

Committee on Economic and Monetary Affairs
The Chair

David McAllister
Chair
Committee on Foreign Affairs
BRUSSELS

D 300695 02.02.2021

Bernd Lange
Chair
Committee on International Trade
BRUSSELS

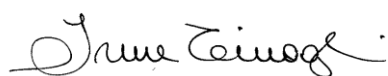
Subject: Opinion on the proposal for a Council Decision on the conclusion, on behalf of the Union, of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, and of the Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information (COM(2020)0856 –2020/0382(NLE))

Dear Mr McAllister, dear Mr Lange,

Under the procedure referred to above, the Committee on Economic and Monetary Affairs (ECON Committee) has been asked to submit an opinion to the Committee on Foreign Affairs and to the Committee on International Trade. Due to the urgency of the matter, the ECON coordinators decided by written procedure to send the opinion in the form of a letter.

The ECON Committee considered the matter at its meeting of 1 February 2021. At that meeting, it decided to call on the Committee on Foreign Affairs and the Committee on International Trade, as the committees responsible, to incorporate the following suggestions into their motion for a resolution.

Yours sincerely,



Irene Tinagli

SUGGESTIONS

General principles

1. Notes that the implementation of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part (the Agreement) remains a work in progress;
2. Notes the particular difficulties caused to the all-Ireland economy by the restriction of free movement of non-Irish EU nationals and of services on the island of Ireland;
3. Calls on the Commission, the European Central Bank, the European Supervisory Authorities, the European Systemic Risk Board and the Single Resolution Board to closely monitor the implementation of the Agreement and market developments in financial services in order to identify potential market disruptions and threats to financial stability, market integrity and investor protection in a timely manner;
4. Calls on the Commission to present the findings of this monitoring exercise to the ECON Committee, also in view of the reviews provided for in the Agreement;

Market access

5. Notes that the Agreement does not provide for comprehensive market access in relation to financial services and that passporting rights between the EU and the UK ceased to apply when the transition period ended; notes that financial market access is now based on EU and national law including, where applicable, the equivalence framework;
6. Notes that the EU equivalence framework is enshrined in various sectoral financial service regulations and directives and that equivalence decisions are unilateral and should be adopted through delegated acts;
7. Underlines that equivalence assessments have to be forward-looking, i.e. they have to foster a sufficient degree of regulatory alignment with the regulatory framework of the single market, thereby providing a safeguard for the integrity of the single market for financial services and robust guarantees for investor protection;
8. Stresses the need for continuous monitoring of any possible digression of UK rules from EU standards with a view to avoiding undue competitive advantages and regulatory arbitrage based on regulatory divergence for UK-based undertakings and ensuring a level playing field;

9. Recalls that the EU can unilaterally withdraw any equivalence decision at any time if the conditions for granting the equivalent status are no longer fulfilled;
10. Notes that the joint declaration on regulatory cooperation between the EU and the UK in relation to financial services states that an agreement on a Memorandum of Understanding (MoU) is to be made by March 2021;
11. Is of the opinion that the agreement on the MoU should include specific cooperation arrangements with the aim of fostering regulatory alignment and ensuring that potential changes in the UK legal framework and its implementation are communicated in a timely manner to the EU supervisory authorities;
12. Emphasises that any such framework for future regulatory cooperation on financial services should be underpinned by robust commitments aimed at preventing tax evasion, aggressive tax avoidance and money laundering;
13. Calls on the Commission to ensure transparency in the negotiations on the MoU and to regularly involve the ECON Committee in them, at the same level as it involves the Council;
14. Calls on the Commission to reflect if and under what conditions the future framework for regulatory cooperation on financial services could strategically integrate the objectives to cooperate in tax matters and fight money laundering into the EU equivalence framework;

Capital Markets Union

15. Points out that the withdrawal of the UK creates new momentum for the regulation of capital markets and makes the safe and ambitious regulation of capital markets in the EU-27 more urgent, in order to ensure stable, well-diversified and cost-efficient financing of the EU economy;
16. Calls on the Commission to adopt a legislative proposal amending existing financial services legislation ('the Omnibus Regulation') with a view to adapting it to the new situation in which the UK has left the internal market and thus where all references to specific UK circumstances have become inappropriate;
17. Reiterates its position that in the event of concerns about financial stability, market integrity or consumer and investor protection, EU supervisors should be granted direct and enhanced supervisory powers over certain third-country entities recognised under the EU equivalence framework;

Tax matters

18. Notes that in the area of taxation, both parties committed to the implementation of

principles of good governance, including international standards on tax transparency, exchange of information and fair tax competition;

19. Recalls that a coordinated fight against tax evasion and tax avoidance remains a priority and is a prerequisite for ensuring a level playing field;
20. Regrets the absence of tax measures in any dispute resolution mechanism or rebalancing mechanism, including a non-regression clause in corporate taxation, and fears the impact of differing legislation concerning corporate income taxation and tax transparency on tax avoidance;
21. Recalls that any third country having strong economic ties with the EU is screened by the Council as part of the EU listing process identifying non-cooperative tax jurisdictions for tax purposes; therefore demands that the Council promptly adds the UK to the list of regularly assessed countries to ensure the commitments of the joint political declaration¹ on countering harmful tax regimes are respected;
22. Urges the Member States to rigorously use the anti-tax avoidance tools at their disposal, in particular controlled foreign corporation rules, to protect their tax revenues, taking into account the fact that the United Kingdom is now a third country;
23. Invites the EU to integrate robust commitments preventing tax evasion and tax avoidance, and aggressive tax planning, including tax and financial transparency in relevant areas, especially with regard to different tax jurisdictions found within the United Kingdom and its overseas territories, in order to ensure a level playing field;

Anti-money-laundering and counter-terrorism financing

24. Notes the measures to prevent and combat money laundering and terrorist financing, in particular on information exchange and beneficial ownership;
25. Notes that both parties committed to maintain a comprehensive regime to combat money laundering and terrorist financing, and to regularly review the need to enhance that regime, taking into account the recommendations of the Financial Action Task Force;
26. Regrets that possible violations of this commitment are not subject to the arbitration procedure provided for in the Agreement;
27. Regrets that the anti-money-laundering rules are not covered by the rebalancing

¹ Political declaration of 17 October 2019 setting out the framework for the future relationship between the European Union and the United Kingdom, OJ C 384I , 12.11.2019, p. 178.

rules, which allow for the alignment of evolving standards;

28. Calls for a thorough assessment of the United Kingdom, including by continuing the assessment of its overseas territories and Crown dependencies, according to the criteria of the EU list of high-risk third countries;
29. Calls on the Commission to use the tools available, to consider new tools in the upcoming revision of the anti-money laundering-framework and to ensure sincere cooperation in relation to beneficial ownership transparency, to guarantee a level playing field and to protect the single market from money laundering and terrorist financing risks emanating from the UK;

Competition

30. Notes that fair competition builds on a level playing field; calls on the Commission to ensure fair competition between the EU and the UK in order to safeguard the level playing field and avoid dumping in the future²;
31. Calls the Commission to focus in particular on State aid schemes involving free zones, economic zones and tax rulings in the broad sense, including informal agreements.

² European Parliament resolution of 18 June 2020 on competition policy – annual report 2019, texts adopted, [P9_TA\(2020\)0158](#).

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

47	+
ECR	Raffaele Fitto
PPE	Isabel Benjumea Benjumea, Stefan Berger, Markus Ferber, Frances Fitzgerald, Enikő Győri, Danuta Maria Hübner, Georgios Kyrtsos, Aušra Maldeikienė, Eva Maydell, Siegfried Mureşan, Luděk Niedermayer, Lídia Pereira, Jessica Polfjård, Ralf Seekatz, Inese Vaidere
Renew	Gilles Boyer, Engin Eroglu, Luis Garicano, Billy Kelleher, Ondřej Kovařík, Caroline Nagtegaal, Dragoş Pîslaru, Stéphanie Yon-Courtin
S&D	Marek Belka, Jonás Fernández, Eero Heinäluoma, Aurore Lalucq, Pedro Marques, Costas Mavrides, Csaba Molnár, Evelyn Regner, Alfred Sant, Joachim Schuster, Pedro Silva Pereira, Paul Tang, Irene Tinagli
The Left	José Gusmão, Chris MacManus, Dimitrios Papadimoulis
Verts/ALE	Sven Giegold, Claude Gruffat, Stasys Jakeliūnas, Piernicola Pedicini, Mikuláš Peksa, Kira Marie Peter-Hansen, Ernest Urtasun

4	-
ID	Gerolf Annemans, Gunnar Beck, Jörg Meuthen
NI	Lefteris Nikolaou-Alavanos

8	0
ECR	Derk Jan Eppink, Cristian Terheş, Johan Van Overtveldt, Roberts Zile
ID	Francesca Donato, Valentino Grant, Antonio Maria Rinaldi, Marco Zanni

Key to symbols:

+ : in favour

- : against

0 : abstention