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Priorities of the Polish Presidency of the EU

A Cicero Consulting Special Report



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Introduction

On 1 July 2011 Poland has assumed its first ever EU's six-month rotating Presidency taking over from Hungary, and is now facing the task of steering the EU further through the sovereign debt crisis in the Eurozone.

While the Hungarian Presidency was commended for its hard work on the so-called 'six-pack' - the economic governance package – and the progress made on the accession of Croatia as the 28th EU Member State in July 2013, it was criticized for its handling of its domestic constitutional crisis and its controversial national media law.

The Polish Presidency might face the same difficulty. National elections scheduled for later this year in October could mean that ministers could be preoccupied more with their national campaigns than with the Presidency (although the Belgian experience last year has shown that an EU Presidency can be managed with a caretaker government).

It is clear that the biggest country of the 2004 accession round is ready to take up the helm of the EU for the first time with pride. In an opening speech Polish Prime Minister Donald Tusk spoke with passion about reviving the European project, underlining that Poland is prepared to counter any view or action from other Member States that could result in a weakening of the Community.

Perhaps the biggest of such attempts that Poland will be facing here are the negotiations on a new multi-annual budgetary framework with new methods to raise own funds for the EU. Having greatly benefited from EU funding since its accession, Poland is likely to use its Presidency to secure further cohesion funding. Growing the budget will however meet fierce resistance from countries such as the UK and The Netherlands, which already have vowed that the EU budget should not be increased; hereby following the adage that austerity in the Member States implies austerity for the EU Institutions as well.

Whatever the outcome of these discussions will be, these discussions will be uniquely 'Polish', with a Polish Budget Commissioner, a Polish President of the European Parliament, and a Polish minister chairing the Council of Ministers.

In addition to this, the Presidency will be tasked with concluding agreement in various dialogues. Not only will it have to reconcile Parliament and Council on the last outstanding issue in the six-pack, it will also have to reach consensus on EU derivatives reform (the European Market Infrastructure Regulation, or EMIR), and new EU legislation on short-selling and credit default swaps.

The Hungarian Presidency experienced difficulties when chairing discussions on these proposals, notably in delimiting the supervisory powers of the European Securities and Markets Authority (ESMA) together. The Polish will need to act swiftly and decisively in order to stay in line with the agreed G20 timelines, while at the same time ensuring that what will be agreed on in the EU does not diverge from legislation adopted across the Atlantic.



And there is more to come for the Polish presidency to deal with as the banking sector and the financial markets are preparing for two long-awaited overhauls: the fourth Capital Requirements Directive (CRD IV) that is expected shortly before recess, and in October the review of the Markets in Financial Instruments Directive (MiFID).

Another important area of work for the Polish Presidency is the field of taxation. Not only will the Polish be tasked with making progress in the ongoing discussions on the Savings Taxation Directive, it will also be in charge of setting the political scene between Member States' positions on the Commission proposal for a Common Corporate Consolidated Tax Base (CCCTB).

Financial sector taxation is a third issue to tackle. As part of the multi-annual financial framework the European Commission suggested a financial transaction tax (FTT) of 0.05% to raise revenue for the EU's budget. However, this is going to be a very difficult subject: the UK is known to veto any initiative proposing tax raising powers for the Commission, and so will Finland, the Netherlands, and Sweden, to name a few.

Polish Finance Minister Jacek Rostowski has already told the European Parliament that he does not believe that unilaterally imposing an FTT in the EU will help. Instead he is of the opinion that this debate should be held in a G20 context before any rules are implemented. While this is an encouraging sign for Europe's financial services industry, the European Parliament - although lacking any formal powers in this field - is very focused on the introduction of an FTT, and many difficult battles with Parliament will lie ahead.

Lastly, the Polish Presidency will need to focus on the Single Market, including a new venture capital regime to support SMEs, which are key drivers of economic growth generating about 60% of GDP and almost 70% of jobs.

There are plenty of challenges ahead in the second half of 2011, but Poland will be determined to bring its first EU Presidency to a good end, proving that it can easily keep up with the other big EU Member States.

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Economic Governance

Implementing new measures to boost the EU's competitiveness and be able to respond quickly to economic developments

Addressing the sovereign debt crisis

European Semester

European Stability Mechanism

- Although not a member of the Eurozone, Poland will work to ensure the stability of the Eurozone.
- Poland will continue the efforts of the Hungarian Presidency under the European Semester, and will ensure that the Stability and Growth Pact is consistently applied.
- Following the timetable set by the European Council in December 2010 the Presidency will continue the preparatory work on the European Stability Mechanism.

Financial Services

Enhancing the security of the European financial market

Financial market infrastructure

Crisis management

SIFIs

European Supervisory Authorities

- Poland will promote the early adoption of proposals aimed at improving financial market regulation, including the ongoing negotiations.
- A second priority is developing effective crisis management rules for sustained financial stability.
- Special attention will be placed on measures to reduce systemic risk and systemically important financial institutions.
- Together with the European Systemic Risk Board, the Presidency will monitor the European Supervisory Authorities.



The EU Budget

Meeting the needs and challenges of the EU

The 2012 Budget

Own resources for the long term EU budget

Budgetary monitoring and control

- The aim of the Presidency is to adopt the budget in a timely manner in cooperation with the European Parliament.
- Based on the Commission’s proposal for a new long-term budget, the Presidency will seek to find a more just and contemporary system of own resources for the EU budget.
- The Polish Presidency will support regulation that ensures adequate control of budget revenues and expenditures.

Taxation

Towards more transparent regulations

CCCTB

Savings Taxation Directive

Financial Sector Taxation

Energy Taxation Directive

- The Presidency seeks to have an orientation debate in November at political level on the Commission proposal for a CCCTB.
- A second priority is continuing work on the Savings Taxation Directive, and cooperation with third-countries in the field of exchange of information.
- In line with Council conclusions of March 2011, the Polish Presidency will continue work on financial sector taxation, following publication of the legislative proposal from the Commission in autumn 2011.
- Poland will continue the work done by the Hungarian’s on the revision of the Energy Taxation Directive, which was published earlier in March.



The Single Market Act

A stronger internal market for benefit entrepreneurs and citizens

Single Market Act

More benefits of the single market for SMEs

Alternative Dispute Resolution mechanisms

- To get the fullest potential out of the Single Market, the Polish Presidency will focus on implementing the initiatives laid down in the Single Market Act.
- A priority in this respect for the Presidency will be supporting the Commission's efforts on improving access to venture capital for SMEs.
- To protect consumers and to allow them to have recourse to enforce their rights, the Polish Presidency will start negotiations on the Commission proposal on Alternative Dispute Resolution mechanisms.