



Malta-EU Steering & Action Committee

# ECONOMIC AND FINANCIAL AFFAIRS



20.11.09

## *From the European Commission*

### **Macro-financial Assistance**

**COM (2009) 580** - Proposal for a Council Decision providing macro-financial assistance to Ukraine

The Commission proposes to provide to Ukraine macro-financial assistance (MFA) in the form of a loan of up to EUR 500 million. The proposed assistance is intended to contribute to covering Ukraine's general balance-of-payments needs and the external financing needs of the State budget identified by the International Monetary Fund (IMF). It will support the authorities' stabilisation programme with a view to ensuring sustainable fiscal and external accounts, and will thus help Ukraine address the consequences of the global financial crisis.

The proposed Community macro-financial assistance will complement support from the IMF foreseen under the Stand-By Arrangement (SBA) agreed by the IMF board in November 2008. It will also complement Community macro-financial assistance to Ukraine of up to EUR 110 million granted by the Council in 2002 which has not yet been implemented. The Commission intends to implement this assistance as a first stage of the overall EU financial support to Ukraine that will thus amount to EUR 610 million.

Community MFA will be exceptional and limited in time, and will be conditional, in particular, on progress in the implementation of the current IMF programme and on the successful fulfilment of economic policy conditions that will be attached to this assistance.



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### **Commission Consultation** – Commission consults on draft guidance for Single Euro Payments Area (SEPA) Direct Debit Scheme

The European Commission has invited comments on a Commission working document that aims to provide further guidance to participants in the SEPA Direct Debit (SDD) scheme to ensure that collective financing arrangements applied within this scheme comply with EC Treaty competition rules.

The questionnaire is available at:

[http://ec.europa.eu/competition/sectors/financial\\_services/SEPA\\_working\\_document.pdf](http://ec.europa.eu/competition/sectors/financial_services/SEPA_working_document.pdf)

Responses should be sent by 14<sup>th</sup> December 2009 by post to the following address:

European Commission  
Directorate-General for Competition  
For the attention of the Antitrust Registry  
Ref. HT2282 – SEPA DD  
B - 1049 Brussels

### **The European Development Fund**

**COM (2009) 616** - Communication from the Commission European Development Fund (EDF) Estimate of commitments and payments and of contributions to be paid by the Member States for 2009 to 2013

In accordance with Article 7(1) and (5) of the Internal Agreement, the Commission presents in this document estimates of commitments, payments and contributions for the period 2009 to 2013, taking into account the forecasts of the European Investment Bank (EIB) concerning the Investment Facility. Since the entry into force of the 9th European Development Fund (EDF) in 2003, the Member States have made direct contributions to the EIB for the instruments it manages (the Investment Facility and interest-rate subsidies). This communication therefore draws a clear distinction between funds managed by the EIB under the 9<sup>th</sup> and 10th EDFs and those managed by the Commission. As in previous years, this [document](#) consists mainly of tables accompanied by a few explanations to help interpretation.

**COM (2009) 619** - Proposal for a Council Decision on the financial contributions to be paid by the Member States to finance the European Development Fund in 2010 and 2011

The Internal Agreement and Financial Regulation of the 10th EDF provide for a new procedure for the calls for contributions to be paid by Member States to finance the EDF.



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According to Article 157 of the Financial Regulation, this new procedure shall apply for the first time for the contributions of 2009.

In accordance with Article 57(2) of the Financial Regulation, this proposal covers:

- The ceiling for the annual amount of the contribution for 2011;
- The annual amount of the contribution for 2010; and
- The amount of the first instalment of the contribution for 2010.

In accordance with Article 57(7) of the Financial Regulation, the amount managed by the Commission and the amount managed by the EIB are specified separately. In accordance with Article 145 of the Financial Regulation, the EIB has sent the Commission its updated estimates of commitments and payments under the instruments it manages. In accordance with Article 57(2) of the Financial Regulation, the Council must decide on this proposal by 15 November 2009 and Member States must pay the first instalment of the contribution at the latest by 21 January 2010.

Article 58(2) of the Financial Regulation provides that calls for contributions first use up the amounts laid down for previous EDFs, one after the other. The calls for contributions in this proposal therefore concern amounts under the 9th EDF. It is to be noted that Article 60(1) of the Financial Regulation provides that a Member State which fails to pay the instalment of the contribution due by the deadline will be required to pay interest on the amount unpaid; the arrangements for the payment of interest are specified in the same Article.

### **[COM \(2009\) 622/3](#) - Green Paper on a European Citizens' Initiative**

The Lisbon Treaty introduces a new form of public participation in European Union policy shaping, the European citizens' initiative, which enables one million citizens who are nationals of a significant number of Member States to call directly on the European Commission to bring forward an initiative of interest to them in an area of EU competence.

Before citizens can start exercising this new right, a few ground rules and procedures have to be laid down in an EU regulation. Given the importance of this new tool for citizens, civil society and stakeholders across the EU, the Commission has opened a broad public consultation in order to seek the views of all interested parties on how the citizens' initiative should work in practice. The Commission's Green Paper which launches this consultation, gives an overview of the legal, administrative and practical issues that will need to be addressed by the Regulation and asks a number of questions to which interested parties are invited to respond by 31st January 2010.



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Contributions are welcome from citizens, organisations and public authorities.

- If one is answering this consultation as a **citizen**, one can [click here](#) to submit their contribution.
- If one is answering this consultation on behalf of an **organisation**, one can [click here](#) to submit contribution.
- If one is answering this consultation on behalf of a **public authority**, one can [click here](#) to submit their contribution.

### Statement after a joint Commission-IMF-WB mission to Romania – 06/11/2009

A mission from the European Commission, the IMF and the World Bank has held discussions with the Romanian authorities regarding implementation of the policy programme under the € 20 billion multilateral support package. The second tranche from the European Union balance of payments assistance programme amounts to €1bn and will be disbursed following completion of the programme review and if the conditions are met. [Click here](#) for more info

### *From the Council*

#### ECOFIN Council Conclusions 18 November 2009

The Council unanimously agreed at second reading on the EU's draft general budget for 2010. The agreement will be formally adopted on the next Council.

Following an agreement with the European Parliament, the second reading of the Council includes the funding of the second part of the European Economic Recovery Plan (EERP) (EUR 2.4 billion), an exceptional milk action (EUR 300 million), the financing of the Common Foreign and Security Policy (EUR 281.5 million) and the decommissioning of the Kozloduy nuclear power plant in Bulgaria (EUR 75 million).

For the financing of the EERP, the Council and the European Parliament approved the revision of the multiannual financial framework while respecting the overall ceiling of the financial framework, and agreed to mobilise EUR 120 million within the flexibility instrument and to redeploy EUR 81 million. Furthermore, the Council accepted to spend EUR 16.5 million from its own administrative expenditure in order to contribute to the recovering from the current economic crisis.

The Council and the European Parliament agreed to set the total amount of payment appropriations for the 2010 budget at EUR 122.937 billion, corresponding to 1.03% of the Gross



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National Income (GNI) of the EU. The agreement reflects the wish of the Council to give a stimulus to the European economy while taking into account the current constraints on the national budgets.

The Council and the European Parliament adopted four joint statements, one of which concerns the continuity of the 2010 budgetary procedure in view of the entry into force of the Lisbon Treaty.

[Click here](#) to view the full document

### *Other News*

#### **Institutions and Performance in European Labour Markets: Taking a Fresh Look at evidence**

This [paper](#) presents a selective survey of the recent literature on labour market institutions and offers new empirical EU-based evidence on the impact of labour market reforms on employment and labour market adjustment. While the literature traditionally treats labour market institutions as exogenous, attention shifted recently towards understanding the underlying causes of specific institutional arrangements. As a consequence, the literature highlights the great importance of an efficient policy design exploiting these interactions wisely and identifies general principles for achieving an efficient policy design at both macro and micro levels. While empirical evidence does not show a major change in terms of intensity of labour market reform after the setting of the Economic and Monetary Union and the creation of the euro, the reforms aiming at strengthening the labour market attachment of vulnerable groups tend to have been successful both in raising their employment and increasing labour market adjustment.

#### **Economic cycles and development aid: What is the evidence from the past?**

This [Economic Brief](#) looks at past evidence as to what extent donors' economic cycles have an effect on their aid budgets. It generally finds only a weak correlation of economic growth and aid of OECD donors between 1971 and 2008, and aid was reduced in only about half of all episodes of deep or protracted recessions. The effect usually comes with a time-lag as aid commitments respond faster than aid disbursements. Cuts in aid disbursements might therefore be felt more strongly only in 2010 rather than in 2009, which might somewhat mitigate the negative effects if a strong global recovery in 2010 improved developing countries' growth perspectives and reduced their dependency on aid inflows.

Nevertheless, inferring from the past evidence to the current and future evolution of aid has its limitations. The depth and global synchronicity of the crisis as well as a substantial deterioration



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of donor countries' fiscal positions make this situation exceptional. It will therefore be important to remain vigilant to make sure that the crisis does not result in a shortfall of ODA relative to the political commitments made by the international community to support the efforts to attain the Millennium Development Goals.