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European Union Committee

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Mr José Manuel Barroso
President of the European Commission
Rue de la Loi 200,
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BELGIUM

3 February 2014

Dear President,

Commission Work Programme for 2014

I am writing in response to the Commission Work Programme for 2014.

2014 will clearly be an unusual year, with elections for the European Parliament in 2014, and the appointment of a new Commission later in the year. Nonetheless, the Commission's Communication, and the accompanying lists of priority current proposals; key new initiatives; work connected with REFIT; legislation to be withdrawn; and legislation coming into force in 2014, will be of use in helping to organise our work over the coming year.

The broad priorities identified by the Commission in the communication, on economic and monetary union; growth; justice and security; and external affairs; seem appropriate. As ever the key will, of course, be the content of the actual initiatives taken forward over the coming year.

The Committee has already examined the major current initiatives in Annex I under our scrutiny procedures. We have also produced detailed reports on some of them, including the Financial Transaction Tax. We will continue to engage as appropriate with these initiatives as negotiations on them continue.

The Committee will also scrutinise carefully the new initiatives listed in Annex II, and any others that may emerge, both for their compliance with the principle of subsidiarity and for their policy merits.

Each of our six subject specialist Sub-Committees has considered the Work Programme, and we make the following detailed comments on the key items listed in the Annexes. In some cases we are already seeking further information from, and engaging directly with, the

relevant Commissioner. We ask three questions in this letter (in italics); two on economic and financial affairs, and one on food. We would be grateful for timely answers, as part of the political dialogue between National Parliaments and the Commission.

Economic and financial affairs

(Sub-Committee on Economic and Financial Affairs)

Of the six proposals relating to economic and financial policy listed as “priority items for adoption”, the Committee has published reports on two of them (MiFID II and the FTT), is shortly to publish a report on another (Single Resolution Mechanism), and has conducted detailed scrutiny of the other three (Recovery and Resolution Directive, Deposit Guarantee Schemes and Long-Term Investment Funds). We broadly agree that these should all be priority items for adoption, although, given the significant issues that remain outstanding, this will be a particular challenge in relation to the Single Resolution Mechanism. The Committee will set out its views on the proposal in its report on Genuine Economic and Monetary Union, to be published in February. This report will also focus on the most prominent gap in the programme, the Commission’s proposals for a Single Deposit Insurance Mechanism.

The exception to our general support for the Commission’s programme in economic and financial affairs is the commitment to agreement on the Financial Transaction Tax being taken forward by 11 Member States under enhanced cooperation. In our March 2012 report, and in the follow-up report published in December 2013, the Committee expressed deep concern about the Commission’s proposals, in particular given the likely significant impact on non-participating Member States, including the UK.

We note that the Commission’s introduction and analysis of the key challenges for 2014 also offers glimpses of the priorities of the next Commission, including:

1. “exploratory work ... to prepare the decisions of the next Commission, in particular in terms of elaborating on the path towards a deep and genuine Economic and Monetary Union”;
2. The continued “overhaul of financial regulation and supervision with work in areas such as the structural reform of banks, shadow banking and long-term financing”; and
3. “efforts to ensure a sound and efficient fiscal platform for public finances, as well as explor[ing] how the design and implementation of tax policy can better support the EU economy”.

We would be interested if you could provide us with further details as to what the Commission has in mind in each of these three areas. With regard to the second of these, we note that the Commission has now published its proposals for structural reform of the EU banking sector. What is the Commission seeking to achieve through these proposals? What is the timetable for their implementation? How would you respond to suggestions that the Commission has watered down the proposals original set out by the Liikanen Group on structural reform of the EU Banking Sector? What will be the implications for the UK in light of the significant reforms being introduced in the UK through the Financial Services (Banking Reform) Bill?

Finally, although we agree that the steps taken since the outbreak of the financial crisis are not insignificant, the Commission is right to acknowledge both that the challenges remaining are formidable and that there is no room for complacency. The economic and financial crisis

is far from over, and in contemplating its future work programme, the Commission must ensure that it takes every step necessary to ensure the future economic health not only of the eurozone but of the EU as a whole.

Employment

(Sub-Committee on Internal Market, Infrastructure and Employment)

The Committee believes that tackling youth unemployment should be a key priority for the Commission in its remaining time in office. The Committee is currently conducting an inquiry into this topic, and considers it to be one of, if not the most, important issue facing the EU at present.

Labour mobility

(Sub-Committee on Internal Market, Infrastructure and Employment)

The Committee conducted enhanced scrutiny on the Commission's draft Directive reaffirming the rights of EU migrant workers to live and work freely in the EU and for barriers to their free movement to be removed. The Committee was interested to see that a labour mobility package is proposed, and will examine these measures with interest.

REFIT

(Sub-Committee on Internal Market, Infrastructure and Employment)

The Committee supports the initiatives proposed in the Communication as part of REFIT, which it hopes will help bolster the EU's competitiveness, especially by removing 'red-tape' for SMEs.

The Committee also notes with interest the REFIT proposal to align the Common Fisheries Policy's technical measures Regulation with the reformed Common Fisheries Policy. This is clearly important in order to ensure that the regulatory framework and industry are prepared for the discard ban as it is gradually introduced from 2015.

The Committee is examining in further the detail of the proposed 'fast track' process.

External affairs

(Sub-Committee on External Affairs)

While the Eastern Partnership has suffered a setback with both Armenia and Ukraine declining to sign partnership agreements, closer integration with neighbouring countries must remain a priority in external affairs. On Ukraine, the Committee considers that some sectoral and technical matters should be rescued from the Association Agreement and that cooperation should continue. The Committee considers that the EU should undertake a sober and strategic reassessment of its policies in the eastern neighbourhood, while continuing to deepen its trade, economic and cultural relations with the Eastern Partnership countries and playing an active role in encouraging reform.

The Committee agreed with the Commission that the ongoing crisis in Syria "has again underlined the crucial contribution of the EU to tackling crises" and that more EU action is needed. The Committee suggests that Syria should be the key development priority in 2014

and that the Commission should also consider how the EU might assist in formulating a long-term reconstruction plan for the country.

Trade

(Sub-Committee on External Affairs)

The Committee is currently conducting an inquiry into the Transatlantic Trade and Investment Partnership (TTIP), and feels strongly that, while these matters deserve careful consideration, the momentum of negotiations should not be avoidably disrupted.

Agriculture and food

(Sub-Committee on Agriculture, Fisheries, Environment and Energy)

Much of the content in this area is expected. *However the anticipated Sustainable Food Communication is an obvious omission. When will this be available?*

Energy

(Sub-Committee on Agriculture, Fisheries, Environment and Energy)

Among the various items highlighted in the Work Programme, the Committee will take a particular interest in the Energy and Climate Framework for 2030, given its pertinence to the Committee's report on energy policy, published in May 2013. The shale gas framework and the work on the internal energy market are also relevant and of interest in that context.

Future Justice and Home Affairs programme

(Sub-Committees on Home Affairs, Health and Education; and Justice, Institutions and Consumer Protection)

The expected Commission Communication on the future of the EU justice policy and a new European agenda for home affairs will be of direct relevance to the Committee's current inquiry into this subject, and will receive close consideration.

Justice and equality

(Sub-Committee on Justice, Institutions and Consumer Protection; Sub-Committee on Internal Market; Infrastructure and Employment)

Reasoned Opinions submitted by national parliaments (including this House) on the proposal for a European Public Prosecutor's Office, asserting breach of the principle of subsidiarity, were sufficient to require the Commission to review its proposal (a "yellow card"). You will understand this Committee's dissatisfaction with the Commission's swiftly announced intention to maintain the proposal unchanged, despite the triggering of the yellow card and the serious concerns raised by national parliaments about the proposal. The Committee will pursue further the Commission's inappropriate response to the Yellow Card on the EPPO, and also intends to undertake an inquiry into the proposal itself.

The Committee will consider carefully the proposed initiatives on tackling the gender pay gap; EU accession to the ECHR; OLAF reform; and on the rule of law in the EU.

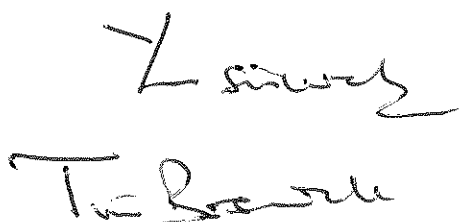
Home affairs

(Sub-Committee on Home Affairs, Health and Education)

The Committee will continue to engage with the current proposals on ensuring a high common level of network and information security; on data protection; and tobacco products.

On major new initiatives, the Committee will examine carefully the Communication suggesting to Member States how to develop new tools to counter or prevent violent forms of extremism, and suggesting revision to the EU Strategy on radicalisation and recruitment.

I am copying this letter to the Rt Hon David Lidington MP, Minister for Europe; Bill Cash MP, Chairman of the European Scrutiny Committee of the House of Commons; and Martin Schulz, President of the European Parliament.

The image shows two handwritten signatures in black ink. The top signature is 'L. Boswell' and the bottom signature is 'The Boswell'. Both are written in a cursive, flowing style.

Lord Boswell
Chairman of the European Union Committee