

**INTERPARLIAMENTARY CONFERENCE UNDER ARTICLE 13 OF THE
FISCAL COMPACT**

Rome, 29 - 30 September 2014

Presidency Summary

1. The Conference under Article 13 of the Fiscal Compact took place on 29 - 30 September 2014 at Italy's Chamber of Deputies, within the framework of the parliamentary dimension of the Italian Presidency of the Council of the EU. The Conference was attended by representatives of 36 Houses of Parliament from 27 Member States, the European Parliament, the Parliaments of the 3 candidate countries as well as representatives of Norway.

2. The Conference was opened by Laura BOLDRINI, President of Italy's Chamber of Deputies. In her welcome speech President BOLDRINI stressed the need for an effective and coherent EU reaction to the economic crisis, taking into account growing inequalities and social disadvantage. The rise of protest vote in the recent European elections showed how an increasing number of Europeans sees Europe as the cause of the crisis rather than as the decisive factor for its solution. The distrust in Europe risks to provoke a de-legitimization of EU institutions while one of the fundamental principles of Europe, solidarity between Member States, is being put into question. President Boldrini observed that the EU has focused mainly on stability and macroeconomic surveillance, while delegating to individual Member States the task of adopting measures promoting growth at a purely national level. Therefore she asked for a common European response to the challenges of globalization and increased international competition, without affecting the patterns of social market economy. She stressed the importance of the role that the National Parliaments and, in particular, the Conference under Art. 13 of the Fiscal Compact can play in this field. President Boldrini concluded that without development and growth, Europe is destined to a sad decline.

3. Session I, "A European path to growth: re-launching investment and reducing inequalities", was introduced by Pier Carlo PADOAN, Italy's Minister of Economy and Finance, in his capacity as President of the ECOFIN Council, who recalled the priorities of the Italian Presidency in the field of economic and financial affairs, stressing the need to develop a real EU Strategy for growth and employment and to ensure adequate financing to the economic system - and by Jean PISANI-FERRY, Commissioner General for Policy Planning - France

Stratégie and Professor of Economics, Hertie School of Governance, Berlin. In the debate 33 representatives of the National Parliaments took the floor.

A large majority of the delegations agreed on the urgency to tackle the growing social and economic inequalities and to develop a real EU Strategy for growth and employment, given the risk of a failure to achieve the targets of Europe 2020. In this respect, the promotion of public and private investments was considered by most delegations as the most effective tool. In particular some delegations asked to implement concretely the plan announced by the President of the European Commission, Juncker, which seeks to deploy up to 300 billion euro over the next three years, using EU budget resources and loans from the European Investment Bank (EIB), to encourage investments in the real economy. Other delegations insisted on the importance to fill the output gap, which prevented some EU Countries from fully exploiting their potential of growth.

Some delegations stressed that the financial consolidation and compliance with the current budgetary rules have to remain the real priority for the EU as they ensure the stability and the confidence of the markets, which are preconditions for promoting private investments. Others considered as a priority to re-launch the competitiveness of the EU through a simplification of EU regulations, in order to reduce the costs for European business.

4. Session II was introduced by an opening address by Roberto GUALTIERI, Chairperson of the ECON Committee of the European Parliament. The following keynote speakers took the floor: Gertrude TUMPEL-GUGERELL, economist, former Chairperson of the European Commission's Expert Group on Debt Redemption Fund and Eurobills; Lucrezia REICHLIN, Professor of Economics at the London Business School; Guntram B. WOLFF, Director of the Bruegel Research Institute; Paolo SAVONA, Professor Emeritus of Economic Policy

In the debate 14 representatives of National Parliaments and of the European Parliament took the floor.

Some delegations underlined that the economic crisis was provoked by excessive private debt, especially in the banking sector, rather than excessive public debt and stressed the need to create tools that might reduce the impact of debt on Member States, especially those most exposed to international speculation, which are forced to set aside a very large part of their budget to service government bond interest payments. In this respect, various proposals have been recalled aimed at managing public and private debts.

Some delegations stated that only financial consolidation – restoring the confidence of the financial markets and of citizens - can play a dramatic role, since it allows a reduction of public debt by ensuring lower interests rates. Each country should remain responsible for its debt while joint debt management

mechanisms would be in contrast with the EU Treaties and with the constitutional provisions of certain member States.

5. Session III “Completing the banking union and financing the real economy“ was introduced by the following keynote speakers: Ignazio VISCO, Governor of the Bank of Italy; Dario SCANNAPIECO, Vice President of the European Investment Bank (EIB); Nicolas VERON, Senior Fellow at the Bruegel Research Institute and Visiting Fellow at the Peterson Institute for International Economics, Washington D.C.; Mario LA TORRE, Professor of Economics of Financial Intermediaries, La Sapienza University, Rome.

In the debate 27 representatives of National Parliaments and of the European Parliament took the floor.

Most delegations underlined that the Banking Union is a first important step to prevent excessive private debt from jeopardizing the financial stability of banks and to ease up the credit crunch, which in some countries has harmed in particular less capitalised SMEs. However, some delegations stressed the need to ensure an effective implementation of the single resolution mechanism and the deposit guarantee scheme.

Several delegations welcomed the ECB's efforts to significantly reduce interest rates, while recognizing that the effectiveness of the ECB's actions will depend on the extent to which credit institutions use the resources made available to them to reopen the flow of credit to businesses and households.

Most delegations also recalled the importance of the role that the European Investment Bank can play in order to reopen the flow of credit to businesses.

6. Session IV on “Coordination of European tax policies and the case of the digital economy” was introduced by the following keynote speakers: Rintaro TAMAKI, Deputy Secretary General of OECD; Salvatore BIASCO, Professor of International Monetary Economics, La Sapienza University, Rome and former Chairperson of the Bicameral Committee for Fiscal Reform; Hosuk LEE-MAKIYAMA, Director of the European Centre for International Political Economy; Michael A. PAGANO, Professor of Public Administration, University of Illinois and Project Director, College of Urban Planning and Public Affairs.

In the debate 13 representatives of National Parliaments and of the European Parliament took the floor.

Most delegations agreed on the need to shift the tax burden from personal income and business to capital gains and to prevent tax erosion and unfair tax competition, especially in the area of digital economy. To this end some delegations asked for a real coordination of the national taxation policies at EU level and observed that the current tax competition among EU Member States can distort the functioning of the Internal Market. Most delegations and keynote speakers emphasized the work carried out by OECD in this field.



Other delegations considered appropriate the enhancement of tools aimed at preventing international fraud and evasion, rather than the coordination of national tax systems in the EU.

7. In the last session the Conference discussed the draft rules of procedure presented by the Italian Parliament. Taking into account the positions expressed by the delegations, the Presidency will submit the delegations new draft rules.