

ECONOMIC AND MONETARY AFFAIRS

ECONOMIC AND MONETARY POLICY

BACKGROUND

The area of competence of the Committee on Economic and Monetary Affairs (ECON) in the European Parliament covers a broad field, including topics such as economic and monetary policies, free movement of capital, cross border payments and the single payment area, the international monetary and financial system, rules on competition and public aid, tax provisions, the regulation and supervision of financial services and also, as part of the European economic governance, the relevant financial activities of the European Investment Bank.

To allow a quick overview on the topics that are currently discussed in ECON this leaflet presents a collection of the most recent publications grouped in the sections of financial services, monetary policy and competition.

INSIDE

This leaflet provides abstracts of a compilation of papers prepared by the European Parliament's Policy Department on Economic and Scientific Policy.

To access the publication directly, please scan the QR code.



GENERAL OVERVIEW ON THE SECTOR

EU-Mapping: Systematic Overview on Economic and Financial Legislation - May 2014



This paper prepared by the Policy Department A provides a graphic overview on core legislation in the area of economic and financial services. The presentation essentially covers the areas within the responsibility of the Economic and Monetary Affairs Committee (ECON); hence it starts with core ECON areas but also displays neighbouring areas of other Committees' competences which are closely connected to and impacting on ECON's work. It shows legislation in force, proposals and other relevant provisions on i.a. banking, securities markets and investment firms, market infrastructure, insurance and occupational pensions, payment services, consumer protection in financial services, the European System of Financial Supervision, European Monetary Union, Euro bills and coins and statistics, competition, taxation, commerce and company law, accounting and auditing.



PUBLICATIONS ON FINANCIAL SERVICES

Financial Service in EU Trade Agreements - November 2014



This document provides an overview of rules concerning trade in financial services in a range of recent preferential trade agreements (PTA) to which the EU is a party, in view of ongoing negotiations with the US over the Transatlantic Trade and Investment Partnership (TTIP). EU Member States are collectively the world's largest exporters of financial services, and the sector is of strategic importance in the EU's trade policy. In its trade agreements with Korea, Singapore, Colombia/Peru, Central America and CARIFORUM, and its ongoing negotiations with Canada, the EU has sought and obtained considerable concessions in the sector which go beyond those agreed multilaterally in the WTO.



Credit Rating Agencies: Implementation of Legislation - June 2014

Workshop Proceedings



Upon request of the Committee on Monetary and Economic Affairs the Policy Department A organised a Workshop on *Credit Rating Agencies - Implementation of Legislation*. The objectives of the workshop have been twofold: Firstly, stock taking of the state of play regarding the implementation of the new regulation for Credit Rating Agencies in the European Union. Secondly, outlining potential further developments in this area. The Workshop took also into account global developments in the area of credit rating agencies regulation.



Review of the New European System of Financial Supervision (ESFS), Part 1: The Work of the European Supervisory Authorities (EBA, EIOPA, ESMA) – The ESFS's Micro Prudential Pillar – October 2013



Responding to the challenges of the financial crisis, the European Union (EU) adopted a new financial supervisory framework: the European System of Financial Supervision (ESFS) in 2010. Its new European Supervisory Authorities (ESAs) were established in the beginning of 2011 and are due to be reviewed by the European Commission by January 2014. This report reviews and assesses for the European Parliament the performance of the ESAs. It reasons that the ESAs have been established successfully but need a stronger foundation, in particular enhanced governance when taking decisions on supervisory consistency across the EU. A key conclusion is that the benefits of legal and regulatory harmonisation (Single Rulebook) will be lost without consistent implementation and application. Finally, the report contains recommendations to improve the ESAs' effectiveness and efficiency.



Review of the New European System of Financial Supervision (ESFS), Part 2: The Work of the European Systemic Risk Board – The ESFS's Macro Prudential Pillar – October 2013



The European Systemic Risk Board (ESRB) was established to anticipate macroprudential developments and help prevent financial crises. While the recent banking crisis in the EU hindered its initial operations, its overall effectiveness is now improving. In future it should focus on a wider range of potential systemic risks and become more independent from national authorities and the European Central Bank. However, one of its strengths lies in bringing together a broad spectrum of national and supranational authorities to focus on systemic risks. This functionality should be maintained.



Shadow banking – Minimum Haircuts on Collateral - July 2013



The Financial Stability Board proposes to dampen the pro-cyclicality that may be caused by changes in haircuts in repo and securities lending during a crisis, by introducing minimum standards for the calculation of haircuts, in order to stabilise them across the cycle. They are also considering putting a floor under calculations, at least on risky assets that exhibit pro-cyclicality. Higher haircuts would also help curtail the build-up of excessive leverage.



Shadow banking – Legal Issues of Collateral Assets and Insolvency Law - June 2013



In many financial markets repurchase agreements (repos) and securities lending agreements benefit from special insolvency treatment which - broadly speaking consists of an exemption from a number of insolvency law mechanisms. In line with FSB Recommendation 13 on repos and securities lending, insolvency treatment of these transactions should not be changed. Instead, the regulators should be given the power to temporarily stay close-out netting, as in bank resolution proceedings. Regulatory haircuts (FSB Recommendations 6 and 7) may buffer systemic consequences but are unable to act as a circuit breaker. Repo and securities lending collateral assets face increased enforcement difficulties in cross-border settings, stemming from different national rules regarding good-faith acquisition and close-out netting. Haircuts are not an appropriate solution. Instead, only harmonisation of securities law and of the relevant insolvency rules can guarantee a consistent cross-border framework.



PUBLICATIONS ON MONETARY POLICY

Enhancing the Legitimacy of EMU Governance - December 2014



This study investigates ways to enhance the legitimacy of economic governance in the Economic and Monetary Union (EMU) without introducing Treaty changes. It suggests changes in the governance framework at both the institutional and economic level. Input-oriented legitimacy can be improved by increasing parliamentary oversight on decisions related to EMU and increasing the accountability of the Eurogroup. Output-oriented legitimacy can be improved by strengthening the ability of EMU to reduce the emergence of negative externalities and to mitigate their impact, through market and fiscal risk-sharing mechanisms.



Commitments made in the Hearing of Jyrki Katainen – Commissioner Designate - October 2014



This Briefing summarises the commitments made at the hearing of Jyrki Katainen Vice-President of the Commission, Commissioner designate for Jobs, Growth, Investment and Competitiveness. In his answers to the questionnaire and during the hearing on 7 October 2014 before the Committees on Economic and Monetary Affairs; Employment and Social Affairs; Industry, Research and Energy; Transport and Tourism and Regional Development, the Commission VP designate Jyrki Katainen made a number of commitments. Commitments relevant to the aforementioned Committees are highlighted in this document.

PUBLICATIONS ON COMPETITION

State aid to Banks and Credit for SMEs: Is there a Need for Conditionality? - February 2015



This study assesses whether a condition which requires ailing banks or groups of ailing banks that receive State aid to maintain or to provide additional access to finance small and medium-sized enterprises legally justified and economically beneficial. The relevant cases have been examined and the link to SME lending has been analysed in a qualitative and a quantitative way. An overview table of the cases analysis is provided in the Annex. This study was prepared by Policy Department A at the request of the Committee on Economic and Monetary Affairs (ECON).



Commitments made in the Hearing of Margrethe Vestager – Commissioner Designate - October 2014



This briefing summarises the commitments made at the hearing of Margrethe Vestager Commissioner designate for Competition. In her answers to the questionnaire and during the hearing on 2 October 2014 before the Committee on Economic and Monetary Affairs, the Danish commissioner-designate Margrethe Vestager made a number of commitments. The most relevant are highlighted in this document.

Monday Effect – Fuel Prices Manipulation? - January 2014

Workshop Proceedings



Significant price changes on certain days in a week or periods of the year indicate that fuel price movements do not exclusively depend on supply and demand. A number of Member States, for instance Germany, The United Kingdom and Spain have already started to investigate the issue; instruments to enhance price transparency have been established in some of them. The European Commission has launched enquiries. Fuel prices must now be reported to the European Commission. Recently the OECD also published a report on the matter. The aim of the workshop is to have a look into the development of fuel prices in the EU. The results of the discussion will feed into the deliberations on competition policy in the ECON committee.



Competition in the Transport Sector: Market entry barriers in Railway and Aviation - September 2013

Workshop Proceedings



Liberalisation in the railway and aviation sector takes place at a different pace and the number of competitors to former state owned monopolists in particular in the railway sector is relatively low. The participants to this workshop discuss practical experiences and specific problems in both sectors. The views exchanged during the workshop discussion shall provide support the ECON Members in determining their position in regard to the current discussion of the Report on the 'Annual Report on EU Competition Policy 2012'.



The Contribution of Competition Policy to Growth and the EU 2020 Strategy - July 2013



This study researches the link between competition policy and economic growth. In particular, the authors investigate the contribution from the competition instruments – antitrust, merger control, sector specific measures, liberalisation and State aid – to achieve the goals of the EU 2020 Strategy. The analysis is based on ten case studies of practical application of competition instruments in various sectors, such as energy, postal, telecommunication, transport, manufacturing and financial services. The authors conclude that competition policy contributes significantly to the EU 2020 Strategy and to economic growth, and the authors make recommendations for improvements of competition policy to further strengthen that contribution.



POLICY DEPARTMENTS

The five policy departments are responsible for providing - both in-house and external - high-level independent expertise, analysis and policy advice at the request of committees and other parliamentary bodies. They are closely involved in the work of committees which they support in shaping legislation on and exercising democratic scrutiny over EU policies. Policy departments deliver policy analysis in a wide variety of formats, ranging from studies and in-depth analyses to briefings and the Fact Sheets on the EU. This written output serves a variety of purposes by feeding directly into the legislative work of a specific committee or serving as a briefing for delegations of members.

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MONTHLY HIGHLIGHTS

The *Monthly highlights* provide an overview, at a glance, of the ongoing work of the policy departments, including a selection of the latest and forthcoming publications, and a list of future events. To receive this publication send an email to: Ep-policydepartments@ep.europa.eu

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