I was here in January and I am happy to be here now before this committee at the end of the Irish Presidency. So far we have had 5 formal Ecofin Councils and one highly successful informal Ecofin in Dublin.

While I had hoped to conclude our business last week in Luxembourg we will have an additional special meeting this Wednesday to see if we can reach political agreement in Council on the BRRD.

Before I comment on what has been achieved under the Irish Presidency I would like to refer to the speech I made to you in January of this year.

In the period just before our Presidency started, we spent a significant amount of time at all levels I getting to know one another.

We have worked together with you as co-legislator across a significant number of the dossiers and I believe that we have done so in a positive and constructive way. We achieved much of what we set out to achieve last January —and I consider that what we proposed to achieve at that stage was, by any standards, an ambitious package of objectives.
We planned to carry out work on economic governance – principally in the management of the European Semester process and in seeking agreement on the “two pack” of economic surveillance measures for the Euro zone.

In financial services we prioritised work on the Banking Union proposals designed to break the link between the financial sector and the sovereign.

We targeted agreement on

- The Capital Requirements Directive (CRD)
- The Single Supervisor Mechanism (SSM)
- Bank Resolution and Recovery (BRR)

We also committed ourselves to make progress on MiFID/MiFIR, MAR and the Mortgage Credit Directive.

When I first addressed you there already had been agreement at the first Ecofin Council on allowing those Member States who wished to proceed to the next stage of introducing the Financial Transactions Tax. This was an important indication of the level of impartiality of this Presidency as we facilitated others to engage in work on a tax that we did not intend to introduce.

We had a number of other taxation priorities. We intended to

- Carry forward discussions on the common consolidated corporate tax base
- Work on proposals to prevent VAT fraud and avoidance
- Adopt the Fiscalis programme
- Work on the Commission proposal on strengthening the fight against tax fraud and evasion
- Work towards agreement on the savings directive and the negotiating mandate with third countries

As regards the EU annual Budget we planned to manage this process efficiently in terms of the annual budget for 2013 and the preparation of guidelines for 2014.
Financial Services

There is no doubt that we have achieved a significant amount of progress on the financial services agenda.

It was critically important that we made significant strides on the legislation underpinning the banking union and we have made considerable progress in advancing that agenda. This was important, not just for the Irish Presidency, but for Europe as a whole.

Thus we sought and achieved agreement on the Capital Requirements Directive, which will improve the stability of the banking system across Europe,

Agreement on the single supervisory mechanism and the amendments to the EBA Regulation will help improve the quality of banking supervision across the EU. There were difficult discussions at the recent Ecofin on the banking resolution and recovery directive. We see this as an important file and we are doing what we can to get agreement in the Council. This is with the aim of initiating engagement with the Parliament on this important file.

Of course there is more to do particularly on deposit guarantee schemes. However the agreement on bank resolution and recovery is pre-requisite before any agreement on deposit guarantee schemes could emerge between the co-legislators. I think the position on deposit guarantee schemes is well understood across the EU at this stage.

As Presidency we have also been mindful of other aspects of the financial services agenda.

We achieved provisional political agreement on the Mortgage Credit Directive which will allow for rapid implementation of new rules benefiting mortgage holders and consumers across Europe. We hope this Directive can be adopted at first reading in the coming months.

We have reached a political agreement on the Transparency Directive which will increase the attractiveness of regulated markets for small and medium-sized issuers.
In the recent ECOFIN last Friday, we agreed a Council general approach on MIFID and MIFIR, which now opens the way for hopefully productive trilogue negotiations with you on this very important file.

On the other markets files we have reached agreement with you in recent days on MAR and are very close to agreement in Council on Packaged Retail Investment Products (PRIPS). We have made significant progress in Council on the Central Securities Depositaries Regulation, and have commenced discussions on the 4th Money Laundering Directive.

As outlined, we have made considerable progress on a number of financial services dossiers bringing them to a conclusion either in Council or reaching agreement with you in Parliament. Where it has not been possible to bring discussions to conclusion we have prepared them for handover to the next Presidency to finalise agreement. It is important that the Presidencies work together to maintain progress in the work of the Council. I know we have built on the work of our colleagues from Cyprus and I hope that Lithuania can benefit from our work.

There is more work to do with difficulties and challenges along the way. There is a significant agenda in the financial services sector with sixteen legislative proposals currently active with further new proposals being published each month. Discussions in Council and with Parliament improve these proposals and make for better legislation.

For this we all need to draw on the expertise in Member State governments. Our main objective has to be to deliver high quality legislation which is realistic, effective and operational. We should aim to deliver fast, but not sacrifice quality as a result. I think this is a reasonable approach and it has served us well.

**Economic Governance**

The lessons learned from the recent economic, financial and sovereign debt crisis have led to successive reforms of the EU’s rules, introducing among other things new surveillance systems for budgetary and economic policies.

We have seen the introduction of better rules with headline deficit and debt limits, a stronger focus on debt, a fiscal pact for the 25 Member States and greater flexibility in a crisis.
There is now better enforcement of the rules and this is important. Thus Member States are judged on how they can meet their medium term targets, the use of early warning systems and the use of excessive deficit procedure.

There is greater monitoring of economic policies under the Economic Semester and the six pack procedures.

The achievement of the Presidency under the heading of economic governance was to get agreement on the “two pack” – this allows for economic surveillance to be stepped up for euro member states with high deficits or debts and those facing difficulties with regard to their financial stability. The “two pack” is now in force since May.

The European Semester process is critical to ensure that Member States discuss their budgetary and economic plans with EU partners at specific times during the year.

As Presidency we helped put a road map in place last December to make the process operate more smoothly.

I consider that we have achieved a successful outcome in terms of the economic governance of the Union and will enable the European Semester process to be concluded at the European Council this week.

Although not specifically an economic governance item I should refer to the agreement reached on multi-lateral financial assistance for Georgia and for a number of other states. This dossier had been unable to be progressed for some time and I was glad that we are able to broker an appropriate solution.

**Taxation**

We have achieved more in taxation that we may have reasonably expected to.

I have already referred to the agreement at ECOFIN to allow a number of member states to introduce a financial transactions tax.
The Presidency has been active in promoting anti-fraud and anti-evasion measures in the Ecofin Council.

Commissioner for Taxation Algirdas Šemeta and I wrote to all EU finance ministers about the fight against fraud and tax evasion on 24 April setting out a series of measures that could be adopted by the Council.

There has been agreement on the mandate to allow the Commission to commence discussions with third countries on savings taxation agreements.

There has been agreement on the Fiscalis 2020 Programme which is an important tool for fighting fraud and this file is agreed pending agreement on the Budget which is linked to the MFF.

We achieved agreement on Council conclusions to prevent tax evasion and fraud and at the June Ecofin on Friday we achieved agreement on the VAT QRM and reverse charge mechanisms to help prevent fraud.

This should help in the fight against fraud and allow much needed resources to flow into the treasuries across Europe.

There has also been work carried out on the common consolidated corporate tax base and under the code of conduct group and agreement achieved on a report on the latter to the June Ecofin Council.

We have I must admit not been able to achieve an outcome in terms of the Energy Tax Directive. We did however make progress in discussion on minimum levels of excise on energy products and in terms of certain exemptions.

**Stability, Jobs and Growth**

The theme of our Presidency is Stability, Jobs and Growth.
In our short six month period we consider that we have advanced the European agenda to set the conditions for a better financial system with greater credibility that can begin to lend to all businesses.

Financial stability is important and a pre-condition for growth it is not sufficient to drive economic recovery. It highlights the need for Europe to not only address the legacy associated with the financial crisis but also to be more forward thinking and take action to drive a reinvigorated growth strategy.

Given the limited availability of public financial resources and the constraints on bank lending as a result of post crisis deleveraging, it is now essential for all policy makers and other relevant stakeholders to explore how the financial system - markets, institutions and financial instruments - can be used to channel available saving towards the financing of infrastructure projects and enterprise - in particular SMEs.

The recent Green Paper on *Long Term Financing of the European Economy* is an important development as provides that this is a key policy issue for Europe.

We have been active in terms of promoting the growth agenda – with an expert led and important discussion on growth at the informal Ecofin and the EFC have decided to establish a High Level Expert Group on Long term Finance and SMEs.

We have also been active in supporting changes to the role of the EIB in terms of its ability to expand its lending and promote growth across all Member States.

Much has been done to bring stability to the single currency in terms of economic coordination and reform and in the developing set of legislation on banking union.

More however needs to be done and I would ask your support for the next Presidency in agreeing in particular the banking union legislation.
Conclusion

The role of the Presidency after all is to facilitate agreement – in the Council and with the Parliament – no Presidency can impose solutions on either the Council or the Parliament. As Presidency it is necessary to deal with conflicting interests and opinions and brokers solutions all parties can live with.

During the last 6 months, we may not always have agreed but we have worked together to achieve outcomes on important and difficult files – and at the end of the day it is the function of all of us together to achieve positive outcomes for those who elected us.

Although there are still challenges for the coming Presidency, I consider that we have a very good track record after six months.

I am open to any questions you may have.