CONFERENCIA INTERPARLAMENTARIA SOBRE ESTABILIDAD, COORDINACIÓN ECONÓMICA Y GOBERNANZA EN LA UNIÓN EUROPEA BRATISLAVA (ESLOVAQUIA)

16 a 17 de octubre de 2016

Con ocasión de la Conferencia interparlamentaria sobre estabilidad, coordinación económica y gobernanza en la Unión Europea, celebrada los días 16 a 17 de octubre, bajo la presidencia de turno de Eslovaquia, se desplazó a Bratislava la Delegación de Gobernanza de las Cortes Generales, presidida por Dña. Irene Garrido Valenzuela, del Grupo Parlamentario Popular en el Congreso, e integrada por D. Pedro Saura García, del Grupo Parlamentario Socialista en el Congreso, Dña. María del Mar Angulo Martínez, del Grupo Parlamentario Popular en el Senado y D. Juan María Vázquez García, del Grupo Parlamentario Socialista en el Senado. La Delegación estuvo acompañada por la Letrada de la misma, Dña. Mónica Moreno Fernández-Santa Cruz.

Los parlamentarios acudieron, el lunes 16 a primera hora de la mañana, a las respectivas reuniones de los grupos parlamentarios Popular y Socialista del Parlamento Europeo. Dichas reuniones tuvieron lugar en el mismo lugar que se celebró la Conferencia, el Castillo de Bratislava.

La Conferencia se inició a las 10.00 horas de la mañana, con el discurso de apertura y bienvenida del Vicepresidente del Consejo Nacional de la República de Eslovaquia, Sr. Andrej Hrnciar, que cedió seguidamente la palabra al Presidente de la Comisión de Finanzas y Presupuestos del Consejo Nacional de la República de Eslovaquia, Sr. Ladislav Kamenicky. Éste puso de relieve la importancia de estas Conferencias Interparlamentarias en el marco del artículo 13 del Tratado, con el objetivo de escuchar a los ciudadanos de Europa a través de sus representantes parlamentarios, en aras a profundizar en la democracia y otorgar la mayor relevancia a la dimensión social en las políticas europeas, de modo que se garantice que el crecimiento económico sea inclusivo. Seguidamente intervino el Sr. Igor Kosir, Catedrático de Relaciones internacionales en la Facultad de Ciencias Políticas y Relaciones Internacionales de la Universidad Matej Bel de Banská Bystrica. Éste se refirió a la importancia de la era digital y tecnológica, que está cambiando completamente el mundo, el comercio, la política, la educación...y esto está creando incertidumbres e inseguridades que deben controlarse. Tras la crisis financiera se puso de manifiesto que la Unión Europea tiene debilidades y fortalezas que nos han llevado donde estamos, con una mayor necesidad de coordinación y avances que han puesto de relieve algunos problemas. Frente a las economías emergentes, Europa no puede perder el paso en materias tan relevantes como la competitividad. El Brexit y sus aún no claras consecuencias, la relación con los Estados Unidos, la crisis de los refugiados, la relación con Africa y Oriente Medio, los retos de la seguridad económica y energética, con la amenaza del terrorismo, son graves temas que Europa ha de afrontar. Las inversiones, la profundización en la democratización de Europa y la dimensión social, que debe tener un gran protagonismo en la futura Unión, son los retos de este proyecto, este magnífico proyecto de 60 años, concluyó.

Tras una pausa café y tomar una foto de grupo de los Presidentes de las delegaciones asistentes a la Conferencia, se entró en la Sesión primera de las reuniones de trabajo, sobre el tema "Reforzar la dimensión social de la Unión Europea", bajo la presidencia del Sr. Ladislav Kamenicky, Presidente de la Comisión de Finanzas y Presupuestos del Consejo Nacional de la República de Eslovaquia, y moderado por el Presidente de la Comisión de Asuntos Europeos del Consejo Nacional de la República de Eslovaquia, Sr. L´ubos Blaha, que cedió la palabra a la Sra. Thyssen, Comisaría Europea de empleo, asuntos sociales, capacidad y movilidad laboral. La Comisaria Europea introdujo las ideas claves en la materia, la necesidad de forzar el crecimiento inclusivo, dirigir la mirada hacia la dimensión social de los Estados miembros, acabar con la divergencia en ciertas cuestiones sociales y evitar que algunos estados miembros no apliquen las políticas europeas, relacionadas con la política monetaria especialmente, de modo que unos toman medidas poco populares entre los ciudadanos y otros no lo hacen, pensando en los réditos electorales. Esta es, dijo, una situación claramente injusta. La crisis financiera y económica nos ha enseñado muchas cosas, la importancia de la estabilidad financiera, de contar con presupuestos equilibrados, de la unión bancaria y la consolidación fiscal. Hay que prevenir para evitar desequilibrios que afectan al conjunto de la Unión Europea. El riesgo conjunto entre la deuda bancaria y la deuda de los estados miembros es muy preocupante, hay una elevada interdependencia de ambas con la que hay que acabar. Debe reforzarse el pilar social, completarse la zona euro, avanzar en la unión bancaria y monetaria, en el mercado interior, como medida de convergencia y todo ello sin descuidar la justicia e igualdad en las normas laborales y políticas. Es vital mejorar los sistemas educativos y la formación profesional con contratos fijos y garantizando la movilidad vertical y horizontal, con buenos sistemas de protección social, evitar la exclusión y mejorar el equilibrio de derechos de los trabajadores y empleadores. Debemos impulsar un sistema laboral más justo que acabe con la exclusión social y las bolsas de pobreza que han aparecido en Europa. Hay que invertir en capital humano y socialización, ampliar la protección social y acabar con las asimetrías entre los estados miembros. La convergencia en protección social y el mercado laboral debe conducir a una Europa más justa socialmente y ello redundará, continuó, en la inversión, la competitividad y el crecimiento económico estable y basado en la convergencia real. Además, concluyó, no debe bajarse la guardia ante futuras crisis y problemas, tratando de que no vuelvan a repercutir en los derechos sociales y los ciudadanos de la Unión.

Seguidamente intervino la Sra. María Joao Rodrigues, miembro de la Comisión de Empleo y Asuntos Sociales del Parlamento Europeo. Se refirió a la necesidad de reforzar la Unión con políticas nacionales “buenas” y de fuerte calado social. El Brexit ha hecho que se adopte una nueva hoja de ruta que se aprobará en Roma en marzo y que debe implicar un fuerte refuerzo y protagonismo de los derechos sociales. Al Informe del Parlamento Europeo al respecto se han presentado más de mil enmiendas, y se ha llevado a cabo una amplia encuesta social por la Comisión. Ha sido muy relevante. En el Pacto de Estabilidad y Crecimiento es importante que se incluyan las inversiones sociales, el cuidado de hijos, asistencia social, creando oportunidades de trabajo y mejorando la igualdad entre hombres y mujeres. Hay que evitar que los estándares sociales se vean disminuidos, y esto es muy importante en el marco del Semestre europeo, puesto que las políticas económicas no pueden olvidar las políticas sociales justas. Se debe acabar con las asimetrías y apoyar la convergencia hacia arriba, incluyente, con políticas sociales. Sin este pilar social no podemos tener una unión económica y monetaria fuerte. Ambos aspectos, social y económico deben ir estrechamente unidos, y los parlamentos nacionales deben garantizar la unión entre ambos aspectos.

Posteriormente intervino el Sr. Michael Smyth, Vicepresidente del Comité Económico y Social Europeo. Señaló que proviene de Irlanda del Norte, que actualmente afronta problemas económicos, laborales y sociales muy graves, y no debe perderse de vista la justicia social en, por ejemplo, materia de vivienda social o trabajo. Para él fue una pena que el Plan Junker no incluyera la inversión en políticas sociales, como en viviendas sociales, por ejemplo. La inversión en materia social, como ha dicho la anterior interviniente, es muy importante. En 2017 se aprobará el libro Blanco de la Comisión, y tantos años después del Tratado de Roma debemos buscar una Europa socialmente comprometida, convergente y más justa. No podemos olvidar que hay grandes diferencias en los sistemas sociales de los estados miembros. Europa no puede aplazar las decisiones sobre la unión económica y monetaria, y no podrán aprobarse de espaldas a los ciudadanos, sin medidas sociales. La unión bancaria y todas las garantías tomadas para evitar futuras crisis han sido muy importantes, pero no pueden ignorarse las consecuencias sociales que han causado, algunas muy negativas, y esto debe solucionarse. No puede alcanzarse la estabilidad económica y monetaria sin garantizar la ausencia de injusticias sociales. El presupuesto no ofrece muchos medios para ello, y la Comisión habrá de pensar no sólo en la coordinación sino también en la estabilización, y aquí las medidas sociales son vitales, como el seguro europeo ante el paro. En 2015, continuó, se renovó el diálogo social, que es una responsabilidad común, que tendrá seguro resultados positivos, porque lo económico y lo social son complementarios, deben serlo, para apoyar a los ciudadanos, sin perjudicar sus derechos sociales, garantizando la robustez del estado del bienestar. De las medidas de ahorro y austeridad, que han tenido los efectos que han tenido, ha de pasarse a la inversión social, en formación, creación de empleo, ayudas sociales... El modelo europeo social debe garantizar la redistribución de la riqueza económica entre todos los ciudadanos europeos.

Posteriormente tomó la palabra el último ponente de la primera sesión de trabajo, el Sr. Jan Keller, Catedrático de Sociología y miembro de la Comisión de Empleo y Asuntos Sociales del Parlamento Europeo. Se refirió a diversos indicadores en materia de población activa, de desempleo, especialmente juvenil, intención laboral.... con los que pueden proponerse medidas para definir el marco social europeo. Pero faltan indicadores como el nivel real de salarios y la desigualdad entre los estados. En esta materia, hay que seguir consiguiendo medios de análisis. El paro es muy dañino, para los jóvenes especialmente, que no pueden iniciar la actividad laboral. No son temas incidentales, son vitales para el futuro de la Unión Europea. La dimensión social es fundamental. El impacto de la diferencia salarial en la macroeconomía es muy grande, crea disfunción social, debilidad de consumo, estancamiento y desequilibrio en la economía. Los hijos de padres más pobres no tienen posibilidades laborales, y las políticas sociales deben evitar que no puedan seguir estudiando y acceder al mercado laboral. El Brexit puede también analizarse desde un punto de vista social, y es un dato muy revelador. La Unión Europea pública el cumplimiento por los estados miembros de las recomendaciones específicas en el marco del Semestre Europeo, y cada vez hay un cumplimiento más débil de estas recomendaciones, algo que es preocupante. Estamos en un momento crítico y hay que volver a crecer, a converger, a ser una auténtica Unión Europea. Para acabar quiso insistir en que los medios europeos aún son muy escasos para resolver los problemas sociales, más acusados en algunos estados miembros que en otros, como en el sur de Europa, y los más afectados suelen ser los estados con mayor deuda, y esto puede desembocar en una nueva crisis. Por ello es tan importante reforzar la dimensión social y las medidas económicas a ello destinadas.

Seguidamente se abrió un debate entre los asistentes, en el que se trató sobre las medidas contra el dumping social; contra el trabajo low cost, que quita los puestos de trabajo de los nacionales frente a mano de obra más barata de otros estados miembros, como sucede en Francia, de modo que es difícil ver estos aspectos con buenos ojos; sobre la tarjeta verde de responsabilidad social y la mejora de las condiciones laborales que eviten nuevas formas de "esclavitud", del trabajo infantil, la transparencia en las condiciones laborales, dentro y fuera de Europa. Se pusieron de relieve también las terribles consecuencias del desempleo, la necesidad de encontrar nuevos instrumentos para abordar los retos sociales de hoy en día, la importancia de los fondos estructurales para la cohesión social, las cartas de derechos sociales, los fundamentos originales de la comunidad económica europea y la creación de políticas que eleven la calidad de vida de las personas. Se volvió a insistir en la necesidad de tomar en serio la política social en el presupuesto europeo y en las políticas comunitarias. Se pusieron de manifiesto también las distintas circunstancias, problemas y necesidades de los estados miembros, pero que no pueden suponer un freno al avance de la cohesión social y la elevación de los estándares de vida de la Unión Europea en su conjunto, basado, como no puede ser de otra forma, en la solidaridad.

A continuación se suspendió la sesión, a las 13,00 horas, ofreciéndose un almuerzo a los asistentes.

A las 14.30 horas se reanudó la reunión, dedicándose esta segunda sesión de trabajo al tema "Combatir la evasión fiscal en la Unión Europea". La sesión estuvo presidida por el Sr. Ladislav Kamenicky y moderada por la Sra. Dana Meager, Secretaria de Estado del Ministerio de Finanzas de la República de Eslovaquia. Se refirió a la situación económica actual en el seno de la Unión Europea, a las medidas tomadas y a las debilidades encontradas, especialmente allí donde se encuentran los posibles e inevitables fallos de la normativa europea para buscar los recovecos por donde evitarla, como sucede con el fraude y la evasión fiscal, que es una gran amenaza para el modelo europeo, sobre todo porque puede causar un grave perjuicio a los ciudadanos que pagan sus impuestos. Por ello es importante tener una gobernanza común. Hay numerosos grupos ilegales que trafican con el tabaco, por ejemplo entre Eslovaquia y Ucrania. El intercambio de información es vital para combatir estas conductas delictivas. Y la cooperación deberá pasar de lo formal a lo real, a lo inmediato, para combatir estas situaciones fraudulentas. El Consejo de la Unión Europea, en su reunión de 11 de octubre, ha dado vital importancia a este aspecto. El fraude y la evasión fiscal deben llegar a su fin, y hay mucho por hacer, siendo muy importante el cumplimiento de la normativa europea por los estados miembros, devolviendo a los ciudadanos la confianza en las Instituciones. Seguidamente, y tras presentar a los ponentes, cedió la palabra al Sr. Premm Sikka, Catedrático de contabilidad y Director del centro Mundial de Rendición de Cuentas de la Universidad de Essex, RU. Este presentó las ideas clave en materia de evasión fiscal. Quiso denunciar que existe un negocio muy lucrativo por parte de algunas empresas importantes para evadir impuestos, poniendo en peligro el estado de bienestar, la educación, la salud. Google, Apple, los papeles de Panamá, los paraísos fiscales... llenan los periódicos y los medios para luchar son pocos. Hay cuatro firmas importantes de auditoría y son expertas en perfeccionar la elusión fiscal, premiando a sus empleados por descubrir esquemas nuevos para evadir tributos. Así se pone de manifiesto en el informe BEPS de la OCDE. La evasión fiscal es un negocio, nadie sabe el beneficio de las grandes empresas por ello, y hay pocos medios para combatir este grave problema. Hay que hacer algo, es una situación insostenible. Algunos esquemas pergeñados por las empresas permiten evadir el pago del IVA y sin embargo obtener desgravaciones fiscales, pero no se ha multado a ninguna de estas empresas, tan importantes. No se ha tomado ninguna medida contra ellas. Y existe una gran concurrencia de intereses, todos en detrimento de los intereses de los ciudadanos de Europa. Ningún gobierno podrá luchar si no se toman medidas contra estas grandes empresas que están avivando continuamente la evasión fiscal.

Intervino en este punto la moderadora para hablar de los esquemas de optimización fiscal agresiva, ya que ella trabajó en alguna de estas importantes consultoras y no tardó en darse cuenta de que aquí subyace un problema de moralidad muy serio.

El siguiente en intervenir fue el Sr. Bernardus Zuijdendorp, Jefe de la Unidad de iniciativas fiscales en la empresa, de la Dirección General de Fiscalidad y Unión Aduanera de la Unión Europea. Se refirió al paquete de medidas contra la evasión fiscal, aprobado por la Comisión en enero de este año. Se trata de reforzar la transparencia y el intercambio de información, la coordinación normativa. Se ha presentado una Directiva en esta materia de obligado cumplimiento para los estados miembros, en materia de híbridos, impuestos de sociedades o eliminación de doble imposición. En seis meses se ha aceptado esta batería de medidas, lo que demuestra la alta importancia que los estados miembros dan a este tema. Además debe reforzarse la transparencia en el impuesto de sociedades, según las recomendaciones de la OCDE, y se ha comenzado a trabajar en estándares comunes en materia de tributación. En las próximas semanas la Comisión aprobará nuevas medidas sobre la base imponible consolidada común, cuestiones transfronterizas con países terceros y otros asuntos relevantes.

Seguidamente tomó la palabra el Sr. Richard Murphy, Catedrático de Prácticas en Economía política internacional en la City University de Londres y Director de investigación en fiscalidad; habló de la importancia de cambiar de mentalidad, de la necesidad de crear condiciones justas de mercado que eviten la elusión fiscal, porque simple y llanamente deje de ser interesante. Mucha documentación, muchas normas, no vale de nada si no recopilamos información para controlar los movimientos de las empresas que eluden sus obligaciones fiscales, y para ello necesitamos una clara y transparente colaboración en el intercambio de información, entre las entidades bancarias, las autoridades fiscales... Y necesitamos anticiparnos y acorralar a los evasores. Hay que invertir más en autoridades fiscales, en el intercambio de información y en el mejor trato a las entidades bancarias que colaboran para evitar la evasión fiscal.

Finalmente intervino el Sr. Fabio de Masi, Vicepresidente de la Comisión que investiga las alegaciones de infracción y mala administración en la aplicación del derecho de la Unión en relación con el blanqueo de dinero, la evasión fiscal y la evasión de impuesto, del Parlamento Europeo. Señaló que hay que luchar contra el fraude para salir de la crisis, las consecuencias negativas de la austeridad y la amenaza del terrorismo. Si los ciudadanos de a pie creen que sólo ellos pagan impuestos y que los poderosos y las grandes empresas se libran de pagar, es difícil que queramos que confíen en las Instituciones. Hay que luchar contra situaciones como la de Apple, que apenas ha pagado impuestos por los beneficios obtenidos en la Unión Europea. Hay que establecer la base imponible consolidada común, evitar que los beneficios de los conglomerados empresariales florezcan allí donde se pagan menos impuestos. La Comisión trabaja actualmente en todas estas cuestiones. Con acuerdos internacionales y consolidación fiscal podremos hacer que las empresas multinacionales que se libran dos veces de pagar impuestos sean objeto de la imposición adecuada, evitando a la vez la doble imposición. También hay que evitar la competitividad desleal dentro de la Unión, reforzando la transparencia, adoptar medidas anti blanqueo eficaces y sancionar penalmente a las entidades bancarias que contribuyan a los paraísos fiscales y alienten la financiación del terrorismo. Hay que ser más ambiciosos en las medidas que se adopten contra la evasión fiscal.

A continuación tuvo lugar un debate entre los participantes, tras el que la delegación española se ausentó, dado a la convocatoria del pleno de ambas Cámaras al día siguiente.

Se adjunta programa de la reunión, documentos base de la misma y listado de participantes.

Palacio del Congreso de los Diputados, 25 de octubre de 2016.

Mónica Moreno Fernández-Santa Cruz
LETRADA DE LAS CORTES GENERALES

SK EU2016
Slovak Presidency of the Council of the European Union

NATIONAL COUNCIL
OF THE SLOVAK REPUBLIC

INTERPARLIAMENTARY CONFERENCE ON STABILITY, ECONOMIC COORDINATION AND GOVERNANCE IN THE EUROPEAN UNION

16 – 18 OCTOBER 2016, BRATISLAVA

DRAFT PROGRAMME (AS OF 5th OCTOBER 2016)

Sunday, 16 October 2016

14:00 – 19:00	Arrival of delegations and registration for the meeting at the hotels

Monday, 17 October 2016

08:30	Departure from the hotels by bus to the National Council of the Slovak Republic
08:30 – 10:00	Registration (for those not yet registered)

Meetings of the political groups

09:00 – 09:45

Group of the European People's Party
(Hall of Knights)

Group of the Progressive Alliance of Socialists and Democrats
(Western Terrace, MPs Club)

Group of the Alliance of Liberals and Democrats for Europe
(Western Terrace, Room No. 158)

Group of the European United Left–Nordic Green Left
(Western Terrace, Room No. 192)

Venue:
Bratislava Castle, Námestie Alexandra Dubčeka 1, Bratislava

09:15	Departure from the hotels by bus to the Bratislava Castle (other participants)

Opening session of the Conference

10:00 – 10:35

Welcome address by Mr **Andrej HRNČIAR**
Deputy Speaker of the National Council of the Slovak Republic

Introductory remarks by Mr **Ladislav KAMENICKÝ**
Chair of the Financial and Budgetary Committee of the National Council of the Slovak Republic

Introductory contribution by Mr **Igor KOSÍR**
Professor of international relations at the Faculty of Political Sciences and International Relations, Matej Bel University in Banská Bystrica

Venue:
*Bratislava Castle (**Winter Riding School**)*
Námestie Alexandra Dubčeka 1, Bratislava

10:35 – 10:50 Family photo

Venue:
*Bratislava Castle (**staircase of the Garden Pavilion / Ceremonial Staircase**)*
Námestie A. Dubčeka 1, Bratislava

10:35 – 11:10 Coffee break

Venue:
*Bratislava Castle (**Music Hall & 1st Floor of the North Wing**)*
Námestie A. Dubčeka 1, Bratislava

SK EU2016
Slovak Presidency of the Council of the European Union

NATIONAL COUNCIL
OF THE SLOVAK REPUBLIC

Session 1:
Strengthening the Social dimension of the EMU

11:20 – 13:00

Chaired by Mr **Ladislav KAMENICKÝ**
Chair of the Financial and Budgetary Committee of the National Council of the Slovak Republic

Moderated by Mr **Ľuboš BLAHA**
Chair of the European Affairs Committee of the National Council of the Slovak Republic

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Keynote speech by Ms **Marianne THYSSEN**
European Commissioner for Employment, Social Affairs, Skills and Labour Mobility

Address by Ms **Maria João RODRIGUES**
Member of the Committee on Employment and Social Affairs, European Parliament

Address by Mr **Michael SMYTH**
Vice-President of the European Economic and Social Committee

Address by Mr **Zsolt DARVAS**
Senior Fellow at Bruegel (Brussels); Research Fellow at the Institute of Economics of the Hungarian Academy of Sciences; Associate Professor at the Corvinus University of Budapest

Address by Mr **Jan KELLER**
Professor of Sociology; Member of the Committee on Employment and Social Affairs, European Parliament

Debate

Venue:
*Bratislava Castle (**Winter Riding School**)*
Námestie Alexandra Dubčeka 1, Bratislava

13:00 – 14:20 Lunch

Venue:
*Bratislava Castle (**Music Hall & 1st Floor of the North Wing**)*
Námestie A. Dubčeka 1, Bratislava

Session 2:
Fight against Tax Evasion in the EU

14:30 – 16:10

Chaired by Mr **Ladislav KAMENICKÝ**
Chair of the Financial and Budgetary Committee of the National Council of the Slovak Republic

Moderated by Ms **Dana MEAGER**
State Secretary of the Ministry of Finance of the Slovak Republic

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Keynote speech by Mr **Prem SIKKA**
Professor of Accounting and Director of the Centre for Global Accountability at the University of Essex, UK

Address by Mr **Bernardus ZUIJDENDORP**
Head of Unit Company Taxation Initiatives, Directorate-General for Taxation and Customs Union, European Commission

Address by Mr **Richard MURPHY**
Professor of Practice in International Political Economy at City University London; Director of Tax Research, UK

Address by Mr **Fabio DE MASI**
Vice-Chair of the Committee of Inquiry to investigate alleged contraventions and maladministration in the application of Union law in relation to money laundering, tax avoidance and tax evasion; Member of the Committee on Economic and Monetary Affairs, European Parliament

Debate

Venue:
*Bratislava Castle (**Winter Riding School**)*
Námestie Alexandra Dubčeka 1, Bratislava

16:20 – 17:00	Press briefing *Venue:* *Bratislava Castle* *Námestie A. Dubčeka 1, Bratislava*
16:30	Return to the hotels by bus
19:00	Departure from the hotels by bus to the Bratislava Castle

Official dinner

19:15 – 21:30

Musical performance

Speech by Mr **Ladislav KAMENICKÝ**
Chair of the Financial and Budgetary Committee of the National Council of the Slovak Republic

Dinner

Venue:
*Bratislava Castle (**Art Gallery**)*
Námestie Alexandra Dubčeka 1, Bratislava

21:50 Return to the hotels by bus

Tuesday, 18 October 2016

08:15 Departure from the hotels by bus to the Bratislava Castle

Session 3:
Automatic Stabilisers as a Building Block of the Fiscal Union Architecture

09:00 – 10:40

Chaired by Mr **Ladislav KAMENICKÝ**
Chair of the Financial and Budgetary Committee of the National Council of the Slovak Republic

Moderated by Mr **Ivan ŠRAMKO**
Chair of the Council for Budget Responsibility

Keynote speech by Mr **László ANDOR**
Professor at the Economics Department at the Corvinus University of Budapest; European Commissioner for Employment, Social Affairs and Inclusion (2010-2014)

Address by Mr **Marco BUTI**
Director-General at the Directorate-General for Economic and Financial Affairs at the European Commission

Address by Ms **Pervenche BERÈS**
Member of the Committee on Economic and Monetary Affairs, European Parliament

Address by Mr **Jean ARTHUIS**
Chair of the Committee on Budgets, European Parliament

Address by Mr **Michal POLÁK**
General Government Counsel, Ministry of Finance of the Slovak Republic

Debate

Venue:
Bratislava Castle ***(Winter Riding School)***
Námestie Alexandra Dubčeka 1, Bratislava

10:40 – 11:10 Coffee break

Venue:
Bratislava Castle ***(Music Hall & 1st Floor of the North Wing)***
Námestie A. Dubčeka 1, Bratislava

Session 4:
Common Investment Programme as a Tool for Macroeconomic Stabilisation in the EU

11:20 – 13:00

Chaired by Mr **Ladislav KAMENICKÝ**
Chair of the Financial and Budgetary Committee of the National Council of the Slovak Republic

Moderated by …….. ***(tbc)***

Keynote speech by Mr **Peter KAŽIMÍR**
Chair of the Economic and Financial Affairs Council (ECOFIN); Minister of Finance of the Slovak Republic

Address by Mr **Roberto GUALTIERI**
Chair of the Committee on Economic and Monetary Affairs, European Parliament

Address by Mr **Gerassimos THOMAS**
Chair of the Steering Board of the European Fund for Strategic Investment; Deputy Director-General at the Directorate-General for Energy at the European Commission

Address by Ms **Teresa CAEIRO**
Vice-President of the Assembly of the Republic of Portugal

Address by Mr **Andrew WATT**
Head of the Macroeconomic Policy Institute of the Hans-Böckler Foundation

Debate

Venue:
Bratislava Castle ***(Winter Riding School)***
Námestie Alexandra Dubčeka 1, Bratislava

Closing remarks

13:00 – 13:20

Address by Mr **Ladislav KAMENICKÝ**
Chair of the Financial and Budgetary Committee of the National Council of the Slovak Republic

Address by Mr **Roberto GUALTIERI**
Chair of the Committee on Economic and Monetary Affairs, European Parliament

Venue:
*Bratislava Castle (**Winter Riding School**)*
Námestie Alexandra Dubčeka 1, Bratislava

13:30 – 14:00	Press briefing *Venue:* *Bratislava Castle* *Námestie A. Dubčeka 1, Bratislava*
13:20 – 15:00	Lunch *Venue:* *Bratislava Castle (**Music Hall & 1st Floor of the North Wing**)* *Námestie A. Dubčeka 1, Bratislava*
15:00	Return to the hotels by bus Departures of delegations

INTERPARLIAMENTARY CONFERENCE ON STABILITY, ECONOMIC COORDINATION AND GOVERNANCE IN THE EUROPEAN UNION

16 – 18 OCTOBER 2016, BRATISLAVA

Strengthening the Social dimension of the EMU

(background note for session 1)

Towards the development of the social dimension of the Economic and Monetary Union

The EU implements its social mission and objectives on the basis of Article 153 TFEU of the Social Policy. The Union competence is to "support and complement the activities of the Member States" in a number of fields for people both inside and outside the labour market: workers, jobseekers and unemployed.

The objective is to improve working conditions, social security and social protection, workers' health and safety, information and consultation of workers, and the integration of persons excluded from the labour market.

On 28 November 2012, the European Commission adopted a blueprint for a deep and genuine economic and monetary union (EMU), setting out a vision for a strong and stable architecture for the political, fiscal and economic components of EMU. The December 2012 European Council supported the development of the social dimension of the EMU, including social dialogue.

To this end, the June 2013 European Council recalled that the social dimension should be strengthened and emphasised the importance of better monitoring and of taking account of the social and labour market situation in the EMU, notably by using appropriate employment and social indicators as part of the 'European Semester' process for economic policy coordination. It also pointed to the need to improve coordination of employment and social policies, while fully respecting national competences, and to the role of the social partners and social dialogue, at both EU and national levels. The European Parliament also expressed its views on priorities for achieving a genuine EMU, in particular recommending a social pact for Europe.

The Communication on strengthening the social dimension is a further contribution from the Commission to the debate on deepening EMU, bearing in mind that the general social agenda is a matter for the 28 Member States.

It should also be noted that employment and social policies fall very largely under the national competence of the Member States. What the Commission proposes is a number of initiatives to strengthen the social dimension of EMU with a particular focus on three points:

1. Reinforced surveillance of employment and social challenges and policy coordination;
2. Enhanced solidarity and action on employment and labour mobility;
3. Strengthened social dialogue.

The adoption of the Europe 2020 strategy put social policy at the core of EU economic strategy for the first time. With Europe 2020, the EU set headline targets for raising the employment rate, reducing early school leaving, increasing the proportion of completing tertiary education or equivalent and lifting at least 20 million people out of poverty. These are the heart of its strategy for smart, sustainable and inclusive growth. The targets are already shaping social policies in the EU. Key policies adopted and measures taken at EU level are being implemented, for example the Employment Package presented in April 2012, the December 2012 Youth Employment Package, and the February 2013 Social Investment Package.

The 'social dimension of EMU' relates to the ability of economic governance mechanisms and policy instruments to identify, take into account and address problematic developments and challenges related to employment and social policies in the EMU. Strengthening the social dimension should help all Member States achieve their growth and employment potential, improve social cohesion and prevent increasing disparities, in line with the Treaties and the Europe 2020 strategy.

Progress is needed along the following fronts:

1. enhancing capacity to monitor employment and social developments in EMU to better coordinate a timely and adequate policy response;
2. mobilising EU action and funding to tackle unemployment (including youth unemployment) and social distress in an effective and sustainable way;
3. combining the steps taken on responsibility and economic discipline with more solidarity and financial support;
4. reducing existing barriers to cross-border labour mobility in the EU;
5. strengthening the role of social dialogue in developing euro-area-wide and national strategies, through appropriate involvement of the social partners.

The Slovak Presidency of the Council of the European Union supports the European Commission's initiatives aimed at the strengthening of the social dimension of the European Union. A better consideration of employment and other social indicators within the European semester and within the process of the deepening of the Economic and Monetary Union is one of the key preconditions for the elimination of social challenges that have deepened in the aftermath of the crisis and austerity measures.

The European Pillar of Social Rights

The European Pillar of Social was announced by President Juncker in his State of the Union speech to the European Parliament, on 9 September 2015.

As President Juncker indicated in his speech: *"We have to step up the work for a fair and truly pan-European labour market. (...) As part of these efforts, I will want to develop a European Pillar of Social Rights, which takes account of the changing realities of Europe's societies and the world of work. And which can serve as a compass for the renewed convergence within the euro area. The European Pillar of Social Rights should complement what we have already jointly achieved when it comes to the protection of workers in the EU. I will expect social partners to play a central role in this process. I believe we do well to start with this initiative within the euro area, while allowing other EU Member States to join in if they want to do so."*

The economic crisis of the recent years has had far-reaching social consequences, which may hamper opportunities for future growth and economic performance across Europe. At the same time, the current pace and extent of change in the world of work, combined with demographic trends, is further transforming employment conditions.

Looking at Member States sharing the common currency in particular, it is clear that the future success of the euro area depends, in no small measure, on the effectiveness of national labour markets and welfare systems and on the capacity of the economy to absorb and adjust to shocks.

On 8 March 2016, the European Commission has launched a broad consultation and put forward a first preliminary outline of what should become the European Pillar of Social Rights.

This initiative is part of the work undertaken by the Commission for a deeper and fairer Economic and Monetary Union (EMU). As indicated by President Juncker, the initiative is targeted at the euro area, while allowing other Member States to join in if they want to do so.

The European Pillar of Social Rights should build on, and complement, the EU social "acquis" in order to guide policies in a number of fields essential for well-functioning and fair labour markets and welfare systems within the participating Member States. The principles proposed do not replace existing rights, but offer a way to assess and in future, approximate for the better the performance of national employment and social policies.

Throughout 2016, the Commission will engage in a debate with other EU institutions, national authorities and Parliaments, social partners, civil society, experts from academia and citizens. The outcome of this debate should feed into the establishment of the European Pillar of Social Rights early in 2017.

Once established, the Pillar should become the reference framework to screen the employment and social performance of participating Member States, to drive the process of reforms at national level and, more specifically, to serve as a compass for renewed convergence within the euro area.

During the informal session of the Social Protection Committee (SPC) held on September 19 and 20, and the meeting of the Employment Committee (EMCO) in Bratislava on September 22 and 23, a joint opinion of both committees on the

European Pillar of Social Rights was discussed, within the context of the Slovak Presidency of the Council of the European Union.

EU social „acquis“ and the current activities of the European Commission regarding the social agenda

The notion of social "acquis" refers to the body of social rules that exist in the EU legal order today. It first consists of objectives and competences in the social field set out in EU primary law, consisting of the Treaty on European Union (TEU), the Treaty on the Functioning of the European Union (TFEU) and the European Charter of Fundamental Rights as interpreted by the Court of Justice of the European Union. These are then implemented by secondary EU law, in particular through Directives.

The Commission has already taken a number of initiatives to strengthen efforts on pressing priorities and to refresh the EU social "acquis" to address new challenges in the spirit of the principles that will be part of the Pillar.

For instance, during this mandate, this Commission has given greater prominence to social considerations in the coordination of economic policies through the European Semester and in its better regulation activities; it has frontloaded the Youth Employment Initiative (YEI) to promote the fight against youth unemployment; it has issued a recommendation on the reintegration of long-term unemployed into the labour market to guide the Member States towards best practices; it has put forward a European Accessibility Act to facilitate access from disabled people to essential goods and services in the single market.

The EU social acquis is also complemented with the European Structural and Investment Funds (ESIF), in particular the European Social Fund (ESF), which every year assists over 15 million people by helping them to upgrade their skills, facilitating their integration into the labour market, combating social exclusion and poverty and enhancing the efficiency of public administrations.

In 2014-2020, with €86.4 billion from the ESF, €3.2 billion from the YEI and another €38.5 billion of co-funding from national funds, the ESF plays a fundamental role in supporting Member States' investment in human capital and thereby in strengthening the competitiveness of the European economy as it emerges from the crisis.

Reform of the Posting of Workers Directive – Towards a deeper and fairer European labour market

This revision translates a commitment of the Political Guidelines for this Commission to promote the principle that the same work at the same place should be remunerated in the same manner. It was announced in the 2016 Commission Work Programme.

The aim of this proposal is to facilitate the posting of workers within a climate of fair competition and respect for the rights of workers, who are employed in one Member State and sent to work temporarily in another by their employer.

More specifically, the initiative aims at ensuring fair wage conditions and a level playing field between posting and local companies in the host country. Between 2010 and 2014 the number of postings has increased by almost 45%. In 2014, around 1.9 million European workers were posted to other Member States.

The Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne Thyssen, said: *"I have said from day one of my mandate that we need to facilitate labour mobility, but that it needs to happen in a fair way. Today's proposal will create a legal framework for posting that is clear, fair and easy to enforce."*

The targeted revision will introduce changes in three main areas: remuneration of posted workers, including in situations of subcontracting, rules on temporary agency workers, and long-term posting.

MINISTRY OF FINANCE OF THE SLOVAK REPUBLIC

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INTERPARLIAMENTARY CONFERENCE ON STABILITY, ECONOMIC COORDINATION AND GOVERNANCE IN THE EUROPEAN UNION

16 – 18 OCTOBER 2016, BRATISLAVA

Fight against tax evasion in the EU

(background note for session 2)

General Context

The question of tax evasion, tax havens and corporate tax transparency at the time of "Panama Papers", "Swiss Leaks" or "LuxLeaks" is a widely discussed and controversial topic. Due to the lack of tax and accounting information from multinational corporations, as well as from various tax jurisdictions, it is extremely difficult to determine how much tax revenues are lost by which state. Analyses and studies agree that the sums are globally in the area of hundreds of billions of euros annually. After analyzing hundreds of empirical analyses, the OECD estimates the annual global losses of national budgets because of base erosion and profit shifting (i.e. BEPS) to be from $ 100 to 240 billion per year. The IMF estimates are even higher. According to a working paper from October 2015, the lost revenues only from OECD countries represent more than $ 400 billion annually. The estimates in the research by Professor Murphy of 2012 ("Closing the European Tax Gap") are of even higher order, losses within the Member States of the European Union are in the amount of more than € 860 billion annually. The available data show mainly two evident notions, firstly that tax evasion is a huge problem for national budgets; and secondly that it is virtually impossible to even quantify the actual size of the losses precisely without taking proactive steps towards transparency.

The fight against tax evasion and aggressive tax planning is therefore not just a European, but a global priority in recent years. On 16 December 2014, the Commission presented its Work Programme for the year 2015 called „A New Start," in which it stipulated its ambition to *„step up efforts to combat tax evasion and tax fraud and respond to our societies' call for fairness and tax transparency."*

The first step of this effort was the **Tax Transparency Package**, presented by the Commission on 18 May 2015. The aim of the package was to *„ensure that Member States are equipped with the information they need to protect their tax bases and effectively target companies that try to escape paying their fair share of taxes."* The central component of the package was a **legislative proposal to amend Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation (so called DAC 3)**, in order to improve cooperation between Member States in terms on their cross-border tax rulings, thus marking the start of a new era of tax transparency in the European Union. The directive was adopted by Council on 18 December 2015.

The package also contained a communication that outlined a series of other initiatives aimed at advancing the tax transparency agenda. These were:

- assessing possible new transparency requirements for multinationals,
- reviewing the Code of Conduct on Business Taxation,
- quantifying the scale of tax evasion and avoidance,
- repealing the Saving Tax Directive.

The Action Plan

A major development was the presentation of the **Action Plan for Fair and Efficient Corporate Taxation in the EU** („Action plan" hereinafter) on 17 June 2015. The Action Plan sets out a series of initiatives to tackle tax avoidance, secure sustainable revenues and strengthen the Single Market for businesses. Collectively, these measures are to provide a foundation on which to build a fairer, growth-friendly corporate tax framework for EU. The proposed measures would contribute to achieving revenue stability, a stronger Single Market, greater corporate resilience and efficiency and a fair and level-playing field for businesses. The harmonisation of corporate tax rates is not part of this agenda. The aim is to coordinate Member States tax systems so that they can better combat aggressive tax planning.

The Action plan identified five key areas for action:

1. Re-launching the Common Consolidated Corporate Tax Base (CCCTB);
2. Ensuring fair and effective taxation where profits are generated;
3. Creating a better business environment;
4. Increasing transparency;
5. Improving EU coordination.

Anti-Tax Avoidance Package

Based on the Action plan, on 28 January 2016, the Commission presented its **Anti-Tax Avoidance Package** (ATAP). The package consisted of:

- a **Chapeau Communication** and **Staff Working Document**, which explained the political and economic rationale behind the individual measures;
- the **Anti-Tax Avoidance Directive**, which aims to implement **a series of recommendations and minimum standards under the OECD BEPS and other measures against tax evasion** in the EU legislation. The Commission used some of the work already discussed at the OECD and during previous Presidencies, in the international aspects of the preparation of the CCCTB Directive to prepare the Draft Directive. The Draft Directive contains the following measures:
    - General Anti-Abuse Rule (GAAR);
    - Interest restriction/limitation;
    - Controlled Foreign Company (CFC);

  - Exit taxation;
  - Hybrid mismatches.
- An amendment of the Administrative Cooperation Directive ("**DAC 4**"), which aims to incorporate a minimum OECD BEPS standard for the **Country-by-Country Reporting (CbCR)** into the EU legislation. The approved compromising proposal for a directive establishes a comprehensive and effective administrative cooperation between tax administrations by modifying the obligatory automatic exchange of information between tax administrations of the Member States and **obliges multinational companies with a consolidated turnover over 750 million euros to submit the information on the financial data of individual group members by country (CbCR)**, including the amount of income, profit before tax, income tax paid and current tax income, number of employees, registered capital, retained earnings and property to the tax authorities. **The first automatic exchange will take place in the year 2018**.
- a **Recommendation on Tax Treaties**, which advises Member States how to reinforce their tax treaties against abuse by aggressive tax planners, in an EU-law compliant way;
- a **Communication on an External Strategy for Effective Taxation**, which sets out a coordinated EU approach against external risks of tax avoidance and to promote international tax good governance.

All these initiatives were approved at the level of the Council of the European Union and therefore the ATAD Directive must be implemented into the national legislation during 2017. Since the Directive only includes intra-EU rules on hybrid mismatches it paves a new Commission proposal for rules on hybrid mismatches in relation to third-countries, the so called ATAD 2. The proposal is expected in autumn 2016.

Also, at the present time, during the SK Presidency, negotiations on the common criteria for the assessment of the non-cooperative jurisdictions, the so called Blacklist, are in process.

Transparency Package

On July 5, 2016, the Commission has set out the next steps in its campaign to boost tax transparency in order to fight tax evasion and avoidance in the EU – the so called **Transparency Package**, taking into account the problems highlighted in the recent media leaks known as the Panama Papers.

The key actions include:

- **Providing tax authorities with the information they need**: In order to spot tax evaders, tax authorities must know the ultimate beneficiary behind every company, trust and fund. This legislative proposal takes the form of an amendment to the Directive on Administrative Cooperation in the field of taxation ("**DAC 5**"), the aim is to give tax authorities the possibility to access to national anti-money laundering information, particularly beneficial ownership and due diligence information.

- Extending the information available to authorities through **enhancement of the Directive against money laundering activities** (i.e. AMLD).
- **Increasing cross-border transparency on beneficial ownership** through the possible implementation of an automatic exchange of information on beneficial owners of companies.
- **Improving oversight of tax advisors' activities**, which would include a **compulsory disclosure of harmful schemes.** The Commission will examine how to shed more light on tax advisors' activities and create effective disincentives for those that promote and enable aggressive tax planning.
- **Promoting tax good governance worldwide.** As a follow-up response to the Council conclusions to the External Strategies, a process will be initiated leading to the so called **blacklist of non-cooperative jurisdictions**, which should be finalized by the end of 2017.
- **Protecting whistle-blowers.** Many cases of tax evasion and avoidance have recently come to light thanks to the actions of whistle-blowers. The Commission will assess the need for horizontal or additional sectorial measures in order to increase the protection of whistle-blowers.

A proposal to amend the Directive 2013/34 / EU with regards to the publication of information on income tax of certain enterprises and branches (i.e. **Public CbCR**) is also a subject of negotiations. **The proposed Directive requires multinational enterprises to disclose information concerning the income tax of the individual group members by country, including a description of activities, number of employees, amount of revenue, profit / loss before tax, income tax paid and current tax expense.** Detailed information will be published by Member States and by non-EU countries on a list of non-cooperating countries prepared by the Commission. For other non-EU countries, aggregate data will be published. Similar reporting requirements are in place for banking, mining and wood processing industry. The Commission does not expect any increase in the administrative burden nor the erosion of competitiveness of multinational enterprises (MNEs), since the aim of the directive is to change the behavior of the MNEs and increase their transparency.

In the opening months of the presidency, the Slovak Republic has negotiated a draft of the EU Council Conclusions on the Commission announcement to further improve transparency in tax matters, which will be presented at the October Ecofin Council. The Slovak Republic also achieved a common understanding at the technical level on the DAC 5 proposal, and thus ensured a significant progress in this field.

The aim of the Slovak Presidency of the Council of the European Union is to move the debate toward the most significant compromise, and it is important to maintain an adequate balance between the priorities of the EU, which aim to fight aggressive tax planning, and the aim not to increase the administrative burden on SMEs.

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16 – 18 OCTOBER 2016, BRATISLAVA

Towards the Fiscal Union – Macroeconomic stabilisation tools in the EU

(background note for session 3 and session 4)

On 22 June 2015, the Five Presidents' Report set out plans to deepen the Economic and Monetary Union in three stages. As part of progress towards a Fiscal Union that delivers both fiscal sustainability and fiscal stabilisation, the Report proposes the establishment in 'Stage 2' (mid-2017 – 2025 at the latest) of a common macroeconomic stabilisation function. To that end, the Commission plans to present in spring 2017 a White paper outlining concrete steps needed to complete the EMU, relying on an advice of an expert consultation group.

Progressing towards a fiscal union can potentially reduce severity of possible future crises by providing an ex ante framework for enforced fiscal discipline and a central mechanism designed to cushion large macroeconomic shocks. Nevertheless, the idea of a common fiscal capacity remains a highly sensitive issue. If a common stabilisation capacity is to be established in the time horizon proposed by the Five Presidents, a timely discussion is needed.

Incentives and Conditions for the common Fiscal Capacity

Fiscal capacity and macroeconomic policy. Economic theory and empirical observation identify several different roles of supranational fiscal policy in well-functioning monetary unions. The euro area currently lacks at least two of them: the insurance function, which temporarily transfers resources to the regions suffering from an asymmetric shock; and the global stabilisation function, which acts to absorb symmetric shocks to the monetary union as a whole. By definition, single monetary policy alone cannot address problems of countries in different stages of their economic cycles. Given that euro area Member States can no longer adjust to shocks through the nominal exchange rate channel, the absorption of asymmetric shocks should be ensured at the euro area level. For symmetric shocks, the single monetary policy is generally sufficient. However, it becomes less effective in a situation of close-to-zero interest rates. In such a situation, the existence of a fiscal capacity would also decrease the pressure on the central bank to engage in non-conventional monetary policy.

Fiscal Policy and Fiscal Rules. Member States have national fiscal policies at their disposal, subject to the rules of the Stability and Growth Pact. However, the lack of a binding coordination mechanism for the aggregate EU or euro area fiscal stance makes national fiscal policies alone much less effective in stabilising domestic economic activity, in particular in the case of more open economies with larger fiscal spill-overs. Fiscal capacity contributing to a more appropriate aggregate fiscal stance could therefore strengthen the resilience of euro area economy even if all Member States had structurally balanced budgets and could take full advantage of the fiscal space provided by the SGP.

Confidence and mutual trust. High level of structural economic divergence and a relative lack of trust among Member States and institutions persist in the EU. In this situation, it appears desirable to discuss the need for an improved implementation of the existing economic and fiscal rules with a twofold purpose: to reduce the differences in the Member States' vulnerabilities to shocks, and to embark on a confidence building exercise, which would enable Member States to move towards a future fiscal risk sharing. Such an approach is also outlined in the Five Presidents' Report (2015) which proposes a convergence process on the basis of a set of common standards.

Risk reduction and risk sharing. A possible method for bridging the gap between the Member States' divergent views would be to adopt a simultaneous, comprehensive approach to risk reduction and risk sharing. Some ex post risk reduction may be achieved by the common stabilisation mechanism itself, as increased business confidence in the face of shocks reduces their size. On the other hand, access to stabilisation mechanism could become available to participating Member States under certain, pre-agreed, specific, risk-reducing conditions. For example, an agreement could be found on a set of measures to improve the effective implementation of the rules and benchmarks (e.g. compliance with SGP, including debt rule and the Macroeconomic Imbalance Procedure). These considerations could be reflected in the discussions on simplifying the assessment of compliance with the SGP, launched at the informal ECOFIN in Amsterdam. For example, the existence of a stabilisation capacity could reduce the need for the current complexity in the SGP as a result of the flexibility granted for cyclical conditions, structural reforms and allowances for unusual events.

Incentives for structural reforms. Fiscal capacity itself could in fact be designed to stimulate structural reforms. For example, participation in the common fiscal scheme could also be linked to the implementation of country-specific-recommendations. Alternatively, fiscal capacity could also be used for incentivizing reforms directly, by providing financial compensation for difficult structural measures, as was envisaged in the Four Presidents' Report (2012). Depending on the form of fiscal capacity adopted, the design of the scheme itself might provide incentives for structural reforms aimed at harmonisation of social standards and greater resilience of the labour markets.

Preventing permanent transfers and avoiding moral hazard. The common fiscal capacity must not represent a disguised form of permanent transfers from one part of the union to another. Without effective safeguards in the design of the mechanism, which will ensure its fiscal neutrality amongst the Member States in the medium term, it could prove difficult to address the concerns of some Member States that they will become overall net contributors. Equally, moral hazard must be prevented – common European fiscal mechanisms must not compensate the lack of structural efforts by any Member State.

Reduced need for EU financial safety nets. An increased resilience of the euro area to economic and financial shocks based on the full Banking Union, greater possibility for private risk-sharing through a Capital Markets Union and the creation of a common fiscal capacity should also limit the scope for cross-country contagion and market panic. The decreased effect of economic and financial shocks on individual Member States, coupled with more effective implementation of the SGP and the MIP and greater economic convergence through structural reforms, would also likely reduce the need for future euro area financial assistance programmes. In this environment a prospective framework for orderly restructuring of unsustainable public debts could also be considered without triggering unwarranted financial market turbulences.

What kind of Fiscal Capacity for the Economic and Monetary Union?

Shock absorbing mechanisms open to all. Principle of openness and transparency vis-à-vis all Member States should be ensured. The Banking Union provides an example that ambitious and far-reaching reforms of the EMU can be effectively agreed in the EU28 format, as long as interests and concerns of the euro area ins, outs and pre-ins are all taken into account, in particular as the EU Member States with a derogation from euro adoption are foreseen to join the euro area at some later stage.

Possible forms of fiscal capacity. Given the political difficulties associated with establishing a proper euro-area budget, less demanding forms incorporating the economic essence of a fiscal capacity should be scrutinized. Regardless of the specific form of a common fiscal capacity, its ultimate objective should be a more resilient EMU.

Potential options:

European Unemployment Insurance Scheme (EUIS). An automatic stabiliser could be created by emulating national unemployment benefit systems at the European level. The social insurance systems normally register a surplus in economic 'good times', when payments by workers exceed the expenditure on the unemployed, and vice versa. In a situation of an asymmetric shock, surplus would be accumulating in the European unemployment insurance scheme from the countries experiencing good times, and it would be used to cover the corresponding deficit in the countries experiencing recession. If such a system were designed as a complement to the national schemes, only covering swings in cyclical unemployment, it would be subject to less moral hazard, as it would not reduce incentives for reducing structural unemployment. Fiscal neutrality in the medium term could be ensured by using a claw-back mechanism[1] or an experience rating[2].

'Rainy day fund'. A second option could be a simple stabilisation fund which would provide supporting payments to Member States experiencing 'rainy days'. Such a fund could be financed by annual contributions, or by contributions paid in during good times. Questions associated with this kind of fund concern its calibration – in particular, the definition of 'rainy days' when support is to be provided. Payments could be tied to estimated measures of the cyclical position, such as the output gap. Or they could be linked to observable magnitudes, such as unemployment. The latter option would mean that the fund would become in some ways equivalent to the European unemployment insurance, but with the option that the payments could be used by governments on other types of expenditure, such as investment.

Common investment fund. Investment could also be financed by another type of fiscal capacity – namely, a common investment fund. This kind of instrument would be especially helpful for the symmetric shocks, since it could raise investment volumes at a time when private investment was falling. It would be able to undertake large, pan-European infrastructure projects, especially in the crucial areas of Energy, Digital Agenda and Transport (e. g. the 'missing links' for a pan-European high-speed rail network).

Essential features of the common fiscal capacity. The automatic nature of the instrument would be an important factor for its effectiveness. In the absence of automatic distribution of benefits, a time gap between the occurrence of a shock and the fiscal capacity's reaction thereto could arise. This would undermine its effectiveness and reduce the credibility of the instrument. Political discussions and lengthy decision making procedures should therefore be avoided. A clear, ex-ante framework for activation, conditions, size of financial flows, the use of financial resources, repayment conditions, and others, would need to be agreed. An agreement on these specific features of the instrument would reduce the room for double standards and politicisation of its use afterwards.

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[1] Clawback mechanism involves a periodical assessment of net contributions, with those Member States whose balance turns out to have been negative over the period obliged to clear their deficit, and those Member States whose balance is positive having their future contributions appropriately reduced.

[2] Experience rating means that the contributions to the mechanism are directly linked to the previous use, so that the Member States that receive higher benefits or get them more often are then obliged to pay in increased contributions.

European Commission

Automatic Stabilisers as a Building Block of the Fiscal Union Architecture

Marco Buti
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European Commission

Interparliamentary Conference on Stability, Economic Coordination and Governance

16-18 October 2016

Outline

- Role of automatic stabilisers
- Automatic stabilisers at national level
- Room for stabilisation in the EU fiscal framework
- Deepening EMU to complement national stabilisers
- Private sector stabilisation in EMU
- Public sector stabilisation in EMU

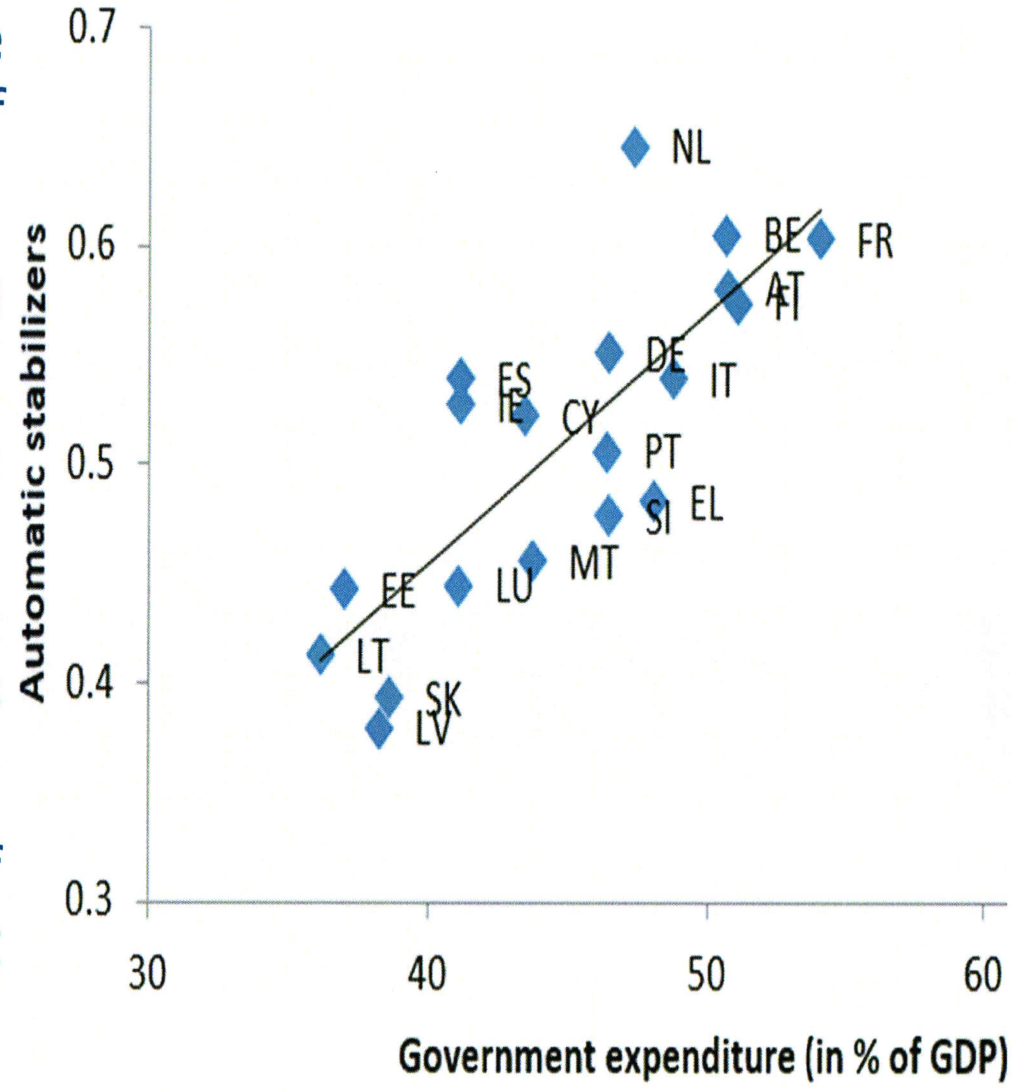
Role of automatic stabilisers

- Automatic stabilisers allow for fiscal reaction…
  - … quickly
  - … independent of un-observable indicators
  - … independent of political discretion

- Positive impact on long term growth, as impact of long downturns and hysteresis effects can be reduced

Automatic stabilisers at national level

- Automatic stabilisers are correlated with the size of government
- Country-specific spending and tax structures matter
- Enhancing national stabilisers is possible, e.g. through changes in unemployment benefits and personal income tax
- Size and effectiveness of national stabilisers are not necessarily adequate, especially in a monetary union



Source: Buti and Gaspar (2015), voxeu.org ; Mourre et al. (2014);

A stabilisation framework for the EA

Stabilisation tool / Type of shock	Monetary	Fiscal	Financial
Asymmetric	–	National stabilisers + discretionary policy	Portfolio reallocation and capital flows
Symmetric	Conventional +unorthodox (*)	National stabilisers + discretionary policy (*) + Fiscal Capacity (*)	External portfolio reallocation and capital flows

(*) In case of severe shocks

Room for stabilisation in the EU fiscal framework

- Fiscal rules allow for stabilisation
  - ➢ Structural balance as anchor allows for full play of stabilisers once at MTO …
  - ➢ …On the way to MTO, annual required effort modulated across business cycle
- But the SGP does not cater for the very unusual circumstances like those of today, with very low inflation and monetary policy at the zero lower bound
- Lack of fiscal space <u>during</u> the crisis was due to lack of sufficient fiscal retrenchment <u>before</u> the crisis

Deepening EMU to complement national stabilisers

Private sector stabilisation

- private sector risk sharing and risk reduction in EMU (via banks) could partly absorb asymmetric shocks, cushion business cycle

-> ***Banking Union and Capital Markets Union***

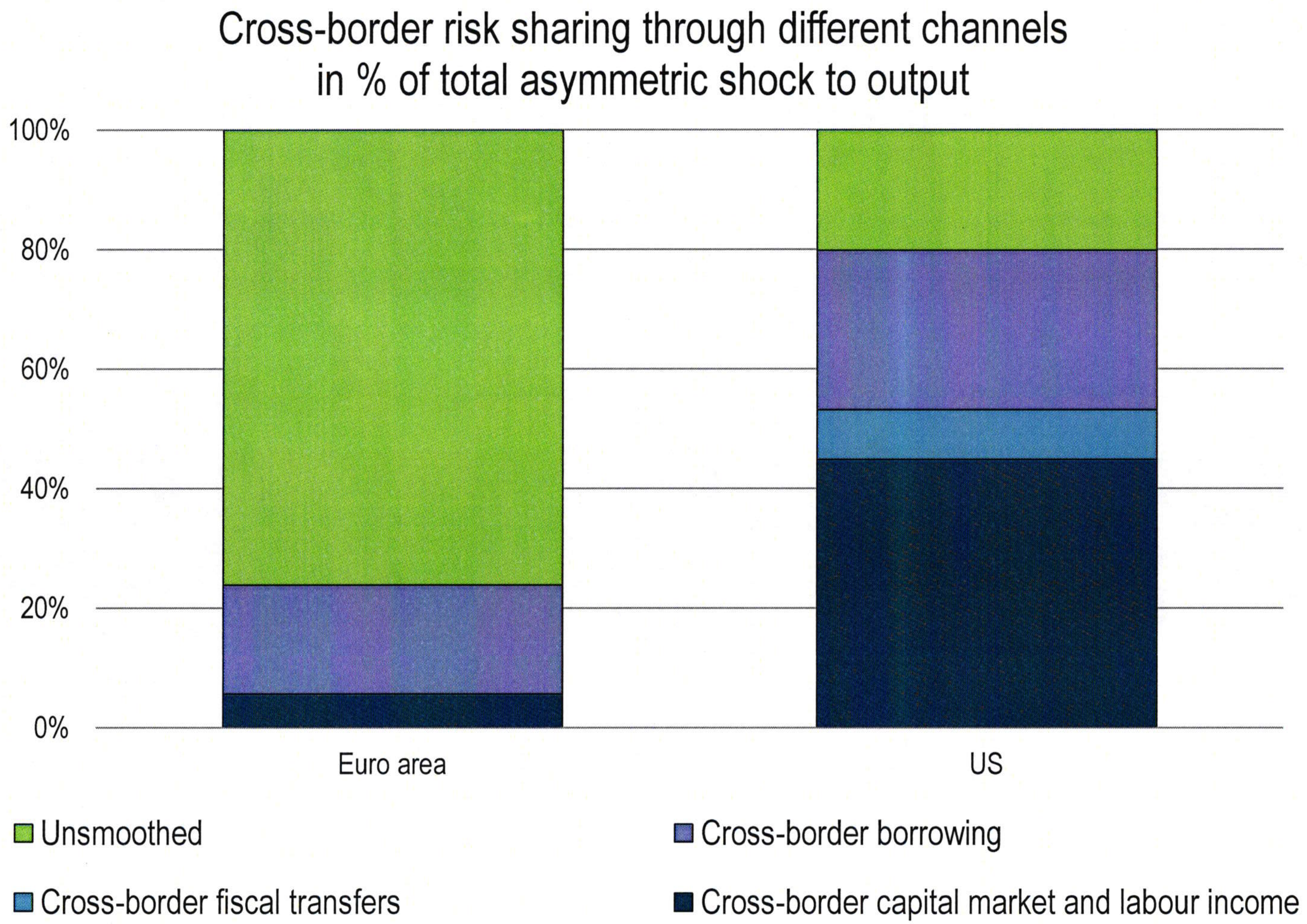
Public sector stabilisation

- Member States sometimes impaired in operation of automatic stabilisers (in long consolidation periods/ high sustainability risks)
- More stabilisation needed at zero lower bound (nominal rigidity)

-> ***Fiscal capacity as solution?***

Private sector stabilisation

Insurance against income shocks in EMU remains low



Source: Buti et al. (2016). Smoothing economic shocks in the Eurozone: The untapped potential of the financial union, voxeu.org, August 2016

Public sector stabilisation (1):
A Fiscal Capacity

What for? Limited to unusual circumstances, no going back to fine-tuning. But to stabilise large country-specific shocks and/or common shocks

Key challenges:

- No permanent transfers
- Beware of moral hazard – ensure stricter fiscal discipline
- Respect the subsidiarity principle
- What degree of automaticity and conditionality?
- What conditions for eligibility?

Public sector stabilisation (2): A Fiscal Capacity

How? Different dimensions and concepts

Stabilisation function based on unemployment

- Cushion both symmetric and asymmetric shocks
- Permanent tool for enhanced stabilisation

Investment capacity

- Short term demand support and long term productivity push
- Crucial when monetary policy is at zero lower bound

Provision of public goods (e.g. security-related)

- Additional stable expenditure at centre
- Stabilisation function and investment capacity can also be considered public goods

Conclusions: How to achieve political consensus?

- Higher private risk sharing allows for lower public risk sharing
- Stronger fiscal stabilisation helps the ECB to go back to "orthodoxy" more quickly
- A Fiscal Capacity at the euro area level and stricter enforcement of the SGP go hand in hand

European Commission

Thank you!

Marco Buti
Director General Economic and Financial Affairs
European Commission

Interparliamentary Conference on Stability, Economic Coordination and Governance
16-18 October 2016

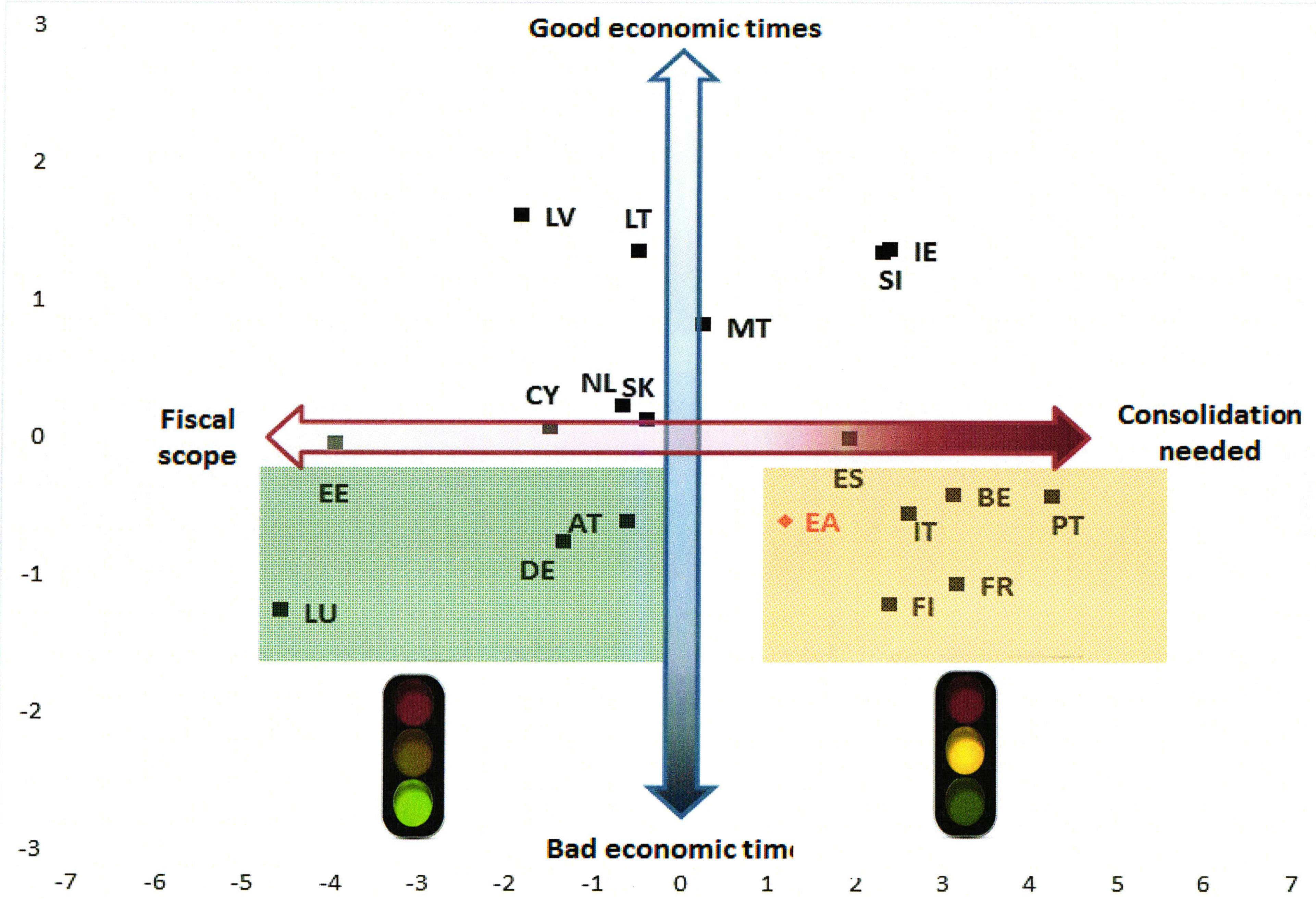
European Commission

Additional slides

Marco Buti
Director General Economic and Financial Affairs
European Commission

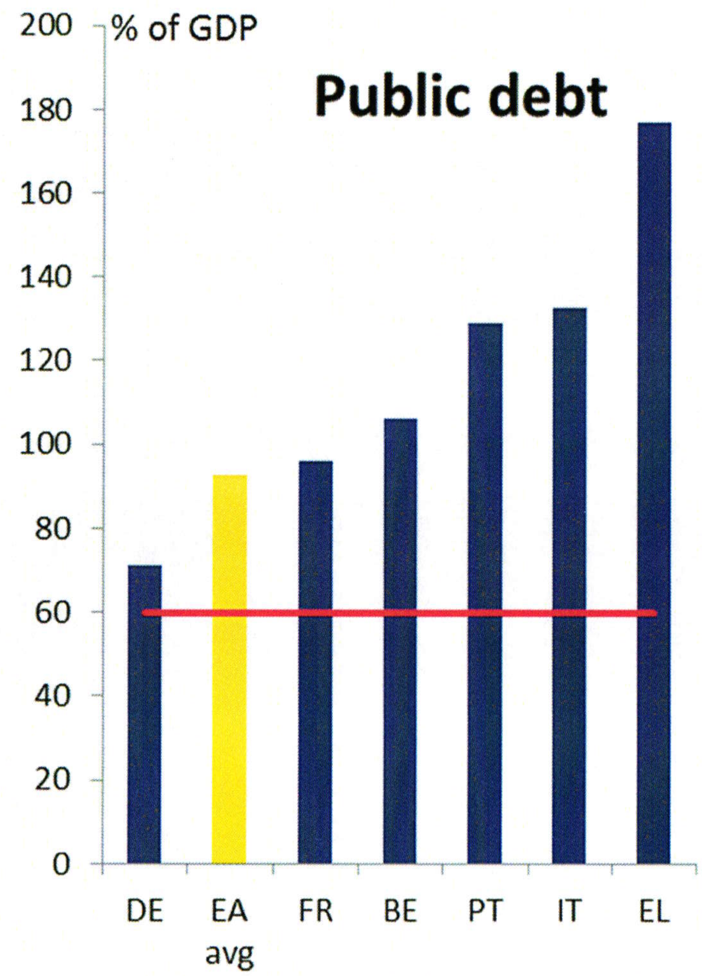
Interparliamentary Conference on Stability, Economic Coordination and Governance
16-18 October 2016

A "fiscal map" of challenges for 2017



Fiscal policy challenges

- High levels of public debt reduce fiscal room for manoeuvre in some Member States, especially in downturns
- Limited (fiscal) risk sharing
- Implementation of Fiscal rules is challenging
- National fiscal policies don't always add up to adequate euro area fiscal stance



How to enhance automatic stabilisers on national level?

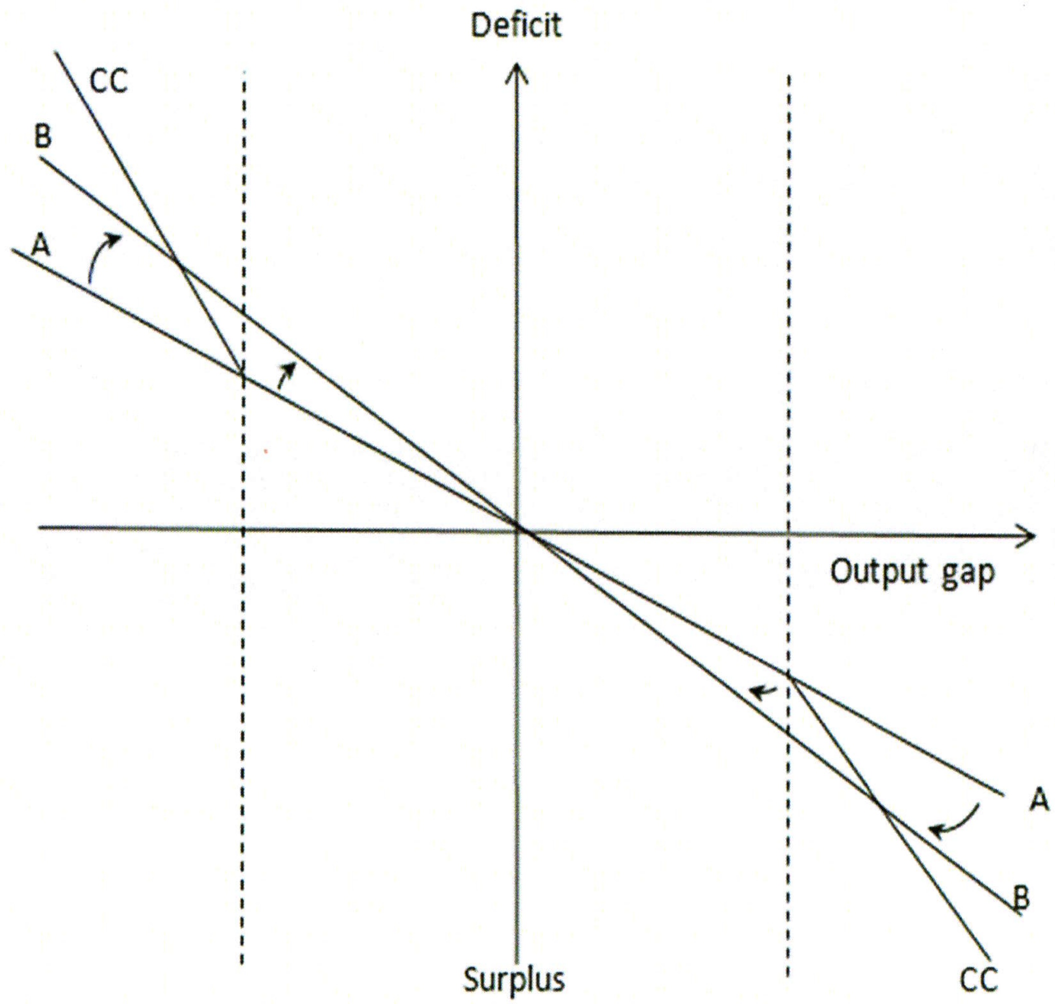
What can Member States do?

More conventional:

- Increase responsiveness to economic activity (A->B)
- e.g. more progression in personal income tax, re-modulate unemployment benefits

More heterodox:

- Engineer a kink in automatic stabilisation in bad times (A->CC)
- e.g. unemployment benefit top-ups, tax deductions for investment



Source: Buti and Gaspar (2015), voxeu.org

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Fight Against Tax Avoidance in the EU

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DG TAXATION AND CUSTOMS UNION

Interparliamentary Conference on Stability, Economic Coordination and Governance

17 October 2016

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Action Plan for Fair and Efficient Corporate Taxation in the EU)

5 Key Areas for Action

1. CCCTB: a Holistic Approach to Profit Shifting
2. Ensuring Effective Taxation where Profits are Generated
3. Better Tax Environment for Business
4. Further Progress on Tax Transparency
5. EU Tools for Coordination

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Anti-Tax Avoidance Package (ATAP)

Chapeau Communication

Anti-Tax Avoidance Directive	Recommendation on Tax Treaties	Revised Administrative Cooperation Directive (DAC 4)	Communication on External Strategy

Staff Working Document
Aggressive Tax Planning Study

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ATAP: Legislative

ANTI TAX AVOIDANCE DIRECTIVE

CFC rule:	To deter profit shifting to low/no tax countries
Interest Limitation:	To discourage artificial debt arrangements
Hybrids:	To stop mismatches being used to avoid taxation
Switchover:	To prevent double non-taxation of certain income
Exit Taxation:	To prevent re-location of assets purely to avoid taxation
GAAR:	To counter-act aggressive tax planning in general

REVISION OF ADMINISTRATIVE COOPERATION DIRECTIVE

CbCR:	To install country-by-country reporting between tax authorities

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ATAP: Non-Legislative

RECOMMENDATION ON AMENDING TAX TREATIES

- Ensure implementation of new permanent establishment definition

- Advice on how to revise tax treaties against abuse

- Focus on how to do it in an EU law compliant way

EXTERNAL STRATEGY

- Stronger EU approach to promoting tax good governance globally

- New areas of partnership with third countries on tax matters

- Action against external threats - Common EU list

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EU ACTIONS ON #BEPS

BEPS / EU

Action 1: Digital Economy
Should be addessed by other actions
Monitor implementation

Action 2: Hybrid Arrangements
Anti Tax Avoidance Directive

Action 3: CFC Rules
Anti Tax Avoidance Directive

Action 4: Interest Limitation
Anti Tax Avoidance Directive

Action 5: Harmful Tax Practices
Tax rulings Directive
Patent Box rules in Code Group

Action 6: Treaty Abuse
Recommendation on Tax Treaties

Action 7: Permanent Establishment
Recommendation on Tax Treaties

Actions 8 -10: Transfer Pricing
Work in Joint Transfer Pricing Forum (JTPF)

Action 11: Data
EU study underway on the impact of aggressive tax planning

Action 12: Disclosure of ATP schemes
Under consideration in the Code Group

Action 13: Country-by-Country Reporting
Revision of Admin Cooperation Directive

Action 14: Dispute Resolution
Dispute Resolution Proposal planned for 2016

Action 15: Multilateral Instrument on Tax Treaties
Recommendation on Tax Treaties

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Direct Tax Initiatives (next steps)

- Common Consolidated Corporate Tax Base – CCCTB
- Amending proposal for the Anti-Tax Avoidance Directive – ATAD 2 (hybrid mismatches)
- Double Taxation Dispute Resolution
- Common EU List
- Transparency

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CCCTB

- *The re-launch of CCCTB initiative has a two-fold objective: business facilitation and anti-avoidance*
- *Two proposals (Common Base and CCCTB) simultaneously*
- *Staged approach: work on consolidation postponed until political agreement on common base is secured*

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ATAD 2

- *Rules in ATAD limited to intra-EU situations*
- *ECOFIN asked for rules on hybrid mismatches in relation to 3rd countries – consistent with and as effective as those recommended by the OECD*
- *ATAD 2 will amend ATAD and provide for a comprehensive proposal to tackle hybrid mismatches*

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Double Taxation Dispute Resolution

- Dispute resolution is a key element of a fair tax system
- Recognised by OECD (BEPS 14), UN (Subcommittee on dispute resolution), business, academia and EU Parliament (e.g. Dodds Niedermeyer report)
- Public consultations confirmed that appropriate measures have to be in place that ensure effective resolution of double taxation
- Proposal to improve existing mechanisms in the EU together with CCCTB

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Common EU list – Next steps

Commission presented Scoreboard to the Code of Conduct Group on 14 September 2016

=> ECOFIN to agree before end 2016 on:

- relevant countries on the basis of the Commission Scoreboard
- listing criteria

=> Screening/dialogues in 2017: Methodology to be discussed with Member States

=> Final list to be adopted by Council by end 2017

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Transparency – Next Steps

- July 2017: Communication on next steps in EU agenda to increase tax transparency and fight tax abuse

- Responds to challenges highlighted in "Panama Papers"

- Some actions delivered already (revision of AML Directive; DAC 5)

- Communication lists tax transparency priorities for 2017

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Transparency – Next Steps

Beneficial Ownership:

- DAC 5 gives tax authorities access to national information on beneficial ownership.
- 2017: New initiative on automatic exchange of beneficial ownership information in the EU.

Promoters and Enablers of Tax Avoidance:

- BEPS 12: recommends required disclosure of ATP schemes
- Public consultation ongoing on best EU approach.
- 2017: New EU initiative on promoters and enablers of ATP

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Academic excellence for business and the professions

The fight against tax evasion in Europe

Professor Richard Murphy
Professor of Practice in International Political Economy
and
Director, Tax Research UK

Bratislava, 17 October 2016

The tax gap

- Three components
  - Tax avoidance
  - Tax evasion
  - Unpaid tax

What we know about these numbers

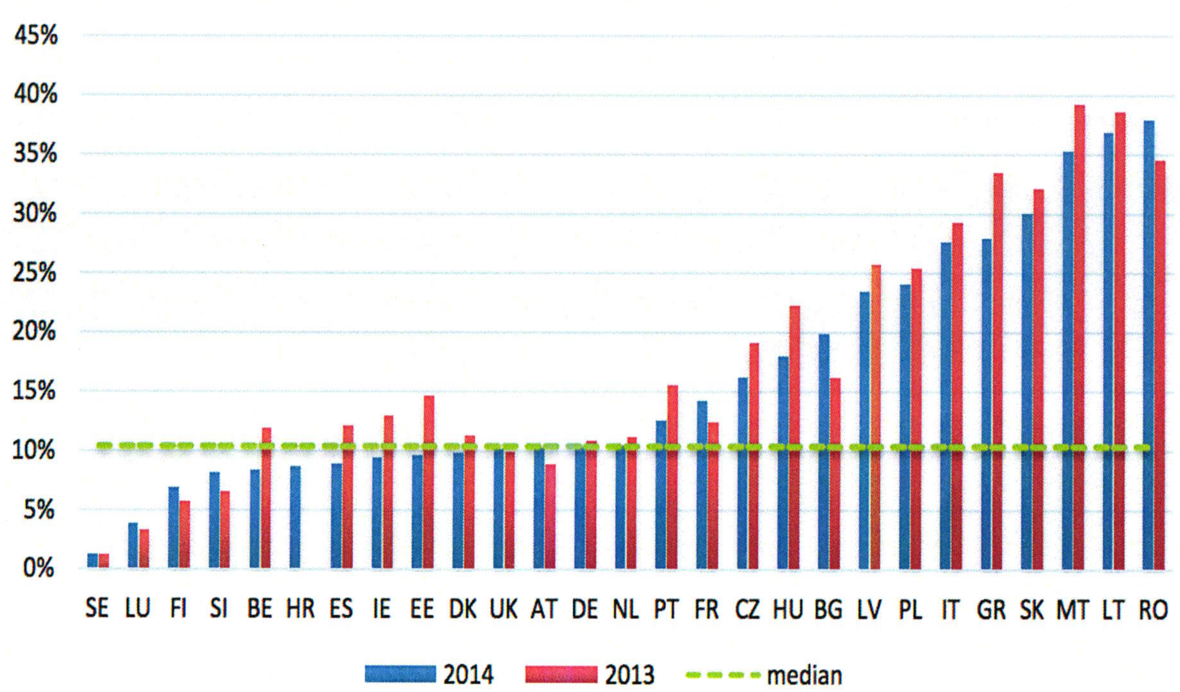
- At most country levels, very little indeed in most cases
  - Only the UK does this estimate annually, and badly
  - Others have only tried it once or twice, at best
- At the official EU level, only VAT is estimated, but nothing else

What we know about these numbers

- At an unofficial level there is my data for the S&D group on the EU tax gap – suggesting a total of €1 trillion
- What we can say with certainty that we do not know enough

The EU VAT Data

Figure 2.1. VAT Gap as a percent of the VTTL in EU-27 Member States, 2014 and 2013



What the data suggests

- Avoidance may be 15% of the tax gap
- Unpaid tax may be up to 20% of the tax gap
- Tax evasion my be 65%, at least, of the tax gap
- Note that offshore is not nearly as important as commonly though
  - Maybe 5% of the 15% tax avoidance total (or one third of avoidance)
  - Maybe 10% of the total 65% of tax evasion, (or 15% or so of that)

The consequences

- I still believe we may be losing at least €1 trillion of loss across the EU to the tax gap, excluding unpaid tax
- More than €800 billion of this may be evasion
- The vast majority of this is domestic

The steps needed to address this

- First we need to drastically improve tax gap estimation methodology, practice and publication intervals
- The focus on large company offshore tax avoidance has been useful for raising awareness but it is not the big issue
- The focus on evasion has to be increased
- The focus on domestic abuse has to grow
- This is not a problem that is 'over there' but is instead 'here' and 'now'.

The steps needed to address this

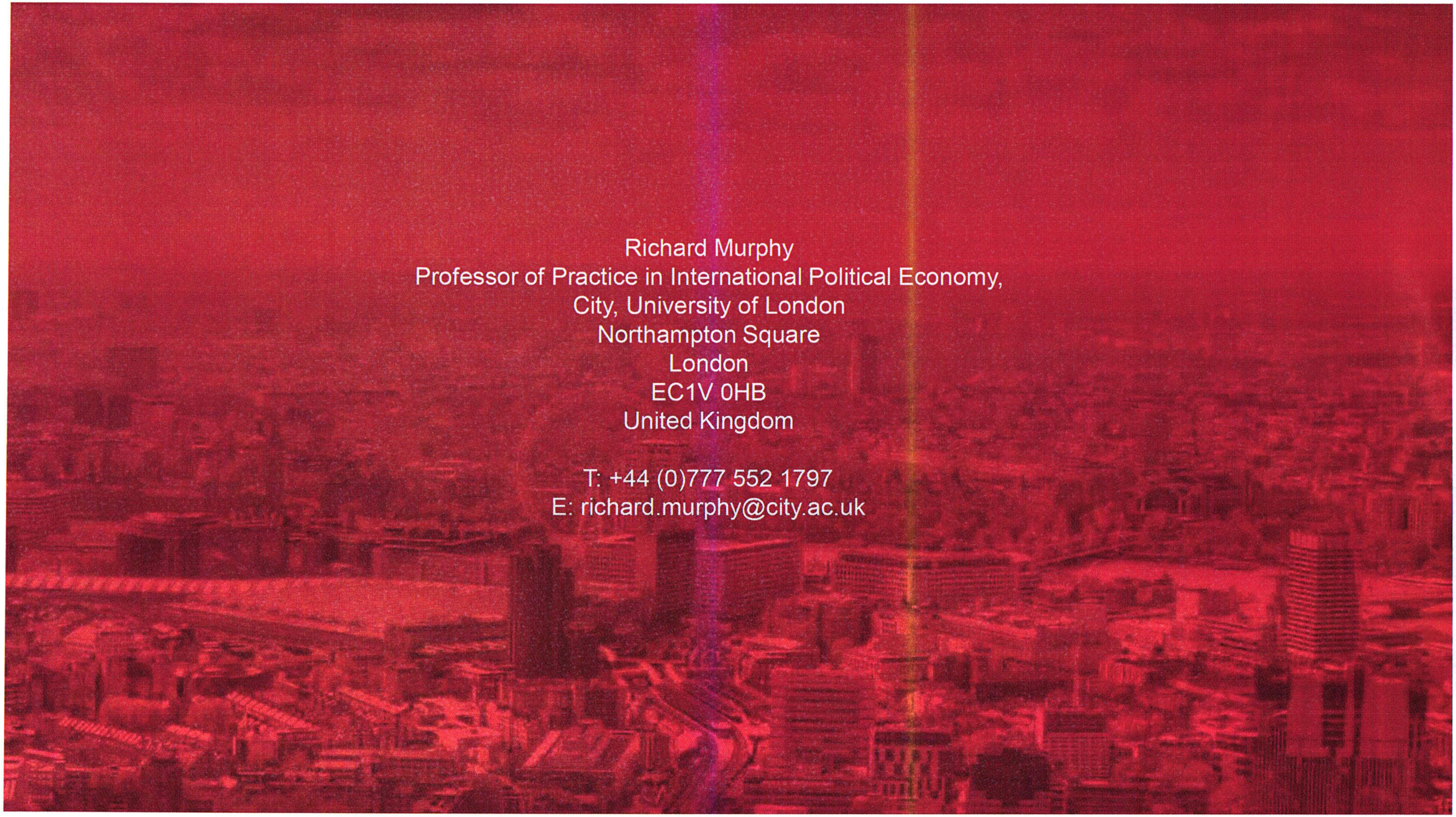
- Technical solutions to tackling domestic tax evasion have to be developed
- Offshore is being beaten by technical developments
  - Country-by-country
  - Automatic information exchange
  - Beneficial ownership
- Technical developments are to deal with this issue domestically and more work is required on this

The steps needed to address this

- The question of resourcing tax authorities is critical to addressing this issue
- Some but not all EU countries are substantially reducing resources for their tax authorities as part of austerity programmes
- Computerisation has clearly had an impact in this area but that cannot be used to explain all the cuts
- If the tax gap is to be beaten then resources are needed

The steps needed to address this

- But to go back to the beginning: to manage resources to best effect we need high quality tax gap data so that scarce resources are used to best effect but right now data does not exist to achieve that goal
- I am working on this now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