



Malta-EU Steering & Action Committee

ECONOMIC AND FINANCIAL AFFAIRS



18.12.09

From the European Commission

COM (2009) 682 – Report from the Commission to the Council on the follow-up to 2007 Discharge Decisions (Summary) - Council Recommendations submitted pursuant to Article 276 of the EC Treaty, Article 180b of the Euratom Treaty, Article 147 of the Financial Regulation for the general budget and Article 119(5) of the EDF Financial Regulation

As the Treaties and Financial Regulations require, the Commission has prepared Follow-up Reports to the 2007 discharges, which relate to the Council Recommendation of 10 February 2009 and the Resolutions voted by the European Parliament on 23 April 2009. The present Follow-Up Report deals with the requests made by the Council. A separate Follow-up Report deals with the requests made by Parliament.

The Commission has identified a total of 90 requests made by the Council to the Commission in the context of the 2007 discharge. The Commission considers that for 44 requests the required action has already been taken, though in some cases results of the actions will need to be examined. For another 46 requests the Commission agrees to take the action requested by the Council.

The summary Follow-up Reports, which are published in all EU official languages, are supplemented by Commission staff working documents giving detailed answers to each specific request. The replies indicate actions that the Commission intends to take or has already taken and also the requests that the Commission will not or is not able to follow up.

Domestic fiscal governance database - 14/12/2009

This database is an analytical tool designed to provide a comprehensive set of information on the main elements of domestic fiscal frameworks across EU Member States, namely numerical



Malta-EU Steering & Action Committee

fiscal rules, independent institutions and medium term budgetary frameworks (MTBFs). Following the April 2009 Council Conclusions, this data base will be annually updated.

The Domestic Fiscal Governance database in brief

- This database contains information on the main elements of domestic fiscal frameworks. Specifically, the following three datasets are available:
 1. Numerical fiscal rules, which also includes an index measuring the strength and the quality of national rules constructed by the Commission Services.
 2. Independent fiscal institutions.
 3. Medium term budgetary frameworks, which also incorporates an index measuring the quality of the existing MTBFs across EU countries.
 - The database also provides methodological explanations about the indices for fiscal rules and MTBFs as well as the main work done on this issue by the Commission Services (e.g. Public Finance Report in EMU).
 - Likewise, other bibliography and references related to domestic fiscal frameworks can also be found.

[Click here](#) to view database

From the European Parliament

Parliament adopts EU budget for 2010 – 17/12/2009

Parliament adopted the final EU budget for 2010, which will be €141.4 billion in commitments and €122.9 billion in payments. The main challenge for this year's budget was to find the funding for the already agreed but not yet financed economic recovery plan, which will cost the EU €2.4 billion next year. The 2010 budget is the last one agreed under the Nice Treaty rules. The payments figure represents 1.04% of EU gross national income (GNI).

Economic recovery plan

The €5 billion European economic recovery plan covers the years 2009 and 2010 and supports energy projects and broadband development in rural areas. When it was agreed earlier this year, the financing for the second year (€2.4 billion) was not settled. After the last month's negotiations, the EU institutions have agreed on how to finance it: by using unspent funds and



Malta-EU Steering & Action Committee

margins (mainly for agriculture and administration) for 2009 and 2010, and by the Member States adding €120 million in fresh money.

Parliament's influence on the budget

The fresh money for the recovery plan, a figure of €300 million in emergency support for the dairy industry and €75 million in funding to help decommission the Kozloduy nuclear power plant in Bulgaria were among points in the budget that were significantly influenced by Parliament.

MEPs also voted to back a series of pilot projects and preparatory actions, ranging from the recovery of obsolete fishing vessels to surveillance and protection for Community vessels sailing through areas where piracy is a threat.

This annual budget was the last to be negotiated under the Nice Treaty rules, under which Parliament had no formal power over agriculture expenditure and certain other areas. With the Lisbon Treaty, Parliament gains full powers over the EU budget.

[Click here](#) to view next year's budget in figures

Economic Papers of Interest

[European Business Cycle Indicators](#)

The first issue includes a focus on the manufacturing sector investment survey conducted in autumn 2009. It reveals the largest contraction in investment expectations since the series began in 1985.

[Public Investment, transport infrastructure and growth in Poland](#)

The Country Focus discusses the relation between public investment and economic growth in Poland.

From the Council

During the AGRIFISH Council meeting held on 14 and 15 December, ECOFIN matters were also undertaken.

International accounting standards - committee procedure with scrutiny



Malta-EU Steering & Action Committee

The Council decided not to oppose the adoption of a Commission's regulation concerning certain international accounting standards. The new regulation is aimed at incorporating an amendment to the International Accounting Standard 32 on financial instruments decided by the International Accounting Standard Board in October 2009. It clarifies how to account for certain rights when the issued instruments are denominated in a currency other than the functional currency of the issuer.

Under the regulatory procedure with scrutiny, the Council can oppose an act which exceeds the implementing powers of the Commission, is not compatible with the aim or content of the basic instrument or does not respect subsidiarity or proportionality if the regulatory committee previously supported the measures envisaged.

Derogations from VAT directive for Estonia

The Council adopted decisions authorising Estonia to apply a measure derogating from the directive on the common system of value added tax (VAT). By way of derogation from article 167 of the VAT directive, Estonia is allowed to postpone the right of deduction of VAT in respect of taxable persons until it has been paid to the supplier of goods or of services. The taxable persons concerned must have opted for a scheme under which the VAT on their supplies of goods and of services becomes chargeable on receipt of the payment. Under the scheme, their annual turnover must not exceed a threshold which shall be set by Estonia at up to the equivalent in national currency of EUR 200 000.

[Click here](#) to view reference

Other Matters

EU27 current account deficit 33.3 bn euro, 14.2 bn euro surplus on trade in services – 11/12/2009

The EU27 external current account recorded a deficit of 33.3 billion euro in the third quarter of 2009, compared with a deficit of 72.6 bn in the third quarter of 2008 and a deficit of 49.2 bn in the second quarter of 2009. In the third quarter of 2009, the EU27 external balance of trade in services recorded a surplus of 14.2 bn euro, compared with a surplus of 20.1 bn in the third quarter of 2008 and a surplus of 17.5 bn in the second quarter of 2009.

This provisional data is issued by Eurostat, the Statistical Office of the European Communities, will be subject to revision. [Click here](#) to view in more detail



Malta-EU Steering & Action Committee

Industrial production down by 0.6% in euro area and down by 0.7% in EU27 – 14/12/2009

In October 2009 compared with September 2009, seasonally adjusted industrial production fell by 0.6% in the euro area and by 0.7% in the EU27. In September production increased by 0.2% and 0.1% respectively. In October 2009 compared with October 2008, industrial production declined by 11.1% in the euro area and by 10.2% in the EU27.

These estimates are released by Eurostat, the Statistical Office of the European Communities. [Click here](#) to view in more detail

Euro area and EU27 employment down by 0.5% - 14/12/2009

The number of persons employed in the euro area fell by 0.5% (712 000 persons) in the third quarter of 2009 compared with the previous quarter, according to national accounts estimates published by Eurostat, the Statistical Office of the European Communities. In the same period, the number of persons employed in the EU27 also decreased by 0.5% (1 019 000 persons). In the second quarter of 2009, employment declined by 0.5% in the euro area and by 0.6% in the EU27. These figures are seasonally adjusted. [Click here](#) to view in more detail

GDP per inhabitant in the Member States ranged from 41% to 276% of the EU27 average in 2008 – 15/12/2009

In 2008, the Gross Domestic Product (GDP) per inhabitant in Luxembourg, expressed in purchasing power standards (PPS), was more than two and a half times the EU27 average, while Ireland and the Netherlands recorded levels about one third above average. Austria, Denmark, Sweden, Finland, Germany, the United Kingdom and Belgium were between 15% and 25% above the EU27 average.

France, Spain and Italy registered GDP per inhabitant between 0% and 10% above the EU27 average, while Cyprus, Greece and Slovenia were between 0% and 10% below the average.

The Czech Republic, **Malta**, Portugal, and Slovakia were between 20% and 30% lower than the EU27 average. Estonia, Hungary, Lithuania, Latvia and Poland were between 30% and 50% lower, while Romania and Bulgaria were between 50% and 60% below the EU27 average.

This data for 2008, 2007 and 2006, published by Eurostat, the Statistical Office of the European Communities, are based on revised purchasing power parities, and the latest GDP and population figures. They cover the 27 EU Member States, the three EU Candidate Countries, three EFTA Member States and four Western Balkan countries. [Click here](#) to view in more detail



Malta-EU Steering & Action Committee

Euro area annual inflation up to 0.5% and EU up to 1.0% - 16/12/2009

Euro area annual inflation was 0.5% in November 2009, up from -0.1% in October. A year earlier the rate was 2.1%. Monthly inflation was 0.1% in November 2009. EU annual inflation was 1.0% in November 2009, up from 0.5% in October. A year earlier the rate was 2.8%. Monthly inflation was 0.2% in November 2009. These figures come from Eurostat, the Statistical Office of the European Communities. [Click here](#) to view in more detail