Address by Minister for Finance Mr Michael Noonan TD to the Economic and Monetary Affairs Committee of the European Parliament 22 January 2013

Introduction

I am happy to be here today, in my capacity as President of the Council of Economic and Finance Ministers to outline my programme for the Irish Presidency of ECOFIN to this committee.

I would like to pay tribute to the work of the outgoing Cyprus Presidency and the previous Danish Presidency.

Before going in to our Presidency programme, I think it would be appropriate if I said a word or two on the economic and fiscal outlook for the European Union. The Union has entered 2013 in a more robust state than we found ourselves in at this time last year.

We are seeing that economic activity has picked up. Inflationary prospects are more favourable and there has been an improvement in terms of the competitiveness of some member States. Taking account of the efforts made by Member States we have seen progress in terms of the deficit and debt positions of member countries. This is also been the case in relation to the programme countries where significant efforts have been taken to restore order to their fiscal positions and to make debt levels more sustainable. In this regard I would also note that at today’s Ecofin, taking account of the progress made in Ireland and Portugal, the latest programme reviews were agreed.
However, it is fair to say that risks to the overall outlook remain and developments in the labour market continue to be a concern. It is for this very reason that we place such emphasis on our Presidency theme of "Stability, Jobs and Growth"

As Presidency we recognise that we need stability in the European Union to promote growth. We need to reduce unemployment, tackle the debt crisis and reduce the social impact of the economic crisis.

As you know member of the Parliament visited Dublin last year and today provides another opportunity to continue our dialogue.

I would say that in the seeking to achieve our agenda the Parliament has a significant role to play. The Irish Presidency recognises the important role of the Parliament as co-legislator and we are anxious to work with you as constructively as possible. In this regard I believe that we have got off to a good start.

I understand that there has been significant engagement to date on a wide range of dossiers between the Presidency and the Parliament. I hope that these engagements have been useful and that they have served as a template for the engagement that is yet to happen over the next six months.

As parliamentarians we all have a responsibility to ensure that we deliver solutions to the financial and economic crisis that improves the well being of all our citizens.
Overview of Presidency programme

The work of previous Presidencies, with the assistance of this Parliament and the decisions of the European Council has set the background for the Ireland’s priorities. We plan to work on the following agenda and I will deal with each in turn

- Economic governance
- Economic and monetary union, Financial services
- Taxation
- The EU Budget and the Multi Annual Financial Framework.

Economic governance measures

The Annual Growth Survey 2013 kick-started the third European Semester. The main message of the AGS this year is that while EU policies are beginning to show results, with deficits coming down, tensions in financial markets easing and signs that competitiveness is improving in some Member States, continued reform is needed to generate sustainable growth and jobs. Therefore the AGS restates the same five key priorities as those identified in the 2012 survey. However the focus is somewhat different. Unemployment and the social consequences arising are given more emphasis in the 2013 survey.

At the first Council meeting earlier today we had a useful exchange of views on the AGS by Ministers. As part of today’s discussions, the Presidency indicated its intention to have discussions on non bank financing of economic activity during the informal ECOFIN in April 2013.
I note the Parliament vote today on the European Semester and the Alert Mechanism Report.

I note also that the European Parliament is organising a Parliamentary week within the framework of the European Semester for the period 20-30 January 2013. We welcome the steps that the European Parliament is taking, in consultation with national parliaments to address the need to scrutinise the European Semester process.

As regards the “two pack” of budgetary regulations, I should say that the Presidency believes we are almost there and that there is a need for early agreement on this important set of economic governance measures.

We will continue efforts in the coming days and weeks to secure rapid agreement of the text.

**Economic and Monetary Union**

We have seen the blueprint for economic and monetary union last December. As Presidency we are keen that we build on and achieve existing commitments and will engage with President Van Rompuy in this work.

**Financial services**
The successful implementation of the Banking Union measures should facilitate the breaking of the link between the financial sector and the sovereign. For these reasons, the Presidency will prioritise agreement on the legislative measures that underpin the Banking Union proposals in line with the deadlines set out by the December 2012 European Council.

The agreement on the Single Supervisory Mechanism (SSM) at the 13 December ECOFIN is an important foundation to ensure confidence in supervision across Europe. There was also unanimous agreement on the ECB regulation and a regulation amending the 2010 EBA regulation at ECOFIN. We will prioritise reaching an early agreement with the co-legislators.

As regards the bank resolution framework in recognition of the request of the European Council to have Council agreement by March 2013, the Presidency is giving a high priority to this dossier.

As regards deposit guarantee schemes Ireland plans to re-open discussion on the topic once Bank Recovery and Resolution Directive (BRR), Single Supervisory Mechanism (SSM) and Capital Requirements Directive IV (CRD IV) have been progressed. It is hoped that once progress is made on these dossiers it will bring clarity to outstanding issues on the Deposit Guarantee Schemes (DGS) proposal.

The European Council asked that the co-legislators would conclude the negotiations on CRD IV as soon as possible. This is a key priority for the
Irish Presidency. I understand trilogues are ongoing on this important file with the next one scheduled for 30 January.

The Irish Presidency’s objective is to promote confidence in financial markets by making them more efficient, resilient and transparent as well as strengthening the protection afforded to investors.

The Presidency aims to conclude an agreement in Council in particular in MAD/MAR and as soon as possible on the Markets in Financial Instruments Directive and Regulation (MiFID/MiFIR). It will conduct a number of Trilogues with the Parliament in the markets and securities area. It will also make progress on other dossiers in the consumer area, including the Mortgage Credit Directive.

As we all know there is a growing range of dossiers in this area. Our approach is to be pragmatic and prioritise in the areas where we consider real progress can be achieved. We will review our plans during the six months of the Presidency and make adjustments as necessary.

**Taxation**

I will comment briefly on our taxation priorities.

The Financial Transactions Tax was discussed at today’s ECOFIN and a decision was taken on the enhanced cooperation procedure to proceed to the next step in the process.
As I outlined this morning the Irish Presidency will also carry forward the discussions on the Common Consolidated Corporate Tax Base (CCCTB). The Ecofin Council will continue the work on proposals facilitating fast and effective responses to VAT fraud in the form of the reverse charge and quick reaction mechanisms, as well as proposals on the VAT treatment of vouchers and the Fiscalis action programme for taxation. The Presidency also intends progressing the recently adopted proposal for an implementing Regulation governing VAT rules for cross-border services.

The Presidency will also make progress on the revision of the Energy Tax Directive which forms part of the Single Market package. The Commission’s Action Plan to strengthen the fight against Tax Fraud and Tax Evasion will be taken forward by the Presidency.

The Presidency will also work towards agreement of the revised Savings Directive and the negotiating mandates with third countries, in line with the direction of the European Council.

**EU Annual Budget**

The Irish Presidency will seek to efficiently manage issues relating to the EU Budget, including the implementation of the annual budget for 2013. The budgetary discharge procedure for 2011 and the preparation of the budget guidelines for 2014 will be priorities with appropriate Council texts at February 2013 ECOFIN.

**Multi-Annual Financial Framework (MFF)**
The MFF is a very important seven year framework for the EU. Ireland is ready to work with the Parliament provided agreement is reached at the European Council on the multi annual financial framework.

Conclusion
This is our 7th EU Presidency and this year represents the 40th anniversary of Ireland joining the European Union.

Ireland in its previous Presidencies of the European Union has prided itself on its ability to run fair, neutral and practical oriented Presidencies which seek to advance the agenda of the European Union as a whole and not the interests of any Member State.

This Presidency will also operate along these lines with the aim of having a solid record of achievement which we can hand to the Lithuanian Presidency in mid 2013.

We have a demanding programme and engagement with this Parliament is now critical and your support in our work is vital to achieve success.

I want to thank you for your attention and I am now happy to respond to your questions.

Ends.