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NOTE

from : General Secretariat of the Council
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Subject : Summary on the meeting of the **Committee on Economic and Monetary Affairs, (ECON)** held in Brussels on 1 and 2 June 2010

The meeting was chaired by Ms McCARTHY (S&D, UK) and Ms BOWLES (ADLE, UK) and Mr GARCÍA-MARGALLO Y MARFIL (EPP, ES).

1. The interconnection of business registers

ECON/7/02662 , 2010/2055(INI)
Draftsman: Mr Hans-Peter Martin (NI)

Mr MARTIN (NI, AT), rapporteur, highlighted two of the ten amendments that had been tabled. Concerning amendment 4, from Mr SIMON (S&D, DE), he considered the update of the information transmitted by a central point in charge of the network to be unacceptable, both because of a possible problem with the legal basis and because of the red tape this requirement would generate.

Concerning amendment 5, tabled by himself, he insisted on keeping the term 'binding' although the ECR group could not agree that the system should be binding on Member States.

Mr KARINS (EPP, LV) agreed that such an update of data would be useful, but considered that it would be too expensive.

Mr STREJCEK (ECR, CZ) criticised the requirement that the system be binding on Member States.

Mr BULLMANN (S&D, DE) warned against the danger of an optional system that would neglect harmonisation and, at the end of the day, the internal market.

Vote at ECON: 2 June 2010.

2. The Demographic Challenge and Solidarity between Generations

ECON/7/02204 , 2010/2027(INI)

Draftswoman: Mr Ashley Fox (ECR)

Mr FOX (ECR, UK) noted that demographic change may have an impact on public finances, in terms of sustainability of the pension systems. Therefore he proposed that Member States be encouraged to manage demographic change, in particular through support to families and the removal of disincentives for older people wishing to continue working beyond retirement age.

Ms ESSAYAH (EPP, FI) suggested that Member States should be invited to act to enhance productivity in the welfare services sector.

Mr HOANG NGOC (S&D, FR) spoke against promoting private pensions schemes, as they would increase levies on family budgets and be detrimental to economic growth. As for the increase in the retirement age, he stressed that this may impact on unemployment benefits which might be higher.

Ms in 't VELD (ALDE, NL) disagreed with the paragraph concerning family support, as it was not for a Member State to choose what type of family should be supported.

Deadline for amendments: 4 June 2010, consideration of amendments; 28 June 2010, vote at ECON: 13 September 2010.

3. Adoption by Estonia of the euro on 1 January 2011

ECON/7/02913, 2010/0135(NLE)

Draftsman: Mr Edward Scicluna (S&D)

Mr SCICLUNA (S&D, MT), rapporteur, said that he could agree with 5 of the 13 amendments that had been tabled. He rejected all the 8 amendments tabled by Ms ANDREASEN, as they all aimed at postponing the entry of Estonia in the euro zone.

He agreed, in particular, with the amendments of Mr KLINZ, asking the Commission to simulate the effect of the euro area rescue package on the Estonian budget and that Eurostat verify on the spot, in close cooperation with the Estonian statistical office, the validity of all relevant data. Moreover, the Estonian government should ensure that the introduction of the euro was not used for hidden price increases. Mr KLINZ hinted that the preparedness of the euro zone to enlarge should also be tested.

Vote at ECON: 2 June 2010.

4. Remuneration of directors of listed companies and remuneration policies in the financial services sector

ECON/7/01725 , 2010/2009(INI)

Draftsman: Mr Saïd El Khadraoui (S&D)

Mr El KHADRAOUI (S&D, BE), rapporteur, said that most of the 84 amendments that had been tabled were constructive and would improve the text. Political differences concerned, in particular, compensation policies in the public sector. Mr El KHADRAOUI considered that this was an opportune moment to hold this discussion, as on 2 June 2010 the Commission was to publish two reports on how Member States have to put into practice the Commission's Recommendations 2004/913/EC and 2005/162/EC, on remuneration policies in the financial services sector and for directors of listed companies.

Mr NITRAS (EPP, PL) drew attention to the link between remuneration and long -term results that was properly mentioned in the report. He did not share the opinion that remuneration had been one of the major causes of the crisis, and suggested that taxation of remuneration should be taken into account.

Mr HAGLUND (ALDE, FI) said that more proportionality was needed in order to address different types of companies in an appropriate manner.

Ms FORD (ECR, UK) raised the question of whether remuneration policies should be extended outside the financial sector.

Mr KLINZ drew attention to the fact that the report reflected an Anglo-American pattern for listed companies, which did not always correspond to the continental remuneration ranking of staff. He added that taxation might not offer a viable solution, as it would be easy to find loopholes in the system.

Ms BOWLES explained that amendments were needed to make the report consistent with what had been decided within the Capital Requirement Directive.

Ms McCARTHY considered that public was expecting the EU to adopt a framework for remuneration in the financial sector and thought that banks could more easily meet the capital requirement if they did not pay excessive bonuses.

Vote at ECON: 22 June 2010, adoption in the July plenary.

5. Derivatives Markets: Future policy actions

ECON/7/01724 , 2010/2009(INI)

Draftsman: Mr Wener Langen(EPP)

Mr LANGEN (PPE, DE), rapporteur, recalled the role that derivatives had played and were still playing in the crisis and expressed the wish that a clear line could be agreed inside the ECON Committee.

In examining some 23 compromise amendments, he highlighted some questions that remained still open, such as an amendment from Ms PODIMATA (S&D, EL) concerning the impact of credit default swaps on sovereign credit, or an issue on liquidity raised by Ms Bowles.

Mr DOMINICI (S&D, IT) considered that discussions should go on to incorporate the new amendments into the compromise amendments already agreed.

Ms BOWLES insisted that more work had still to be done and proposed to further discuss some of the amendments; she suggested not to putting it to a vote, as the report might lack broad consensus.

Mr LANGEN complained that too many amendments had been tabled that very day, including one on the presence of shareholders on the risk management board.

Mr CANFIN (Greens, FR) in general appreciated the report, as it paved the way for standardisation of the sector.

The representative of the Commission drew attention to some elements of the report. First, he asked that a workable solution be found for corporate end users, in order not to hamper companies in Europe. Second, he asked for further consideration to be paid to Counterparty Clearing Facilities (CCPs). According to him liquidity had to be considered a fundamental criterion and location requirements. Finally, he announced that investigations into naked Credit Default Swaps (CDS) were in their closing stages.

6 Funding and functioning of the European Globalisation Adjustment Fund

ECON/7/02925 , 2010/2072(INI)

Draftsman: Mr Thomas Händel (GUE/NGL)

Mr HÄNDEL (GUE/NGL, DE), rapporteur, explained the different elements of his report.

He wanted to analyze the use of European Globalisation Fund (EGF) at national level and the support it had enjoyed from Member States. In the third paragraph he suggested the creation of a relocation levy that would have companies compensating for the social costs of relocations. In paragraph 4 he considered that the EGF should contribute to the creation of employment in the regions, and that social partners should be involved in future allocations of the EGF. In paragraph 6 he addressed the way the EGF was used when companies were relocating within Europe in order to highlight the complexity of the process and hence suggest ways to simplify it and diminish the time span. Finally in paragraph 7 he proposed to increase the funding in the future because of the economic and financial crisis.

MS HÜBNER (EPP, PL) said that in the future more efficiency would be needed in the use of public money both at national and European level. She thought the Commission needed to be urged to submit proposals for the improvement of the fund since European industries and enterprises were facing deep structural transformations. She proposed the identification of new engines for growth and competitiveness, which she considered the main goal of the EU2020 strategy, and considered that generating jobs was pivotal.

Ms PODIMATA (S&D, EL) said that the Commission report evaluating the application of measures of the funds should be supplemented with statistical information from Member States in order to determine the reasons for the limited use of the EGF. She supported the simplification of procedures and recommended that the relevant national bodies responsible for dealing with the EGF should be able to benefit from the exchange of information and collect data on best practices throughout Europe. She suggested in paragraph 2 to ask the Commission to put forward a proposal to make it possible for companies to be involved financially when shedding jobs and having made profits.

Mr HAGLUND (ALDE, FI) said the original purpose of the opinion seemed to have been ignored as the shift had passed from the EGF to the relocation of funds.

He defended the inclusion of social partners but he was not sure if they should have a formal role. He did not agree with point 6 of the opinion as he thought that support for the relocation fund was against the spirit of the EU regarding the free movement of people and jobs.

Regarding point 7, he considered the economic situation did not allow for an increase in funds.

Mr STREJČEK (ECR, CZ) said that the EU could not help companies that could not tolerate globalization because it reduced the free movement of capital and people.

The spokesperson for the Commission agreed that the EGF should help redundant workers and not companies.

He gave an assurance that no company in the EU had receive any financing or cofinancing from the EU in the framework of the EGF. He welcomed the proposals to improve EGF especially regarding procedures governing the use of the fund. He explained that the Commission had singled out the EGF as one of the instruments that would support jobs in emerging markets and enterprises. He told the committee the average time for the allocation of funds in the account of the Member State treasury was 225 days. He indicated that the Commission was considering revising the regulation as stated on point 7 of the opinion to create a budget line for the EGF but that no decision had been taken yet.

He expressed satisfaction with point 1 and with the call for more information, transparency and better overall statistics for the fund. Regarding this last issue, he said that the Commission was preparing the report for 2010, which would be ready in a month's time accompanied by a Commission document with all the available statistics to provide accurate information to the EP and the Council.

Deadline for amendments: 8 June 2010, consideration of amendments: 28 June 2010, vote at ECON: 28 June 2010, adoption in the July plenary.

7 Consumer rights

ECON/7/00127, I 2008/0196(COD), COM(2008)0614
Draftswoman: Ms Sirpa Pietikäinen (EPP)

The rapporteur, Ms PIETIKÄINEN (ALDE, FI), explained that existing consumer protection was covered by four directives all based on minimal harmonization and believed that the need for greater protection could be addressed at national level. She explained that the Commission wanted to switch from minimal harmonization to full harmonization and that this could pose serious technical difficulties and problems of principle.

She thought that full harmonization could decrease levels of consumer protection as well as the quality and life expectancy of products and their environmental sustainability.

Regarding national contract law systems she asked how this could be fitted in with the concept of full harmonization.

She supported the Commission proposal to increase internal market cross border shopping and ecommerce and asked whether full harmonization of consumer rights was the best tool to achieve this.

She expressed support for the harmonization of chapter one regarding the terminology and the conditions for returning goods but only on minor details and not on the core issues.

She also defended alternative types of dispute resolution method both at national and at community level. She said the committee should move in the direction of the expected lifespan of the product.

Finally, she said that financial services should be regulated in a specific directive.

Mr SÁNCHEZ PRESEDO (S&D, ES) explained that the nature and objective of the directive of consumers' rights was to promote the internal market and not consumer rights. In this sense, he considered that the issue at stake was whether excessive consumer rights could damage the internal market. He argued that full harmonization should only be approached in specific areas where it could improve the internal market. He considered the proposed Directive should include financial services. He also proposed a charter of European consumer rights in the field of financial services and clearer provisions on the way to provide and disclose information and suggested clear rules on liability and the promotion of collective action.

Mr. SCHMIDT (ALDE, SE) considered that loans of less than EUR 200 should be covered by the directive concerning credit agreements for consumers as well as digital contents, services and national contract laws and defended a reference to collective redress to benefit consumers buying.

Mr FOX (ECR, UK) supported proposals to reduce the burden on businesses wishing to operate cross border and to enhance consumer protection and considered that consumer rights should not be limited to 2 years.

Deadline for amendments: 8 June 2010, vote at ECON: 13 June 2010, adoption in the December plenary.

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

8 Derivatives Markets: Future policy actions

ECON/7/01724

2010/2008(INI) COM(2009)0563

Rapporteur: Mr Werner Langen (EPP)

The draft motion for a resolution was approved by 43 votes in favour, 1 against and 1 abstention.

9 Adoption by Estonia of the euro on 1 January 2011

ECON/7/02913

2010/0135(NLE) COM(2010)0239

Rapporteur: Mr Edward Scicluna (S&D)

The draft motion for a resolution was approved by 40 votes, 2 against and 1 abstention.

10 The interconnection of business registers

ECON/7/02662

2010/2055(INI) COM(2009)0614

Draftsman: Mr Hans-Peter Martin (NI)

The draft motion for a resolution was approved by 29 votes, 0 against and 12 abstention.

*****end of voting time*****

11 Basel II and revision of the Capital Requirements Directive (CRD 4)

ECON/7/02384

2010/2074(INI)

Rapporteur: Mr Othmar Karas (EPP)

In his opening remarks Mr KARAS (EPP, AT) considered that the EP should influence the shaping of Basel III and CRD4 as much as possible. He defended an evaluation assessment on the effects on the real economy. In his opinion, the committee needed to look at the improvement of capital requirements and at ways to minimize risk.

He said that there was a possibility that the present proposals could have a negative effect on the European economy by slowing down the economic and financial recovery and defended common regulations at European and international level to avoid distortions of competition.

Mr BULLMANN (S&D, DE) was in favour a more balanced and well-structured system of provisions on capital requirements in the banking system to optimise its functioning.

He explained that although there was a tacit consensus in favour of reforming the financial market, particularly regarding equity rules, there was no agreement on how to proceed. He agreed with the rapporteur on the need to conduct a study on the functioning and structure of the European market and banking system and on the need for clear rules. He also defended a limitation on the leverage ratio always in accordance with real figures and promised to suggest amendments on that point.

Mr LAMBERTS (Greens/EFA, BE) agreed with Mr BULLMANN on the need to achieve a consensus on what had to be done. He indicated that the regulation proposed by the Commission on liquidity standards would not be applicable to investment firms that invested in funds on behalf of their clients. In his view there was a difficulty in establishing differences between what financial institutions did for themselves and what they did for their clients.

Ms FORD (ECR, UK) mentioned the importance to maintain the role of banks in order to finance future projects in the European economy.

Ms LULLING (ALDE, LU) considered that new regulation should not suffocate the business sector and its growth.

Ms BOWLES (ALDE, UK), shadow rapporteur, defended transparency in the whole process. Mr GAUZÈS (EPP, FR) underlined the importance of the report as a political signal to the Commission and to the Basel committee. He acknowledged there was distortion of competition between the EU and the USA and that there should be control mechanisms and sanctions put in place that work on a transatlantic basis.

Deadline for amendments: 8 June 2010, consideration of amendments: 28 June 2010, vote at ECON: 6 September 2010, adoption in the September II plenary.

12 Cross-Border Crisis Management in the Banking Sector

2010/2006(INI)

Rapporteur: Ms Ferreira (S&D)

The rapporteur introduced the report and underlined that the Parliament should send out a clear message strengthening the European perspective against the risk of fragmentation, in line with the report by Mr MARGALLO y MARFIL on the European Banking Authority (EBA).

In a first round of shadow rapporteurs, Mr KARAS (EPP, AT), on behalf of Ms HÜBNER (EPP, PL) expressed doubts about the possibility to distinguish between systemic and non-systemic risk banks and suggested the same regime for all cross-border banking groups. Ms SWINBURNE (ECR, UK) agreed with the doubts expressed about the distinction between systemic and non-systemic risk banks and expressed her disappointment with the fact that the international aspect was not reflected in the text, stating that the cross-border aspect could not consider only the EU.

Mr SCHMIDT (ALDE, SE) admitted the difficulty of defining systemic risk banks but considered it to be necessary and agreed with the rapporteur's suggestion. He supported the idea of a Financial Stability Fund and suggested an independent resolution unit. Ms JOLY (Greens/EFA, FR) welcomed the draft report and suggested that it should exert pressure on the Council and Commission to adopt more ambitious measures.

Of the individual Members who took the floor, Ms LULLING (EPP, LU), Mr HÖKMAR (EPP, SE) and Ms FORD (ECR, UK) shared the doubts about the possibility to distinguish between systemic and non-systemic banks, while Mr BULLMANN (S&D, DE) regretted that positions previously agreed in the Committee were questioned again. Ms GOULARD (ALDE, FR) and Ms BOWLES (ALDE, UK) suggested using both the "systemic" and "cross-border" criteria.

All Members were in favour of rules on fair intra-group asset transfer.

The rapporteur observed that the same discussion on systemic risk banks had taken place before concerning the Margallo report, and recalled that it would be impossible for the EBA to supervise all cross-border banks. Instead, she suggested keeping the consensus reached before, namely to cover 40 to 50 banks, to be defined by the European Systemic Risk board.

Second consideration of amendments: 14 June 2010; vote in committee: 22 June 2010

13 Quality of statistical data in the context of the excessive deficit procedure

2010/0035(NLE) COM(2010)0053 – C7-0064/2010

Rapporteur: Mr Othmar Karas (EPP)

The rapporteur welcomed the proposal as a first success obtained by the pressure exerted by the Parliament and considered it a minimum consensus which should be extended. He noted that the current proposal was based on Article 126 (14) TFEU which provided only for consultation of the Parliament, while the legal basis on statistics would involve the ordinary legislative procedure; he had asked the Parliament's Legal Service for its opinion on the legal basis. In his view, the result counted more than the procedure, but a clarification was necessary nevertheless. He welcomed all recommendations made by the European Central Bank and suggested that all proposals made by the Parliament between 2004 and 2010 which had not yet been implemented should be taken up.

All shadow rapporteurs supported Mr KARS' draft report, Mr SCICLUNA (S&D, MT) and Mr SCHMIDT suggested the possibility of Eurostat asking whomever it wanted; Mr SCHMIDT and Ms SWINBURNE were also in favour of unannounced visits.

Of the individual speakers, Ms GYÖRI raised the issue of sanctions, while Mr SCICLUNA was concerned about different accounting methods in Member States. Ms BOWLES pondered whether Eurostat could exert more pressure as a part of the Commission than as an independent body, but was not convinced one way or the other on this issue.

The rapporteur invited colleagues to use the draft oral question and the draft resolution to express opinions that did not fit into the legislative resolution.

Deadline for tabling amendments: 7 June 2010 (draft resolution and oral question) and 8 June 2010 (legislative resolution); exchange of views on the legislative resolution: 22 June 2010

14 Developing the job potential of a new sustainable economy

2010/2010(INI)

Draftsman: Edward Scicluna (S&D)

The rapporteur welcomed the amendments made by Ms HÜBNER and Mr PADAR.

Of the shadow rapporteurs, Mr LAMBERTS (Greens/EFA, BE) was critical about Ms HÜBNER's amendment on labour mobility.

Mr LUDVIGSSON (S&D, SE) suggested fiscal incentives for small and medium-sized enterprises and underlined the importance of training, while Mr GIEGOLD (Greens/EFA, DE) was concerned that fiscal incentives would only lead to tax reductions.

Vote in ECON: 22 June 2010; Vote in EMPL: 14 July 2010

15 Authentication of euro coins and handling of euro coins unfit for circulation

2009/0128(COD)

Rapporteur: Slavi Binev (NI)

The rapporteur disagreed with an amendment by Mr BALZ (EPP, DE) that only coins of a value of at least 50 cents should be authenticated, stating that the authentication of the other coins did not incur any additional cost, as the same machines were used. He suggested that Member States should be able to choose between authentication by machine or manually and agreed with increased handling fees where hazardous substances were present.

Ms FORD and Ms AUCONIE (EPP, FR) agreed with the rapporteur that all coins should be authenticated; M. PADAR suggested rules on the handling of defective authentication machines.

A representative of the Commission services shared Mr BINEV's concerns about non-authentication of coins below 50 cents, but did not see the need to enforce the destruction of defective authentication machines, which might be too burdensome for private operators.

Vote in ECON: 22 June 2010; Vote in plenary: September 2010

16. Guidelines for the employment policies of the Member States

2010/0115(NLE)

Draftsman: Hans-Peter Martin (NI)

The rapporteur suggested mentioning that the Lisbon Strategy had failed and had shown that permanent changes of parameter during the process led to a situation where it was impossible to determine which error had been made and where. He proposed more ambitious goals on youth unemployment, education spending and on the reduction of poverty.

Ms BERÈS (S&D, FR) strongly regretted that the Committee had not issued an opinion on the broad guidelines for the economic policies, considering that the crisis was primarily a macro-economic one. Mr FOX underlined the need to ensure a dynamic entrepreneurial culture, by means of greater wage flexibility and more flexible labour laws.

He did not want to agree to additional targets, in particular if they were not based on an impact assessment. Mr SCICLUNA and Mr MARTIN agreed with the point made by Ms BERÈS.

Deadline for tabling amendments: 8 June 2010; vote in Committee: 22 June 2010; vote in plenary: September 2010

17 Date of the next meeting

The next meetings will take place at 19.30 on Monday 14 June 2010 in Strasbourg.
