

Statement by Mr. Henrik Hololei  
Alternate Member of the Convention  
Government of Estonia  
on Economic Governance  
30-31 May 2003, Brussels

Ladies and Gentlemen,

I would like to congratulate the Presidium for a good text on the articles of economic governance, departing from the basis laid down by the Working Group on Economic Governance. However I would like to make four comments.

1. In general the present economic policy coordination framework in EU is comprehensive and provides all necessary tools for policy coordination on the Community level. It also strikes clear balance between Member States and the Community institutions. I am glad that the established main rules governing the economic policies have remained untouched and we should ensure that the wording clearly reflects that. I am satisfied that the function and mandate of the European Central Bank has not been changed which ensures consistency and continuity.
2. I am pleased that in order to improve the effectiveness of the coordination the capacities of the Commission has been increased. I find it reasonable to give the Commission the right to make a formal proposal in the process of preparing BEPGs. The early warning capacities of the Commission in the framework of BEPG as well as SGP are welcomed. It should improve the discipline of Member States and reduce the risk of the decisions being influenced by political situation.
3. I am strongly opposed to any change of the present decision making procedure regarding taxation and I strongly support that the principle of unanimity must be maintained on all aspects of tax policy. The right to determine taxation issues must continue to be held at national level. Only unanimity can preserve that general interest because removal of unanimity could undermine the ability of each Member State to reflect the particular preferences of their citizens and to determine democratically the structure of tax system as well as the level of Government spending it supports. Paper signed by representatives of 8 Governments supporting these principles, has been handed over to the Presidium today.
4. I do not support the formalization of the Eurogroup, which was also reflected clearly by the WG of Economic Governance. It should be noted that after the enlargement only half of the members of the Union would belong there. However, its decisions would affect all the Member States, regardless of their participation in the EMU, as the monetary policy is Unions common interest. One also has to admit that as an informal forum the Eurogroup has served its functions well and it could continue its functioning in this capacity. Therefore I propose the protocol on Eurogroup to be deleted.

Thank you, Mr. President!