



Malta-EU Steering & Action Committee

ECONOMIC AND FINANCIAL AFFAIRS



04.12.09

From the European Commission

Mobilisation of the Flexibility Instrument

COM (2009) 660 - Proposal for a Decision of the European Parliament and of the Council on the Mobilisation of the Flexibility Instrument

The Interinstitutional Agreement of 17 May 2006 allows for the mobilisation of the Flexibility Instrument to allow the financing of clearly identified expenditure which could not be financed within the limits of the ceilings available for one or more headings of the multiannual financial framework.

For budget 2010, additional expenditure, beyond the ceilings of heading 1a is required. It is therefore proposed to mobilise the Flexibility Instrument in accordance with point 27 of the Interinstitutional Agreement.

The amounts to be mobilised are as follows:

- EUR 120 million towards the financing of projects in the field of energy in the context of the European Economic Recovery Plan;
- EUR 75 million for the decommissioning of the Kozloduy nuclear power plant.

The two arms of the budgetary authority are reminded that the publication of the Decision in the Official Journal of the European Union shall not intervene later than the publication for the 2010 budget.



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From the Council

ECOFIN Council Meeting
2 December

The Economic and Financial Affairs Council (ECOFIN) met on 2 December 2009. Malta was represented by the Permanent Representative to the EU, Ambassador Richard Cachia Caruana and by the Permanent Secretary in the Ministry of Finance, the Economy and Investment (MFEI), Mr Alfred Camilleri.

These are the main conclusions:

- Political agreement was reached on:

The establishment of a European Systemic Risk Board (ESRB) that would be responsible for macro-prudential oversight of the financial system within the Community;

The establishment of European System of Financial Supervisors which requires the creation of three European authorities: a European Banking Authority, a European Securities and Markets Authority and a European Insurance and Occupational Pensions Authority, which in turn, will work in tandem with a network of national financial supervisors.

- Various dossiers on taxation focusing mainly on ways of thwarting fraud at European Union level were discussed. This should be achieved, in particular through more efficient exchanges of information between the tax Administrations of the respective Member States.
- Conclusions were adopted on: the exit strategy from the economic crisis; financial stability arrangements and crisis management in the financial sector - the importance of developing common tools aimed at improving Member States' capacity to deal with a financial crisis was stressed by the Council; the EU's post 2010 strategy on jobs and growth; future policy action with regard to derivatives markets and implementation of a code of conduction on the clearing and settlement of securities transactions; implementation of a code of conduct aimed at eliminating situations of harmful tax competition and the single euro payments area.
- The Council opened excessive deficit procedures for Belgium, the Czech Republic, Germany, Italy, the Netherlands, Austria, Portugal, Slovenia and Slovakia, issuing



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recommendations on corrective measures to be taken. It adopted new recommendations on measures to be taken by Ireland, Spain, France and the United Kingdom to correct their excessive deficits, and a decision regarding non-compliance with its recommendation to Greece.

- The Council also approved a draft directive which will allow member states to implement a temporary reversal of liability for the payment of VAT on greenhouse gas emission allowances in order to better tackle VAT fraud.

[Click here](#) for further information

Other Matters

[European Investment Bank \(EIB\) and Inter-American Development Bank \(IDB\) sign Memorandum of Understanding \(MoU\) – 30/11/2009](#)

The MoU concerns the coordination in the financing of projects of common interest to both International Financial Institutions and follows the one signed in December 2004, which is due to expire end of this year. Projects of common interest are projects that contribute to the economic and social development of Latin America and the Caribbean and also meet other European Union objectives, namely to support EU presence through transfer of technology and know-how in Latin America and to contribute to environmental sustainability in Latin America and the Caribbean.

The MoU aims at optimising the combination of EIB's financial strength and its private sector orientation with IDB's political reach and coverage of Latin America and the Caribbean and its capacity to identify and implement projects with both public and private partners. Both institutions are also keen in jointly exploring possibilities to attract private investment to the Latin America and Caribbean region. Under the previous MoU, IDB and EIB have co-financed projects such as the Panama Canal Expansion, the Panama City and Bay Sanitation and the Nicaragua Power sector rehabilitation programme, of undoubted importance for the region. Projects in the energy and transport sector involving IDB and EIB financing are expected to be signed in the course of 2010. [Click here](#) for more info

[President Barroso unveils his new team – 27/11/2009](#)

Barroso, President of the European Commission, announced the portfolios responsibilities for the next Commission. The President has held detailed consultations with all the Commissioners-designate in order to assign the right jobs to the right people. The President believes that this



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team can deliver the agenda for change he set out in the political guidelines he presented in September, following his nomination by all 27 Member States and before his approval as President of the next Commission by the European Parliament.

Responsibilities of the Commissioners-designate

- Joaquín ALMUNIA: Competition. Vice-President of the Commission.
- László ANDOR: Employment, Social Affairs and Inclusion.
- Baroness Catherine ASHTON: High Representative of the Union for Foreign Affairs and Security and Vice-President of the Commission.
- Michel BARNIER: Internal Market and Services.
- Dacian CIOLOS: Agriculture and Rural Development.
- **John DALLI: Health and Consumer Policy.**
- Maria DAMANAKI: Maritime Affairs and Fisheries.
- Karel DE GUCHT: Trade.
- Štefan FÜLE: Enlargement and European Neighbourhood Policy.
- Johannes HAHN: Regional Policy.
- Connie HEDEGAARD: Climate Action.
- Maire GEOGHEGAN-QUINN: Research and Innovation.
- Rumiana JELEVA: International Cooperation, Humanitarian Aid and Crisis Response.
- Siim KALLAS: Transport. Vice-President of the Commission.
- Neelie KROES: Digital Agenda. Vice-President of the Commission.
- Janusz LEWANDOWSKI: Budget and Financial Programming.
- Cecilia MALMSTRÖM: Home Affairs.
- Günter OETTINGER: Energy.
- Andris PIEBALGS: Development.
- Janez POTOČNIK: Environment.
- Viviane REDING: Justice, Fundamental Rights and Citizenship. Vice-President of the Commission.
- Olli REHN: Economic and Monetary Affairs.
- Maroš ŠEFČOVIČ: Vice-President of the Commission for Inter-Institutional Relations and Administration.
- Algirdas ŠEMETA: Taxation and Customs Union, Audit and Anti-Fraud.
- Antonio TAJANI: Industry and Entrepreneurship. Vice-President of the Commission.



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- Androulla VASSILIOU: Education, Culture, Multilingualism and Youth.

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Lisbon Treaty

Implementation of the Treaty of Lisbon – 01/12/2009

The Treaty of Lisbon entered into force on 1 December 2009. Here is a brief summary of the main changes:

A single legal personality

On 1 December 2009 the European Community was replaced by the European Union which succeeds it and takes over all its rights and obligations. The Treaty on European Union keeps the same name and the Treaty establishing the European Community becomes the Treaty on the Functioning of the European Union.

A President of the European Council

A new political figure has come on the scene: the fixed full-time President of the European Council. The President's main task is to ensure the preparation and continuity of the work of the European Council – which becomes an institution in its own right – and to facilitate consensus. He will, at his level and in that capacity, ensure the external representation of the Union on issues concerning its common foreign and security policy. The role of President of the European Council is not compatible with other national offices. The European Council has elected Mr Van Rompuy to this post for a term of two and a half years, renewable once.

A High Representative of the Union for Foreign Affairs and Security Policy

The High Representative combines three different functions: she will be at once the Council's representative for the CFSP (Common Foreign and Security Policy), the President of the Foreign Affairs Council and a Vice-President of the Commission. She is responsible for steering foreign policy and common defence policy. She also represents the Union on the international stage in the field of the CFSP. The post is designed to enhance the consistency and unity of the EU's external action. Ms Catherine Ashton has been appointed by the European Council with the agreement of the President of the Commission. She will receive the consent of the European Parliament (when it votes on the Commission as a body). Her term of office (five years) coincides with the Commission's term of office. In fulfilling her mandate, the High Representative will be assisted by the European External Action Service and will have authority over some 130 delegations of the Union in third countries and to international organisations.



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A new European External Action Service

The Treaty of Lisbon sets up a European External Action Service (EEAS). It will work in cooperation with the diplomatic services of the Member States and will comprise officials from relevant departments of the General Secretariat of the Council and of the Commission as well as staff seconded from national diplomatic services. The Treaty stipulates that the organisation and functioning of the EEAS will be established by a decision of the Council. The Council will act on a proposal from the High Representative after consulting the European Parliament and obtaining the consent of the Commission.

Double majority (qualified majority) in the Council

Up to now, when the Council voted on the basis of a qualified majority, the number of votes attributed to each Member State was predetermined by the Treaty itself (applying a scale ranging from 29 votes each for the four largest Member States to 3 votes for the smallest). That system will continue until November 2014. From then on, the definition of the qualified majority by which the Council will adopt a large number of its acts (except where the Treaty expressly requires unanimity or a simple majority) will be different: it will then be a double majority so that, in order to be adopted, an act must have the support of at least 55 % of the EU Member States (i.e. 15 Member States in a Union of 27) and at least 65 % of the population of the EU. A blocking minority must include at least four Member States. However, between November 2014 and March 2017, any Member State may request that the current weighted voting system be applied instead of the new double majority system. Note, too, that the Council is obliged to meet in public when it deliberates and votes on European legislation.

Co decision extended

The "ordinary legislative procedure" will be co decision with the Parliament, with a qualified majority in the Council. This procedure has been extended to some forty fields, the most important of which relate to justice and home affairs. Areas such as tax matters, social security, foreign policy, defence, operational police cooperation, etc. will still require unanimity in the Council.

Setting the number of MEPs

The number of MEPs cannot exceed 751 and the breakdown of parliamentary seats between Member States will be degressively proportional. The Treaty also stipulates that no Member State can have fewer than 6 or more than 96 seats.

A new role for national parliaments

National parliaments will have eight weeks to examine draft European legislative acts. If a third of them (a quarter in the field of Justice and Home Affairs) oppose a draft, the Commission must review it. Moreover, if over half of all national parliaments oppose an act subject to co



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decision, the European legislator (a majority of the European Parliament or 55 % of the votes in the Council) must decide whether or not to proceed with the legislative process. National parliaments may also take a case to the European Court of Justice if they consider that a legislative act is contrary to the principle of subsidiarity.

Citizens' right of initiative

A million citizens may sign a petition inviting the Commission to submit a proposal on any area of EU competence.

The Charter of Fundamental Rights

The Treaty confers on the Charter the same legal value as the Treaties.

For further reference [click here](#)