

Round Table, Cross Cutting Stakeholder Meeting

27 June 2014

Main points raised:

- A number of attendees raised the issue of safeguards for the Single Market, including the double majority voting (DMV) safeguard secured as part of negotiations on the Single Supervisory Mechanism.
- One person highlighted that there was a high likelihood of more Member States joining the euro and that this would strengthen the in-built QMV for the euro area that will be embedded under new Lisbon Treaty voting rules from November this year. It was expected that this would pose difficulties for the UK, whether concretely or theoretically. For example, it was noted that the DMV would expire when the number of Member States in the banking union reaches four. This safeguard was therefore not durable and more long lasting solutions were needed.
- Participants questioned the neat distinction between the case for economic coordination and political/sovereignty questions. One person highlighted that in the case of tax there was no economic case for co-ordination at EU level, so it shouldn't be presented that there was an economic case for co-ordinating in every area and the only limits were political.
- One participant noted that in their view the requirement to join the euro was like blackmail on countries and that the convergence criteria were meaningless – decisions on this were all political. They questioned whether the commitment to join the euro should apply to new countries joining the EU.
- On the issue of the Commission's role and how the system (e.g. economic co-ordination) operates it was noted by one attendee that because the Commission could only assess compliance with high level targets (e.g. SGP, MIP or EU2020 targets) it was not always able to do more detailed analysis and that it might sometimes be missing the point, especially if the EU was using the wrong mechanisms.
- One attendee clarified that with regard to the relative roles of the Commission and Member States, it was still the Member States who made the final decisions on recommendations of the Commission e.g. the European Semester was still voted on by the Member States. The Commission assessed Member States against the pre-agreed benchmarks, made recommendations and the Member States voted on whether to approve those. The Commission did not impose its recommendations on Member States but there were legitimate questions about how to manage the process and give it more direction.

- It was also noted that national parliaments had a limited direct role in this area; although it was pointed out that the UK's national parliament did play quite an active scrutiny role on economic governance issues, including debates in the House of Lords and House of Commons.
- One attendee noted that the loss of Sharon Bowles MEP from the ECON Committee Chair in the European Parliament (who stood down at the most recent EP elections) would also have an impact on the UK's influence on financial services regulation.
- Another participant noted that with regards to voting modalities, it would not be in the UK's interests for voting to take place by unanimity rather than QMV, especially on single market issues. However other participants disagreed with this assessment, and felt unanimity voting would be preferable.
- One person noted with regard to the UK potentially finding itself on the outside of a very large currency bloc, that there were some examples already of states sitting alongside large currency areas and being successful e.g. Hong Kong/China; Canada/US.