK), on economic coordination, the European Semester and the Banking Union (Ms Ferreira, S&D, PT), on country-pecific recommendations (CSRs) and the Maltese Individual Investor Programme (IIP) (Mr Giegold, Greens/EFA, DE), on the constructive cooperation between the Maltese government and the opposition to curb the budget deficit (Mr Skinner (S&D, UK), and on Malta's position on statistics (Mr Hoang Ngoc, S&D, MT).

In response, Mr Scicluna underlined the importance of budgetary coordination at EU level and of transparency in the preparation of the budgetary plans. Yet he claimed that the publication of certain elements of the Maltese budget ahead of time had provoked some disorder and speculation on excise duties. He stressed as well the need to ensure political ownership of the programmes at national level, to adapt CSRs to the requirements of each individual country and to further improve budgetary synchronisation. He considered it key to find the right balance between all Member States' needs in the Banking Union and underscored the robustness of the Maltese banking system which had escaped virtually unharmed from the financial crisis. Moreover, he admitted some frictions between euro and non-euro countries and called for a swift agreement on the different building blocks of the Banking Union. He spoke about the government's initiatives to promote long-term investment in Malta and in particular about the creation of a Development Fund and the IIP, refuting suggestions that Malta's IIP was a venue for foreigners to enter the EU. He held that the ongoing pension and health reforms would have a positive impact on the 2015 budget and referred to the unique character of the pension system in Malta due to the low level of labour participation. Finally, he acknowledged the need for strong, reliable and independent statistical data.

Item 10 on the agenda

Any other business

No other business was discussed.

Item 11 on the agenda

Next meeting

The next meeting will be held in Brussels on 9 December 2013.