

Opening Statement of the ECOFIN President Y.Stournaras
to the Economic and Monetary Affairs Committee of the European Parliament
Brussels, Wednesday 22 Jan 2014

Honorable members of the Committee on Economic and Monetary Affairs of the European Parliament,

The assumption of the Presidency of the Council of the EU is a real challenge for Greece.

It is expected to be a difficult and demanding Presidency, the last one in the run up to the European elections in May.

The economic crisis in Europe, the high unemployment rates - especially among young people in the countries of Southern Europe, and the social insecurity, provoked, among other things, voices that questioned our common European course.

Greece, that experienced the solidarity of its European partners and it is called upon to strengthen and highlight all those elements that unite us, by promoting further integration, by strengthening social cohesion, by ensuring stability and prosperity for all citizens, and a return to growth and job creation.

We know that we have a restricted timeframe, given that the last plenary session of the Parliament is in April.

For this reason, with the assistance of the European Parliament, our Presidency will be, de facto, front-loaded.

Greece has come a long way since 2009.

Our country suffered all the consequences, and has been at the focal point of the most severe global financial crisis since 1929.

Thanks to the sacrifices of the Greek people and the support of our European partners, all claims of those who advocated Greece's exit from the Eurozone have been rendered false.

We stood on our own feet, also because we had already made two basic strategic choices as a country:

The first one was in 1981, when we became part of the large and continuously expanding European family.

The second one was in 2001, when we became part of the core of that family, which is the eurozone.

Today we assume the Presidency not as a country in crisis, but as a country in recovery.

We wish to contribute to the deepening and strengthening of our economic and political partnership, based on the significant results of the Lithuanian Presidency.

I would like to take the opportunity to praise my counterpart, **Mr. Rimantas SADZIUS**, who has managed to handle very delicate issues with a high sense of responsibility and sound knowledge.

The **meetings we held in Athens** with the President of the European Parliament, the Conference of Presidents and the various political groups before the beginning of the Presidency, have been extremely useful. During those meetings, we had the opportunity to acquire direct and timely knowledge and became familiar with the priorities of the European Parliament.

At the **informal Ecofin Council meeting** that will take place in Athens on the 1st and 2nd of April 2014, which we would like you to attend Madame Chair, we will have the opportunity to discuss the socio-economic effects of the crisis and ways to address them, as well as examine more effective ways of financing the economy and, especially, the small and medium-sized enterprises.

anking union is a prerequisite for more trust and reliability as well as for increasing liquidity in the European economy, and safeguarding its financial stability.

By following the final agreement on the Deposit Guarantee Scheme Directive (DGS) and the Bank Recovery and Resolution Directive (BRRD), we will pursue the smooth completion of the legislative process under this Parliament.

The SRM is, undoubtedly, a key element of the Banking Union, and as such, it is an overarching priority of the Greek Presidency. Finalizing the SRM in this legislative term is crucial.

We are all in agreement that any compromise should ensure - above all - efficiency, effectiveness, and credibility of the mechanism.

Following the December agreement of the general approach, the trilogues have started early in January. We will strive to bring closer the positions of the Council and the Parliament and achieve a deal acceptable by all parties.

We are fully aware that we will have a little more than three months to complete it.

Therefore, time is a crucial factor and we should all be really flexible, responsible and constantly, advocate the need to build a stronger eurozone and reinforce citizens' trust.

Greece, by assuming the Presidency of the ECOFIN Council, will work towards **deepening further the integration of the EMU and strengthening the coordination of national economic and fiscal policies**, in order to preserve the integrity of the common currency and promote the necessary growth-enhancing reforms.

In the same context, the Greek Presidency will focus on ways of strengthening the social dimension of the EMU; we consider that this dimension is a prerequisite for cohesion and solidarity in the Eurozone. We strongly believe that fiscal consolidation should be accompanied by friendly to growth and social cohesion policies. Otherwise, fiscal consolidation leads to prolonged austerity and gives rise to euroscepticism.

Let me turn now to the European Semester. It gave me great pleasure to participate in the Interparliamentary Conference on Economic Governance of the EU that ended its sessions today, and was co hosted by the Hellenic Parliament and the European Parliament.

The Conference provided an open forum for an exchange of views and for finding appropriate ways of enhancing the democratic element of the EU decision-making process, at all levels, and promoting a closer cooperation between national Parliaments and the European Parliament.

By following Ireland's successful management of the European semester process, Greece will seek to effectively manage effectively the **fourth European Semester**.

I am aware that the European Parliament rightly takes a close interest in these matters – something that has been explicitly demonstrated by the programme of the Parliamentary Week.

We aim to enhance the credibility of the procedure and promote the systematic evaluation of reforms in the EU, particularly in policy areas that were identified by the December European Council.

I welcome the fact that the **recent Annual Growth Survey** includes, for the first time, an overview of the state of the implementation of the recommendations that were adopted last June.

The Hellenic Presidency strives to ensure that both economic and social aspects are given adequate attention through the engagement of both ECOFIN and EMCO, during the forthcoming European Semester.

This year, the European Commission plans to submit Country Specific Recommendations after the European Parliament elections. This will be a really challenging exercise for our Presidency, since we will have to manage the process within a very strict timeframe.

The **Macroeconomic Imbalances Procedure** has become an important element of the enhanced economic governance framework and some of the Country-Specific Recommendations that we will adopt in June will be based on this procedure. We will pay special attention to these discussions within the framework of the European Semester.

Let me turn now to the need to guarantee the long – term financing of the economy.

Small and Medium Enterprises (SMEs) constitute the backbone of the European economy, represent 99% of all European firms and account for 70% of the employment in the EU.

By acknowledging that SMEs are a key component of a sustainable recovery, the Greek Presidency will advance discussions for **financing the economy, in particular**

SMEs' facilitation of access to financing, aiming to enhance sustainable growth and promote the creation of new jobs.

We consider as particularly important a number of initiatives, such as the joint initiative of the European Commission and the European Investment Bank (EIB) for the financing of the economy, especially the facilitation of access to financing for SMEs, the recommendations of the High Level Expert Group for the financing of growth, the capital increase of the European Investment Fund and the Long-term Investment Funds Regulation related to the financing of infrastructure projects and SMEs. It should be mentioned that shortage of liquidity has been crucial to the aggravation of the crisis, and it is an element that has been rather underestimated so far, especially on the distressed economies of the European periphery.

Let me also say a few words on **taxation policy**. It is highly important to carry on with the appropriate actions, at the European level, against taxation practices that undermine citizens' and investors' confidence and encourage tax fraud and tax evasion.

The adoption of the revised **Savings Directive** is a priority. The Greek Presidency will also follow with great attention the evolution of the negotiations with third Countries, including Switzerland, in conformity with the mandate adopted in May 2013.

As transparency in the area of taxation is becoming increasingly important, we will also continue to work towards an **automatic exchange of tax information** between Member States on a broad range of sources of income and other information.

We will make sure that the EU continues to provide coordinated input to the on-going work of the OECD - aimed at developing a global standard for the exchange of such information.

At a time that public finances are under such pressure across the EU, it is also vital that we do everything possible to stop tax bases being eroded, or profits being unduly shifted. The Council is looking at this seriously by examining the revision of the **Parent/Subsidiary Directive**.

On the **Financial Transaction Tax (FTT)**, I am fully aware of the European Parliament's strong support to it. The Greek Presidency will continue the discussion in the Council preparatory bodies in the coming months.

A first technical read-through of the text has been completed under the Lithuanian Presidency. Our Presidency will now focus on clarifying some important details of the tax, so that it can be introduced in the Member States taking part in the enhanced cooperation procedure as soon as possible after Council adoption.

In relation to the financial sector supervisory framework, Greek Presidency will aim to revise the **regulatory framework for the supervision of the financial sector**, in order to strengthen trust and increase liquidity in the European economy.

In the area of **capital markets**, the Presidency welcomes the agreement in principle with the Parliament, relating to the reform of capital markets supervision (**MiFID/MiFIR**). It constitutes an important step towards establishing a safer, more sound, more transparent and more responsible financial system.

With the revised rules, the European Union, in response to the financial crisis, acquires a significant tool to reduce systemic risk and to ensure financial markets stability, as well as adequate investor protection.

On the **benchmarking** legislative proposal, I understand Madam Chair, that you are the rapporteur on this very important file. In this field we will try to advance work on the Council, as soon as possible. I will agree with you that it is highly important to provide sufficient protection for both consumers and investors.

Regarding **PRIPs** and following the negotiation mandate agreed by the European Parliament on 20 November, I received a letter by the rapporteur Ms Beres on this topic.

As I have emphasized in my reply, I am fully aware of the need to improve the quality of information provided to consumers across Europe, considering investments and therefore, I share your commitment to further advance this proposal.

In relation to **UCITS V Directive**, the Council has reached its general approach early December, and this initiated negotiations with the EP on the 7th of January. The two positions are not very far apart, and I am confident that we will have a political

agreement very soon, on a directive that will introduce new vital rules on depository functions, remuneration policies and sanctions.

The Greek Presidency will also promote a more secure and competitive **European payments market**, which will allow lower charges, transparency and a wide range of facilities for the benefit of consumers.

In this respect, I really much hope that we can conclude negotiations on the **Payment Accounts Directive** which aims at removing the obstacles to a fully integrated internal market for retail banking. Improved transparency in this area is critical so that our citizens can compare fees and make informed decisions on the cost of the services provided by retail banks. The objective of the directive to improve the access to basic payment accounts for all EU citizens is really important for our Presidency. It will contribute to the improvement of social inclusion as well as to the enhancement of competition among credit institutions, for the benefit of consumers.

Honourable Members, Madame Chair,

In a country where democracy was born, we greatly appreciate the crucial role that the European Parliament plays in the legislative procedure of E.U. and, particularly, in promoting common principles and perspectives for the people of Europe.

For the Greek Presidency, the European Parliament will be a critical partner, in order to fulfill the goals we have set as our priorities.

I look forward to working and cooperating with you and benefiting from your input over the coming months.