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# ECON

## Online

### Public Hearing on the review of the application of the State aid temporary rules adopted as a response to the economic and financial crisis



As a response to the economic and financial crisis, the Commission adopted in 2008 and 2009 four Communications to facilitate the approval of State aid to support the **financial sector** - the Banking Communication (2008/C 270/02), the Recapitalisation Communication (2009/C 10/03), the Impaired Assets Communication (2009/C 72/01) and the Restructuring Communication (2009/C 195/04) - as well as a Temporary Framework for State aid measures to support access to finance to "the **real economy**" during the crisis (2009/C 16/01).

The Banking Communication, the Recapitalisation Communication and the Impaired Assets have no defined end date. The Restructuring Communication applies to cases notified by 31 December 2010. The Temporary Framework for the real economy is due to expire on 31 December 2010.

**As regards "the real economy" guidance**, the Commission is currently analysing whether it should prolong into 2011 or phase-out the Temporary Framework. It has opened two public consultations on this question. An official position is expected this autumn.

**As regards the financial sector guidance**, the Commission has approved, on the basis of this guidance, a large number of temporary State aid schemes. A number of these schemes have already expired or are set to expire. Many Member States have already extended or intend to further extend the schemes' validity or to introduce new schemes. The Commission has undertaken the review of the existing national guarantee and recapitalisation schemes in order to "initiate in a timely manner the discussion on the phasing-out of schemes when the crisis starts to abate". With this hearing, Parliament wishes to contribute to the debate of the review of the Temporary Framework for "the real economy", currently ongoing, and of contents and timing for exit strategies from the State aid temporary rules to the financial sector.

#### **DETAILS OF THE MEETING**

**Monday  
4 October**

**15:00 - 18:30**

**Tuesday  
5 October**

**09:00 - 12:30**

**15:00 - 18:30**

**Room: JAN 6Q2**

**Brussels**

## Innovative financing at a global and European level - rapporteur A.Podimata

This is the first exchange of views on Innovative Financing. The starting point is a Commission Working Document suggesting that there are some instruments, notably certain forms of contributions from the financial system and the pricing of carbon emissions, where a significant "double dividend" of both raising revenues and improving market efficiency and stability could be reaped. In particular, the Commission's working document indicates that schemes aimed at pricing leverage and risk-taking in the financial sector could raise substantial revenues while limiting undesirable behaviour by financial institutions and could be administered at a reasonable cost. In order to facilitate the discussion at the exchange of views, the rapporteur has circulated a working document, which summarises briefly the initiatives already taken by the European Commission, and which refers to the main issues for debate, namely the options for innovative financing: (i) Levies/Taxes on financial sector and debt-based instruments, (ii) Pricing of carbon emissions (e.g. carbon taxes, revision of energy taxation); (iii) Innovative financing related to development (e.g. Advance Market Commitments, tax discounts, Public-Private Partnerships, market-based insurance schemes).

## VAT minimum standard rate - rapporteur D.Casa

With its proposal, the Commission proposes to extend by 5 years the current requirement for EU countries to have a minimum standard VAT rate of 15%. Therefore, the proposal will have no consequences in terms of tax rates. The Commission proposes that the extension takes effect on 1 January 2011 for a period ending on 31 December 2015. In his draft report, the rapporteur supports the extension. The rapporteur also requests the Commission to hold extensive consultations with all stake-holders, public and private, on the new VAT strategy. Those consultations should at least address rates, including reduced rates, as well as the desirability of setting a maximum rate, the scope of VAT, the derogations from the system, the alternative options for the structure and functioning of VAT, including the place of taxation for intra-Union supplies. The rapporteur also underlines the need for the the new VAT strategy to reduce administrative burdens, removing tax obstacles and improving the business environment, particularly for small and medium-sized enterprises, whilst ensuring the robustness of the system against fraud.

## Other issues on this week's agenda:

- **Amendment of Regulation (EC) N.1060/2009 on credit rating agencies** - Jean-Paul Gauzès (PPE, FR) - consideration of draft report;
- **Proposed interim measures for a freezing and disclosure of debtor's assets in cross-border cases** - Theodor Dumitru Stolojan (PPE, RO) - consideration of amendments and vote;
- **Improving the economic governance and stability framework of the Union, in particular in the euro area** - Diogo Feio - (PPE, PT) - vote.

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- economic and monetary policy, EMU;
- free movement of capital and payments;
- international monetary and financial system;
- competition and State or public aid;
- tax provisions;
- the regulation and supervision of financial services, institutions and markets including financial reporting, auditing, accounting rules, corporate governance and other company law matters specifically concerning FS.

## ECON NEWSLETTER

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# LOOKING AHEAD:

## What's on the next meeting



**Monday**  
**18 October**

**Strasbourg**

### Highlights:

-  EIB External mandate
-  Export credits
-  European environmental economic accounts
-  Dark pools