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Statements by the Committee on Finance concerning the EU and the economic crisis

The Riksdag Committee on Finance has considered matters connected with the economic crisis in various contexts. In this memorandum an account is given of the Committee's positions, as well as reservations from the opposition parties, on the following EU documents:

- Communication from the Commission on Reinforced Economic Policy Coordination (COM (2010) 250) (pp. 1-6);
- Green Paper from the Commission on Corporate Governance in Financial Institutions and Remuneration Policies (COM (2010) 284) (pp. 7-8);
- Communication from the Commission, Europe 2020 - A strategy for smart, sustainable and inclusive growth (COM (2010) 2020) (pp.9-23);
- Communication from the Commission, Budget Reform, Changing Europe. A public consultation paper in view of the 2008/2009 Budget Review (SEC (2007) 1188) (pp. 24-35).

Statement by the Committee on Finance 2009/10:FiU40 on Reinforced Economic Policy Coordination

The statement was approved in the Committee on 17 June 2010.

Introduction

The Committee emphasises that the economic crisis has demonstrated the need for stable budgetary frameworks, at both the national level and the EU level. It is therefore crucial that the Stability and Growth Pact is respected. It is also important to keep public finances in good order. Each member state has the right to choose its own expenditure and revenue levels, but it may not choose such different expenditure and revenue levels that other countries are affected by instability.

In the current situation, both acute measures and more long-term action are required. In the short term, countries with large deficits need to take concrete decisions to show that they are able to get the situation under control. In the longer term, the financial policy framework needs to be designed so as to prevent the accumulation of large deficits and debts. This is especially important in euro area countries, but also for other EU member states.

Sweden's experience shows the value of stable economic policy frameworks. With the changes introduced since the mid-1990s, the various stages in the Swedish budget process have been tightened up. The more stringent budget process has helped to stabilise economic policy. The Committee will return to the subject of Sweden's economic policy framework below.

Strong framework at EU level, but the national parliaments decide

As regards the proposal for a "European Semester", the Committee wishes to stress that, in its opinion, it is not appropriate for the Budget Bill to be examined in advance in the EU before it is presented to the Riksdag. It is the Riksdag that decides on the budget, both expenditure and revenue, and the proposal for the central government budget must therefore be presented to the Riksdag first. If the proposal were to be examined in advance, this could be interpreted as meaning that the financial power does not rest with the Riksdag. There is also a risk of greater lack of clarity when different documents of diffuse status are examined at different stages.

It can also be mentioned that the Government presents a Spring Fiscal Policy Bill in April every year, setting out Sweden's economic policy and budget policy guidelines. The bill contains proposals for guidelines for work with the budget for the coming year. In the opinion of the Committee, this bill should not be examined in advance either.

The above does not, however, rule out the possibility that the Government's assessments in, for example, the Spring Fiscal Policy Bill, regarding economic growth, inflation and estimated balance for general government net lending (financial saving) are presented in the EU after the Bill has been delivered to the Riksdag.

The Committee also wishes to emphasise that there is reason for countries that request loans or support from other member states and from the EU to clearly demonstrate the intended direction of national policy. The same may apply to countries that do not meet the requirements made jointly.

It is not always clear from the Commission's Communication what measures are intended solely for those countries that have introduced the euro as their currency. The Committee would like to stress that the European Union consists of cooperation between 27 equal states. Even if there may be reason for the euro area countries to introduce more detailed rules internally, the interests of the Union as a whole must also be taken into account when the euro area countries hold their deliberations.

The issue of sanctions against countries that breach the Stability and Growth Pact has been raised. The Committee notes that experience shows that there is reason for sanctions to be guided by rules to a greater extent than they are today and that they are introduced at an early stage of the process too. It should also be considered whether there should be a quicker process in the case of countries that repeatedly break the rules. Non-pecuniary sanctions should also be considered. The Committee wants to bring to mind that it

is also important not to make any distinction between small and large countries when applying the rules. It is the obligation of all countries to comply with joint rules, and the sanctions should be the same for any country that fails to comply.

A further matter that has been raised is that of debt levels. The Committee shares the opinion that the level of public debt should receive greater attention and that this matter should also be afforded greater importance in the Stability and Growth Pact. It is important that debt levels are reduced at a satisfactory rate and the regulatory framework should also be better implemented and developed in this respect.

It is important to improve the quality of public finance statistics. On 6 May 2010, the Committee held deliberations with the Minister for Finance regarding the Commission's proposals on this matter. The Committee stressed that a solution needs to be found to the issue of statistics secrecy, and assumes that this will also be the case.

The Committee wishes to bring to mind its earlier statement in connection with discussions on EU 2020 (Committee report 2009/10:FiU29). The Committee stressed that high levels of public debt cannot be allowed to continue indefinitely. Measures to achieve the goals of EU 2020 must be based on developing a credible exit strategy from the acute measures taken as a result of the economic crisis. The Committee stressed the importance of continuing to respect the Stability and Growth Pact. Long-term responsibility for public finances is of central importance, both in order to maintain credibility and to prevent large and drastic cuts in our welfare systems. In parallel with dealing with the acute economic crisis it is also crucial to ensure that public finances are sustainable in the long term too. The EU member states need to take action so that they can re-establish a situation in which they keep within the limits jointly established under the Stability and Growth Pact. The Committee reiterates this opinion.

There is also reason to recall the Committee's previous position regarding the EU budget review (Committee report 2007/08:FiU14). The Committee considered that the following principles would be guiding for the budget: subsidiarity, European added value, proportionality, sound financial administration and restrictiveness. A comprehensive review of priorities in EU budget expenditure is needed. Amendments to the composition of expenditure should be made without any increase to overall expenditure. In this current context the Committee wishes to emphasise that in a situation in which demands are made that national budgets should be restrictive it is even more important to impose requirements for restrictiveness in the EU budget.

As regards the decisions at Ecofin on 9 May, the Committee considers it positive that support mechanisms can be created. The first mechanism is essentially very similar to existing mechanisms providing loans for non-euro area member states with balance of payment problems. There has not been any such opportunity for euro areas countries, and it is therefore

reasonable that this is now introduced. As regards the Special Purpose Vehicle (SPV), the Committee notes that the Government does not intend to propose to the Riksdag that Sweden should be part of this arrangement. Whether or not Sweden will participate in individual support programmes shall be determined on a case by case basis. Important conditions for participating in such programmes are that Sweden can take a full part in the drawing up and decision-making stages of the programme. Further, the programme must be drawn up with clear conditionality and in cooperation with the IMF. It is the Riksdag that decides on Sweden's participation in any such programme.

Strong national financial policy framework

The Swedish budget process was reformed in the mid-1990s. The background was that the state of Sweden's public finances had rapidly deteriorated, with a large budget deficit and central government debt as a result.

An important aspect of the reformed framework concerns the Riksdag's budget process. In a first stage, the Riksdag decides on the distribution of central government expenditure into 27 different expenditure areas, and an estimate of budget revenue. This is done by means of a decision. As both expenditure and revenue are decided on, the size of the budget balance is already determined at this stage. It is the Committee on Finance that prepares the Government's and opposition parties' proposals and that presents what is known as a framework report for the Chamber. The other 14 parliamentary committees submit comments on the Budget Bill and associated private members' motions to the Committee on Finance.

In a second stage, the matter of appropriations for the various expenditure areas is considered by the 15 parliamentary committees. The frameworks for the expenditure areas decided in the first stage may not be exceeded. This means that at this stage it is only possible to propose an increased appropriation within one expenditure area if this is also accompanied by a reduction of another appropriation within the same expenditure area.

The Riksdag's decision-making process means that the Riksdag has a comprehensive approach to the entire budget. Instead of decisions that, individually, may appear suitable but jointly have undesired consequences, the Riksdag has a clear overview of both expenditure and revenue.

Another aspect of the financial policy framework is the central government expenditure ceiling. The Riksdag takes a decision on this ceiling on the basis of a proposal in the Budget Bill. The ceiling is set in nominal terms and is decided three years in advance. If there is a risk that the ceiling will be exceeded during the current budget year, the Government is to take measures or propose measures to the Riksdag to prevent this from happening.

Further, there is a surplus target for general government net lending (financial saving). The Riksdag has decided that the target for financial

saving (for the entire public sector) shall amount to an average of 1 per cent of GDP over a business cycle.

There is a special balance requirement for the local government sector. According to this balance requirement, each municipality and county council shall budget for balance. If a municipality or county council later shows a deficit, the balance shall be restored within three years, unless exceptional grounds exist. This balance requirement is a minimum requirement. According to the Local Government Act, municipalities and county councils shall also, observe the principle of good financial management, according to which they in their budgets shall also take into account increased future costs, for example, in the form of large pension commitments.

An important element is also that the central government budget process has been made more transparent. The principle rule is that all items are to be entered in their gross value. In this context, there is also reason to point out that gross accounting also applies to the contribution to the EU and to EU subsidies. This helps to give a fair picture of the budget. Another principle known as the "completeness principle" is also applied, according to which all items affected by the central government borrowing requirement are to be included in the central government budget. Overall this gives a clearer account of central government commitments and a better understanding of the central government budget.

Further it should be emphasised that the development of public finances and application of financial policy are followed up by external assessors. In Sweden this is, for example, done by the Swedish Fiscal Policy Council, the National Financial Management Authority, the National Institute of Economic Research and the National Audit Office.

All together, the Swedish financial policy framework gives stability to financial policy. The central government budget process is characterised by a clear medium-term, top-down perspective. The framework therefore covers a number of years at a time. Important purposes are weighed up against each other in a transparent way.

The Committee wishes to recall that however well a framework is designed, the framework in itself is not sufficient. Those that are to apply the framework must be prepared to follow it and to take the consequences when decisions are to be made.

Conclusion

The Commission deals with important issues in its communication. As described, the Committee wishes to stress the importance of well-ordered public finances, combined with the value of stable financial policy frameworks both at the EU level and at the national level. The Swedish financial policy framework works well and could serve as a source of inspiration for other countries.

The Committee proposes that the Riksdag file the Statement.

Reservation

The Committee's proposal for a decision by the Riksdag and positions resulted in the following reservation.

Reinforced Economic Policy Coordination – explanatory statement (Lft)
by Ulla Andersson (Left Party).

Position

The Commission refers to weak public finances in the monetary union's member states as one of the main reasons for the recent economic turbulence in some member states. On the basis of this analysis, the Commission presents a proposal designed to strengthen the budget restrictions stipulated in the Stability and Growth Pact and proposals designed to strengthen coordination of economic policy in the EU in general and among the monetary union's member states in particular. The Left Party does not agree with the Commission's analysis of the reasons for the recent economic turbulence. In our opinion, the large deficits in some member states is sooner a result of weaknesses in the construction of the monetary union, than the reason for the current economic problems. Without the possibility to pursue independent monetary policies, several countries in southern Europe have seen their competitiveness undermined as a result of differences in productivity growth among the countries of the monetary union. This has led to large deficits in balances on current accounts and in public finances. Greater budget restrictions will not strengthen the competitiveness of countries in southern Europe. On the contrary; the restrictions imposed by a more stringent framework pose a threat to economic recovery and risk leading to permanent, higher, levels of unemployment.

The statement from the majority of members of the Committee highlights the Swedish budget policy framework that emerged after the crisis of the 1990s as a successful example as regards achieving financial stability and strong public finances. However, this historical analysis is misleading as, in principle, the entire budget consolidation following the crisis of the 1990s was decided prior to the introduction of the current budget policy framework. The Committee majority have also forgotten to point out that both the economic recovery and the budgetary consolidation in the 1990s would have taken considerably longer and involved significantly greater costs had Sweden not been able to abandon its fixed exchange rate policy and allow the Swedish krona to depreciate, which is a tool that the member states of the monetary union lack. The Left Party further notes that the current framework has not prevented unemployment in the wake of the financial crisis from increasing more in Sweden than in the EU as a whole.

Even if the Commission seems to see the weak public finances as the main reason for the recent financial turbulence, it is not entirely blind to the economic tensions that differences in competitiveness and balances on current accounts create. In order to reduce these differences, the

Commission is launching, in addition to proposals on improved application of the Stability and Growth Pact, a number of proposals designed to strengthen coordination of finance policy, primarily among the countries of the monetary union, but also within the EU as a whole. The Commission proposes that a "scoreboard" for the euro area member states be introduced. This would also include an account of a number of macroeconomic indicators such as unit labour costs, productivity growth, real effective exchange rates, foreign asset positions etc. the development of these macroeconomic indicators will then be examined and serve as the basis for policy recommendations from the Commission, among others. As the Commission, strangely enough, only seems to regard deficits (and not surpluses) in current accounts as a problem, one can only draw the conclusion that the Commission's solution to the macroeconomic tensions within the monetary union is spelt wage reductions and deregulated labour markets in the deficit countries. The Left Party does not agree with this analysis, but considers that increased domestic demand in the surplus countries should be a central element of a policy for increased economic stability in the EU.

The Commission also proposes that the national budgets in the EU member states should be the subject of assessment and examination before their consideration by the national parliaments. This would be a deviation from national right to make decisions on finance policy and the Left Party is strongly opposed to this. We note with satisfaction that the Committee majority seems to share this opinion.

Statement by the Committee on Finance 2009/10:FiU41 on the Green Paper on Corporate Governance in Financial Institutions and Remuneration Policies

The statement was approved in the Committee on 17 June 2010.

Position

Initially, the Committee on Finance wishes to note that the financial crisis has demonstrated the need for more effective supervision and regulation of the actors on the financial market. The Green Paper is one element of the work on this matter and it takes up many issues. It is clear that regulation is required, while at the same time the scope and level of detail remain open to discussion. Since financial markets are a cross-border phenomenon there are grounds for joint regulation in the EU while at the same time the subsidiarity principle and the principle of proportionality have to be applied.

In June 2009 the Committee considered (report 2008/09:FiU42) the Commission's Communication on European Financial Supervision (COM (2009) 252 Final). As the Committee pointed out at the time, the course of the crisis has clearly shown how the increased integration of financial markets in the EU calls for rapid and coordinated measures to resolve problems in financial companies with operations in a number of member states. The Committee does not wish to change the assessments it made in this statement.

The Committee has had cause to consider matters relating to remuneration schemes in the financial sector in relation to discussions on the Commission's Proposal for a Capital Requirements Directive (CRD III). The Committee has deliberated with the Government in this matter. In the Committee's view, the financial crisis shows that inappropriately designed remuneration schemes in the financial sector can lead to exaggerated risk-taking with considerable macro-economic costs. It is therefore necessary to find a solution that can lead to remuneration policies that are compatible with the requirements of sound and effective risk management and that ensure a long-term perspective in the activities of financial companies. The Committee notes that the consideration of the Commission's Proposal for a Capital Requirements Directive has continued. It is imperative that this consideration leads to solutions to the problems that have surfaced.

The Committee has also deliberated with the Government on the Commission's Proposal for a Directive on Alternative Investment Fund Managers (AIFM). The proposal constitutes an element of the work being done to reform the EU's financial architecture and achieve broader macro supervision. The Committee reiterates its view that it is imperative to devise an appropriate and balanced set of regulations. It is therefore important that it is made very clear which managers are covered. The rules should be sufficiently differentiated to take account of differences in regard to systemic risks, redemption of shares, business models and operative risks. It is not appropriate to have identical rules for hedge fund managers and for venture capital fund managers.

In conjunction with its autumn 2008 consideration of the Government Bill on measures to strengthen the stability of the Swedish financial system, the Committee considered demands which may be made on institutions participating in support schemes or benefiting from support measures (Govt.Bill 2008/09:61, report 2008/09:FiU16). The Committee stated that it is very important that an explicit link is made between on the one hand state support measures, which in the final instance may be borne by taxpayers, and on the other demands that the risk of loss must primarily be borne by the recipient institutions and their owners. It is important that the central government's ability to make clear demands and conditions for its support is taken advantage of in each individual case. To safeguard taxpayers, the Committee considers it a major principle that central government support given in accordance with the legislation in force at the time must be linked with conditions intended to ensure that any losses that may arise are borne in the first instance by the institutions and their owners.

The Committee further recalls that during its Presidency of the Council of the European Union in the second half of 2009, Sweden actively advanced the work being done on financial supervision. At the national level, rules on remuneration policies in the financial sector, described above, have been implemented by means of decisions by the Financial Supervisory Authority. The Financial Supervisory Authority will be actively supervising remuneration principles and carefully monitoring the measures actors take as a result of the new regulations. A report on the Authority's observations is to be submitted to the Government not later than 1 October 2010.

As regards regulation of corporate governance in financial institutions, the Committee would like to stress that we should proceed carefully with changes that affect the current division of roles between shareholders, boards and operative management in Swedish financial institutions. A crucial issue requiring a careful weighing of alternatives is the role of the board, particularly in relation to operative management. How this weighing of alternatives is to be done requires continued deliberation. It will also be valuable to discuss the shareholders' role from a perspective of the principles involved.

The Committee would also like to stress that a sound corporate culture is important. A smoothly working corporate culture can be achieved by way of self-regulation, but there may also be grounds for legally binding regulatory frameworks. There are different traditions of corporate governance, and the issue of the type of regulation needed at national level and at EU level respectively should continue to be discussed.

The Committee further notes that a number of the proposals presented by the Commission apply in relatively detailed circumstances. In Sweden the regulation of conditions at that level is normally done not by parliamentary legislation but by means of regulation at agency level. The Committee does not intend to preempt the ongoing national consideration of the Green Paper, in which both concerned government agencies and private interests have reason to study the proposals more closely.

In this statement the Committee has reported certain views of a more general character. The Committee will continue to monitor these issues.

The Committee proposes that the Riksdag file this Statement.

The Committee on Finance statement 2009/10:FiU29 Statement on EU future strategy 2020

This statement was confirmed at the Committee meeting on 18 March 2010.

The Committee on Industry and Trade, the Committee on the Labour Market, the Committee on Transport and Communications, the Committee on Social Insurance and the Committee on Civil Affairs have submitted statements to the Committee on Finance concerning this matter.

Introduction

The Committee on Finance is able to observe that the EU and its member states are currently facing several major challenges. In the short-term perspective the aim is to manage the economic and financial crisis, and to identify solutions that will help us to emerge from it stronger and healthier. However the EU also has to meet economic, social and environmental challenges of a more structural type. European economies are becoming increasingly interdependent, both within the EU and in relationship to the rest of the world. The new EU 2020 strategy must be a central element in EU policies in order for the Union to move itself out of the crisis and move towards long-term, sustainable development in a world of new markets and new competitors.

The EU 2020 strategy may form a vital contribution to the work of increasing the Union's growth potential and employment opportunities. It is also essential to safeguard what has already been achieved through the internal market as well as working to achieve external openness.

The Committee on Finance wishes, as does the Committee on Trade and Industry, to assert that a future strategy should possess a more general focus and be aimed at long-term structural growth. This strategy should be aimed at increasing the competitive edge of the European economies and consequently also Europe's long-term employment situation.

In addition, the Committee would like to emphasise that one, absolutely decisive, issue affecting the maintenance of welfare in the EU countries is how well enterprise develops. Conditions for starting up companies must be as simple as possible. In this context the Committee would like to issue a reminder that in the EU 2020 strategy, discussion on employment goals should not only include employment as an employee. Increased employment opportunities may also be achieved by encouraging individuals to start up their own businesses and become independent business operators.

The strategy is to contribute to sustainable public finances and promote a competitive, green and resource-efficient economy. The Committee is in agreement with the Government concerning the following urgent priorities:

· strengthen the internal market and utilise the advantages brought by foreign trade and transparency;

- . ensure sustainable public finances in order to promote the credibility of future social undertakings;
- . establish inclusive labour markets in order to promote growth and social cohesion, and to guarantee gender equality;
- . transform environmental challenges to opportunities using a greener economy and an innovative business climate; and
- . invest in the future – promote knowledge-based growth.

The Committee on Finance wishes to state that the Committee shares the opinions stated in the other committees' reports. These reports show the breadth of the issues brought to the fore by this matter. For more detailed views on the different elements, the Committee on Finance refers to the various reports in question.

As concerns the goals stated by the Commission, the Committee observes that Sweden occupies a good position. If Sweden is to continue to show such good results then policies are necessary that aim at, to use the Commission's own words, smart and sustainable growth for all. The EU and its member states must implement policies that are able to respond to structural challenges.

Below, the Committee on Finance deals with the three special areas that the Commission makes special mention of in its document. Then the Committee deals with certain issues that lie within the Committee's own area of responsibilities.

Smart growth

The Committee on Finance wishes to underline the importance of research for long-term economic development. Successful research policies generate positive ripple effects a long way away from the narrow research sphere. Successful research can contribute to the management of the challenges now facing the economy and society.

The Commission also, more specifically, takes up the issue of innovation. In line with the views of the Committee on Trade and Industry, the Committee on Finance wishes to emphasise that measures to facilitate the commercialisation of innovations are vital.

Sustainable growth

The Committee on Finance would like to issue a reminder of the importance of financial control instruments in environmental policies. Energy and environmental taxes have been used successfully in Sweden for many years in order to contribute to the fulfilment of various goals in the energy and climate fields. The Carbon Dioxide Tax and the Energy Tax are powerful, economically-efficient control instruments which should continue to occupy a central position in future Swedish climate and energy policies.

Environmental taxes and other economic control instruments are of central importance if future goals within the climate and energy fields are to be achieved. These instruments are to be designed in a socioeconomically efficient manner, taking into consideration the conditions experienced by the country's citizens. The different economic instruments provide different incentives and, if efficiency and maximum effect is to be achieved, they must be coordinated.

EU member states need to reduce their CO₂ emissions at the same time as they must improve their tax revenues. Consequently it is logical to successively increase carbon dioxide tax levels as these are the primary, most efficient instruments of control. They are aimed directly at emissions. They provide tax revenue and mean that the entity that is actually doing the polluting also pays for it. It is more efficient and accurate to tax undesirable behaviour than to subsidise good behaviour.

The Committee would also like to assert that environmentally-adapted public procurement is a market-based, powerful control instrument in the work of guiding society towards long-term sustainable consumption, and consequently production. Environmental requirements during public procurement can contribute to a strong competitive edge on future markets for Swedish companies who adapt their production to high-level environmental requirements. In addition this can provide the driving force for the early development of environmental technology which is a strong future market. The Committee, however, would like to underline the importance of the fact that EU regulations concerning free and open competition and equal treatment during public procurement may not be infringed upon or evaded, and that the environmental argument during public procurements may not be used for what are basically protectionist aims.

Inclusive growth

The Committee on Finance wishes to, in this report, especially emphasise that Sweden is working very actively with the issue of the participation of women on the labour market. The strategy must encompass a clearly-defined gender equality perspective that provides the same financial incentives, conditions and opportunities for both women and men to increase their participation in the labour market. A gender equality perspective is required in EU 2020 in order to guarantee a long-term competitive edge and growth in Europe, to restore sustainable public finances and to deal with the consequences of an aging population.

Even if Sweden has received a response in that gender equality issues are touched upon in the Commission's paper, the fact that increased employment opportunities must apply to both women and men is not expressly stated in the concrete goal formulations. The Committee on Finance wishes to, in line with the report from the Committee on the Labour Market, indicate that if the issue of women's increased entry into the labour market is to move centre stage in continued measures in this field, an expressly stated goal concerning the level of employment opportunities

for women is highly desirable. In order to successfully fulfil the employment goal it is necessary that women, and other groups who are currently positioned far too far outside the labour market, can be provided with the necessary incentives and tools to enter. In the opinion of the Committee on Finance, this situation should also be reflected in the overall goals of the EU 2020 strategy, as well as in future integrated guidelines and employment guidelines.

Other matters: EU budget, public finances – exit strategies, forms of governance

The Committee on Finance is now moving to the consideration of some issues which are more specific to the Committee's area of responsibilities.

The EU budget

The Committee has, on several occasions, maintained that EU budget policy should be characterised by restrictiveness (cf. Committee Report 2009/10:FiU5). One of the goals of the Swedish budget policy in the EU is that Sweden is to work to achieve an efficient, restrained budget policy within the EU. Consequently this goal also means that Sweden must work to achieve cost-efficient utilisation of EU funds. This approach is also relevant to the work with EU 2020.

The Committee on Finance considered the issue of a review of the EU budget in its report 2007/08:FiU14. The Committee wishes to emphasise that this position concerning the review still applies. The Committee consequently considers that a thorough review of priorities of all areas of EU budget expenditure is necessary, and that changes are to be made without any increase in total budget expenditure. The following principles and points of departure are to govern this budget review: subsidiarity, European added value, proportionality, sound economic management and restraint.

EU budget expenditure for agricultural policies should be reduced and the special review of the Common Agricultural Policy, known as the Health Check, may not cause the reduction of opportunities to reform agricultural policy and reduce its scope.

Regional policies are also in need of reform as concerns both design and scope. The Union's regional activities should be concentrated to the countries in the EU with a clearly lower-than- average level of welfare. The benefit of regional support to richer countries in the EU can be seriously questioned.

It is necessary to award higher priority to several areas in order to meet current and future political and economic challenges. Increased efforts must be made concerning competitiveness, research and development, strategic investments in infrastructure projects and exchange programmes within the educational field. Legal challenges such as serious, cross-border criminal

activities, human trafficking, drug smuggling and terrorism also need more resources. If the EU wishes to play a leading role on the global stage then the Union must also be prepared to act in order to contribute to democracy and human rights. This area also requires increased input. Environmental and climate issues and research and development activities must also be awarded high priority. There are clearly-observable reasons for EU-level input in both these areas.

Public finances – exit strategies

As the Commission asserts in its paper, high levels of public debt cannot continue forever. Activities aimed at achieving the EU 2020 goals must be based on a credible exit strategy from the emergency measures that have been taken due to the economic crisis.

The Committee wishes to assert the importance of maintaining respect for the Stability and Growth Pact. Long-term responsibility is of central importance, both to preserve credibility and to prevent major, drastic cutbacks in welfare systems.

At the same time as the acute economic crisis must be managed, it is of great importance that public finances are sustainable in the long term. EU member states must take relevant action to ensure that they, as soon as is possible, return to a situation in which they remain within the limits that were jointly established in the Stability and Growth Pact.

As concerns exit strategies linked to measures on the finance markets, the Committee wishes to refer to the Council Conclusions adopted by Ecofin in December 2009 during the period of the Swedish Presidency. The Council agreed on a number of principles for the withdrawal of support measures for the finance markets. This procedure should be well-coordinated between the member states in order to avoid negative ripple effects. The actual points in time for this withdrawal may differ between member states depending on their situations, given that the primary aim of these measures is to maintain financial stability. Withdrawal strategies should provide sound banks with the correct incentives for a return to a competitive market situation and the other banks with incentives to deal with their shortcomings. One method of creating such incentives is to start up the withdrawal process by phasing out state guarantees. The Council also emphasises the importance of public support and that bank profits are used to build up buffers of capital, not to increase bank shareholder dividends or employee bonuses. The financial sector should immediately introduce sound employee remuneration systems.

Forms of governance

The Committee notes that the Commission states that the strategy is to be implemented with the assistance of partnership and be aimed at a limited number of central goals. The specific measures and goals for the strategy can, in the opinion of the Commission, only be achieved through partnership as it is necessary to take measures at EU level, national level and regional level and as the interplay between these levels is essential if the strategy is to achieve its full potential. According to the Commission all national,

regional and local authorities should implement their partnership in close cooperation with their national parliaments, among others. The European Parliament should, according to the Commission, play an important role in this strategy, not merely in its role as co-legislator but also as a driving force aimed at mobilising the general public and the national parliaments. In this context the Committee wishes to issue a reminder that two members of the Committee participated in the European Parliament Conference on Europe 2020 (and other matters) on 16–17 March 2010.

The Committee intends to continue to monitor the EU 2020 strategy and is able to observe that there is broad interest in this issue in the Riksdag, as witnessed by the various committee reports. In addition it can be noted that EU 2020 has also been considered in the Riksdag Committee on EU Affairs which the Government consults prior to EU Council of Minister meetings. The Committee on EU Affairs has considered the EU 2020 strategy prior to meetings in several different Council instances. In addition the Prime Minister consults the Committee on EU Affairs prior to meetings of the European Council where the strategy will also be considered.

The Committee wishes to emphasise that it is important to continue an open debate on the EU 2020 strategy and its implementation. It is vital to learn lessons from the work carried out on the Lisbon Strategy. The Committee on Finance notes the observations made by the Committee on Trade and Industry, which bore primary responsibility for the Lisbon Strategy in the Riksdag. The Committee on Trade and Industry states that successfully transforming this type of overall strategy, such as EU 2020, into practical measures leading to established goals is a fairly general problem. A great deal of effort should, accordingly, be put into formulating and making concrete what is required so that the EU 2020 strategy achieves a greater level of success than the Lisbon Strategy has.

Consequently there is good reason to carefully follow the continuing process. It is important to state clearly what can be achieved by the European Union acting as an entity, and what can be achieved through the actions of the individual member states. It is necessary that the greatest amount of work aimed at the achievement of smart, sustainable and inclusive growth be carried out at national level, however cooperation at EU level is of great importance.

Reservations

The Committee's proposal for a decision by the Riksdag and positions resulted in the following reservations. The heading indicates which item in the Committee's proposal for a decision by the Riksdag that is referred to in that particular section.

1. EU 2020, overall guidelines, item 1 – explanatory statement (SocDem, Lft, Grn)

by Thomas Östros (SocDem), Sonia Karlsson (SocDem), Monica Green (SocDem), Hans Hoff (SocDem), Ulla Andersson (Lft), Tommy Ternemar (SocDem), Christina Zedell (SocDem) and Mats Pertoft (Grn).

Position

We consider that considerable transparency is required in the procedure regarding the EU 2020 strategy. In order to achieve greater public support, time is needed for discussions and debate. In this reservation we present our position on a number of areas.

Introduction

It is time for a citizens' Europe that puts people first, instead of the market. We are currently experiencing a global crisis with enormous political challenges. This gives us a unique opportunity to launch a more effective strategy for a Europe with more jobs, greater justice, greater competitiveness and greener development.

Unfortunately the European Commission's proposal resembles a crisis strategy rather than a strategy for the future, which we find regrettable. If the strategy is to hold for another ten years, we need policies that can deal with the challenges and at the same time show the direction for EU policy.

High levels of employment help to maintain high levels of demand and are the basis for sustainable economic growth at a high and stable level. Environmentally sound and productive jobs are the basis for continued growth.

In our opinion, the EU faces a number of major, long-term challenges. The rapid globalisation of the economy, the threat to the climate, widening income gaps and an increasingly skewed demography will all dominate the EU's political agenda for a long time to come. In our opinion, it is in these challenges that the successor to the Lisbon Strategy – EU 2020 – must have its point of departure. In the light of this, the EU 2020 strategy must be seen as a threefold strategy, encompassing social policy, economic policy and environmental policy which should mutually reinforce each other.

There is clear evidence that enhanced social and environmental conditions are strong driving forces for social development. The Nordic model in particular shows that it is fully possible to create societies that are both economically and socially successful at the same time as imposing considerable environmental requirements.

Strong public finances are the basis for political manoeuvring

Gender equality, high employment levels and low unemployment are the basis for strong, sustainable public finances. Without a stable economy which is sustainable in the long term, democracy and the realisation of democratic decisions are obstructed - regardless of whether you are dealing with employment policy, welfare development, environmental and climate policies or global competitiveness.

Long-term responsibility for public finances is of central importance, both in order to maintain credibility and to prevent large and drastic cuts in our welfare systems. In parallel with dealing with the acute economic crisis

it is also crucial to ensure that public finances are sustainable in the long term too.

Regarding the EU's own budget policy, we consider that it should be restrictive and cost efficient. The same applies to work with the EU 2020 strategy. In addition, a comprehensive revision of priorities as regards expenditure in the EU budget is required, and should be implemented without increasing the budget's overall expenditure. The following principles and points of departure should guide the budget: subsidiarity, European added value, proportionality, sound financial administration and restrictiveness. EU budget expenditure for agricultural policy should be reduced and its organisation revised. Regional policy also needs to be revised as regards both organisation and scope.

A more stable economic development is possible

Long-term economic policy is crucial for a secure welfare system and for a fair distribution of resources. By actively counteracting major fluctuations in demand by means of sound financial and monetary policies, economic stability will be enhanced. By having high levels of employment, counteracting unemployment and creating job opportunities, it will be possible to avoid the waste of human capital that comes when individuals are permanently eliminated from the labour market. The economic crisis demonstrates that this is a genuine risk.

The competitiveness of the EU area needs to be strengthened, especially with a view to growing global competition. Economic transparency, high employment levels and sustainable development must be key words in efforts to improve competitiveness.

We need a better overview, not only of the long-term impact of economic policy on the development of the EU, but also on the potential of the financial market to affect the economies of entire countries, people's lives, and fluctuations in production and employment. The financial sector needs thorough regulation and supervision. The newly-established supervisory authority in the EU is a step in the right direction, but practice, transparency and more detailed regulation still need to be developed.

A new policy for the changing global structure

It is positive that China, India and other countries are rapidly becoming part of the global economy. This development brings both opportunities and challenges for the EU member states. The question is how well the EU succeeds in adapting to the considerable shift that is expected to take place. The EU's future does not lie in competing with low wages, but with knowledge. This demands an active policy with public investments in education, security systems and research as well as measures to encourage new innovations.

The growing role of small and medium-sized companies needs to be taken into account

Small and medium-sized companies provide for two-thirds of all employment in the EU and an even greater share of new jobs. The EU 2020 strategy must therefore have these companies' development conditions as a clear point of departure. Both obstacles and opportunities for growth need to be identified and linked to concrete measures.

Getting onto the international market is often a precondition for growth and development in a small company. This applies in particular to companies active in small, knowledge-intensive sectors. A lack of knowledge about conditions on the international market is often perceived as the greatest obstacle to starting export operations. More public measures for export advice are therefore of great importance. For small companies with limited economic and administrative resources, trade barriers of various kinds are significantly more difficult to overcome than for larger companies. In addition to measures to promote export operations, we would also like to highlight the need for further measures to reduce the regulatory burden on small and medium-sized companies, as well as measures to improve the provision of qualified labour. The latter is of central importance. For small and medium-sized companies active in advanced technological and knowledge-based sectors, the lack of qualified labour is perhaps the greatest obstacle. Increased public investments in higher education and improved opportunities for lifelong learning are important aspects of a strategy to address these problems.

Further, the difficulties for small and medium-sized companies to recruit qualified labour show that greater cooperation between the business and public sectors is needed in order to improve the match between supply of education programmes and demand for skills.

A clear public role in the innovation process

In a globalised economy, it will be increasingly difficult for Europe to retain production within less complex, wage-competitive sectors. The EU's comparative advantage lies in knowledge and innovation-based development. The importance of investments in equality, education and research will continue to grow. In order to strengthen the EU's competitive power, the public sector also needs to be involved in the later stage of the innovation process. A critical factor for the ability to commercialise new ideas, in particular for small and medium-sized companies, is access to venture capital. Venture capital supply must be improved.

Opportunities for growth and new jobs in the transition to a greener future must be made use of

The transition to a green Europe that is independent of fossil fuels is both necessary and desirable. In our opinion the EU has excellent potential to acquire a role as leader in international climate efforts and has everything to gain from this. If it is properly designed, the transition can contribute to new jobs and better development. The European companies that are first to develop fossil-free technology will have good potential to strengthen their international competitiveness. The companies that invest in energy efficiency enhancement will win cost benefits over their competitors. In

view of this we consider that the potential for a transition to a green Europe to promote economic development and new jobs should be given a prominent role in the EU 2020 strategy.

We note in the Commission's communication that the fulfilment of the climate and environmental goals 20/20/20 is listed as one of the five proposed headline targets. In our opinion, the level of ambition should be significantly higher. We also have considerable doubts about the Commission's focus on "CCS technology" and new nuclear technology.

Labour market policy

The choice of direction is clear. The future of Europe is not about competing with low wages but about good and secure working conditions, high employment levels and knowledge. This requires public investments in education, research and measures to promote innovation, as well as good legislation for employees. In order to address the risk of increasing structural unemployment among people with low education levels or the wrong education, a good system of security and a forceful labour market policy is required that can serve as a bridge between the new and old jobs.

The EU needs to be encouraged to pursue an active employment policy, and in our opinion, the individual EU member states need to ensure that their citizens have reasonable levels of compensation in the security systems. This makes it possible to match supply and demand for labour with high-quality job opportunities and to increase employment levels. Benefits during unemployment should provide a good standard of living, they should be sustainable and should be linked to mobilisation strategies and high-quality employment. People who feel secure also have the courage to change jobs. Without financial security on a changing labour market, we create people who are afraid.

What should the EU do to adapt to the comprehensive restructuring ahead of us? An important answer, as we have pointed out above, is to increase emission targets for carbon dioxide in the EU 2020 strategy to at least 30 per cent and to press forward with the transition to a green Europe. A transition to a green Europe is clearly linked to the creation of new jobs for the future in the EU areas. A Green New Deal at EU level is needed. New jobs can, for example, be created in the environmental technology sector through investments in energy efficiency measures, in renewable energy sources and in the further development of low-emissions modes of transport and infrastructures. If companies in the EU area invest in more energy efficient technology now, they will win cost benefits over their competitors. If we design EU support to the transition of industry in the right way the transition to a green Europe will provide job opportunities in the future and gains both for companies and as regards climate policy. In our opinion, climate and labour market policies go hand-in-hand.

Politics should be about empowering people to shape their own lives. This naturally includes a strong desire to give people the opportunity to move freely on the European labour market. However, the goal of an

integrated labour market in the EU must not be used as an excuse to worsen conditions for employees. The need for constant development must be weighed against fundamental principles of equity. We can never accept that employees are discriminated against and receive pay on the basis of where they come from. Equal pay for equal work according to existing legislation and agreements is a principle that must apply throughout the EU.

In our opinion, the judgment of the Court of Justice in the Laval case undermined the Swedish system of collective agreements and employee rights. The Swedish Government's position of "guaranteeing employability for individuals [...] on the basis of the principle of flexicurity" involves a further risk of weakening employee rights in Sweden and other EU countries. Cases such as Laval and Rüffert demonstrate that the freedom of market forces has once again been given priority over the possibility for trade unions to demand reasonable working conditions for their members. In reality this development also entails a risk to competitive neutrality between companies on the same market. Respect for trade union rights, where the ILO's central conventions set out minimum requirements, must characterise EU 2020. With a binding Charter of Fundamental Rights concerning both the right to exert an influence and working conditions, trade union rights are given greater legal weight in the EU. The social dialogue must, both at the EU level and at the national and local levels, be given the opportunity to develop.

With more force than the Commission's proposal, the EU 2020 strategy needs to be characterised by a desire for full equality on the labour market. We continue to be struck by how little EU 2020 deals with the issue of equality. According to Article 2 of the Treaty, the European Union is to be based on the principle of equality between women and men. A more inclusive working life will enable us to counteract discrimination and reduce inequality, but also to increase growth. In many EU countries the proportion of women in paid employment is still low. A natural way for these countries to deal with the demographic challenge is to increase women's participation on the labour market. That is why the further development of high-quality child and elderly care services in several countries in the EU is a condition for dealing with demographic developments and at the same time, helping to get more people to participate in the labour market. Pay differentials exist and need to be combated. Gender equality must be a clearer goal and there must be political ambition in this area. It should therefore also be included in the headline targets.

Labour market policy also needs to play a key role in measures to deal with an aging population. When the burden of supporting an increasing number of aging people increases for the part of the population of working age, the EU cannot afford to have people outside the labour market. All efforts and every working hour will be needed. That is why it is so important that there are job opportunities that enable people to contribute to the extent that they can. Making use of everyone's ability does not only involve economic gain, but also social gain, as a job, for most people, involves added social value too. The EU's future is not about competing with low wages, but with

knowledge. This demands an active policy with public investments in education, research and measures to create new innovations. In order to address the risk of increasing structural unemployment among people with low education levels or the wrong education, a good system of security and a strong labour market policy is required that can serve as a bridge between the new and old jobs.

Widespread unemployment among young people is one of the most serious threats to growth and employment - and to the dreams of entire generations. Unemployment must never be allowed to gain a foothold. Vigorous measures are needed to give young unemployed people a foot into the labour market, through education and work placements that lead to jobs. This is of course especially relevant in the countries – unfortunately including Sweden – with the highest youth unemployment in the EU.

In the EU strategy, and also in the Swedish position, there are no formulations or opinions on the importance of the public sector for employment, welfare, sustainable economic development and environmental and climate measures. The EU needs to contribute to stimulating an active employment policy, and not create obstacles. There is a clear negative trend, with an increase in what are referred to as atypical jobs with poor conditions and weak social rights as a consequence. The worst hit here are women. We consider that the EU needs to draw up a more long-term policy for qualitative improvements in working life. Measures and reforms must not lead to poorer income protection and weaker security for individuals. Measures for a good working environment at workplaces throughout the EU must continue to be developed. Working life needs to be organised so that people have the ability to work for a full working-life, but also combine this with family life and leisure time. The demands of working life must match the ability and potential of the individual. Both the individual and the employer stand to gain from this. People who are contented and well also achieve more. The EU of the future needs to be a social EU, where people's welfare takes priority over market forces.

At the same time it is important to specify that the member states are to retain responsibility for most employment policy and welfare policy. The open method of coordination in the field of labour market policy must not be developed in such a way that greater power is given to the EU institutions. On the contrary. It should also continue to serve as a forum for the exchange of good practices, bearing in mind the fact that labour market policies are so different in the 27 countries. These differences are something we must respect and draw advantage from, rather than regarding them as a problem.

Certain aspects of the social dimension

It is important that people's security and opportunities, through education and support, form the nucleus of a document on the EU's future. In our opinion, the social dimension in the EU needs to be strengthened. Without financial security on a changing labour market, we create people who are afraid.

Regarding the target to reduce poverty, we want to highlight that an equal society develops more positively – people feel happier and receive better conditions.

As regards the target to increase employment levels to 75 per cent of the population between the ages of 20 and 64, we would like to highlight that the target is full employment. In its working paper, the Commission mentions measures to bring young people onto the labour market at an earlier stage and to increase financial incentives for older people to work longer. Unfortunately both the Commission's document and the Swedish Government's position lack any reasoning on improved working environments that could contribute to encouraging more people to work until full retirement age.

Among the five headline targets raised in the EU 2020 strategy, several are directly linked to the resolution adopted by the WHO in May 2009, on the basis of the report "Closing the gap in a generation" (WHA62.14). The report contains a detailed analysis of childhood conditions, environment, working conditions and working environment, the importance of social welfare and health and medical care that are available to all. It also covers climate change and the need to link public health and environmental efforts, that is, the social and ecological dimensions of sustainable development. In the report on which the WHO resolution is based, three overall recommendations are set out:

- improve daily living conditions;
- tackle the inequitable distribution of power, money and resources - globally, nationally and locally;
- measure the problem, evaluate action, expand the knowledge base, develop a workforce that is trained in the social determinants of health, and raise public awareness about the social determinants of health.

We consider that these recommendations should be taken into account in work with the EU 2020 strategy.

Develop lifelong learning

Education is a crucial precondition for consolidating democracy and levelling out inequalities in the distribution of welfare, exercise of influence and the chance to actively participate in society. Education, green research and development and lifelong learning must be included in the EU 2020 strategy. A society with many, well-educated people has better potential of being a good society with good development. Just two countries - Finland and Sweden - have reached the previous target of investing 3 per cent of GDP in research and development.

We recognise the need to continue to increase the internationalisation and attractiveness of education, of creating clarity and comparability

internationally and nationally and contributing to higher levels of quality.

It is important that investments in education benefit all parties. All too many people are unemployed today and are without opportunities for further education or a work placement. This is a waste of resources. We would like to see the EU highlighting the importance of investments in human capital. Lifelong learning needs to be developed in cooperation with the business sector and to serve as an engine for a greatly increased innovative force. We need to make better use of employees' skills and commitment by means of employee-driven innovation. In addition, the EU needs to get better at recognising the value of informal learning, which is an important aspect of lifelong learning.

In our opinion individual EU countries need to give more people the opportunity to continue to higher education. Providing knowledge corresponding to eligibility to higher education to more Europeans will benefit social mobility, transition and productivity. Research, education and vocational training must be the most important means of dealing with unemployment and shortages of qualified labour.

Knowledge is the basis of a favourable social development. Investments in research give something in return in the form of knowledge and social development. It is important that the EU invests in quality and advanced research environments, regardless of where these are. Both breadth and specialisation are needed.

Consumers and 2020

Today services encompass a range of areas from SMS loans (loans by text message), online purchase of white goods and increased trade in second-hand goods. Regulations are needed to make consumers feel secure with these purchase methods. It may not, for example, be made possible to distribute alcohol and tobacco to people in Sweden under the ages of 20 and 18 respectively, or to sell products that are classed as narcotic drugs in certain countries.

As regards food, it is important to improve information about contents, storage and sometimes also preparation. Cases of cheating the consumer, as have been highlighted by the media from time to time, must be prevented, and there should be clear repercussions for those that claim something that is not true in declarations of ingredients etc. Measurements and weights should also be standardised to facilitate price comparisons.

2. Certain questions about economic policy and forms of guidance, item 2 - explanatory statement (Lft)
by Ulla Andersson (Left Party).

Position

In this context I would like to stress that the EMU project creates what is referred to as asymmetric shocks in the euro area. Major social cuts affect the worst off. Just keeping the EMU together will cost enormous sums

of money. Today there is talk of creating a common fund as an alternative to the International Monetary Fund (IMF) to provide countries that are encountering difficulties with support from tax payers in other countries. This, however, would require a treaty amendment, and there is considerable disagreement in the member states about giving up large parts of their financial power to save the precarious EMU project.

Within the EU, major issues relating to the future such as a review of the long-term budget are being considered, and closely linked to this is the review of the common agricultural policy. The Commission has presented ideas on a radical reform of the EU budget, especially as regards agricultural support and structural funds. But even at the hearing with the candidates for the new Commission, the candidates discarded the reform proposal.

This has presumably undermined the Commission's credibility. It is not tenable to show how member states are to review their budgets in the way the Commission desires, when the Commission itself has not succeeded with the same thing.

The Commission's communication on the EU 2020 strategy will be discussed at the forthcoming meeting of the European Council at the end of March, and the intention is that a decision on the strategy will be adopted at the European Council meeting in June.

Criticism that the Commission's ten-year strategy is unrealistic has been voiced from many parts of Europe. One aspect is that Europe can expect at least five years of recovery from the economic crisis, and that several forecasts indicate that a majority of EU member states will be forced to pay off their excessive central government debts over the next ten years.

Therefore, the Left Party considers that it is not justified, during the short period since the Commission presented its proposal and the summit in June, for the member states to have time to take into account the opinions from the member states and various stakeholders. We therefore consider that Sweden should primarily try to ensure that a decision on the strategy is not taken during these six months. The discussions will show whether there is any need such a strategy at all, whose target seems to be up in the blue, when Europe's citizens have needs that need to be met here and now.

3. Certain consumer issues relating to the internal market, item 3 – explanatory statement (Lft)
by Ulla Andersson (Left Party).

Position

Unlike the majority of members of the Committee on Finance, I cannot fully support the arguments put forward by the Committee on Civil Affairs in its statement.

Regarding the internal market, I concur with the majority in that it is important that a strategy for the future comprises measures to implement

an active consumer policy that will increase consumer confidence as regards cross-border purchases. In my opinion, however, consumer protection is not covered sufficiently in the Commission's proposal for measures to strengthen the internal market. In accordance with what the Left Party has previously stated during the Committee on Civil Affairs' deliberations with the Government on the proposals in the directive on consumer rights, I consider that the desire for harmonised rules in the EU must not be allowed to obstruct each country's opportunities for providing more stringent consumer protection laws in favour of consumer protection and interests. Likewise, the need for a simplification of the rules and the principle on balance between parties in a contract situation may not be allowed to encroach on consumer protection. Otherwise there is a risk that the internal market will be strengthened at the expense of consumers, quality and sustainable development.

I further consider that the expansion of the area of recognition and enforcement of judgments from other countries should not apply without due consideration being given to the maintenance of existing guarantees to safeguard legal rights and the satisfaction of the interests of protection. Judgments pronounced in certain countries cannot automatically be enforced in without a Swedish court examining whether these judgments are compatible with Swedish law and Swedish legal tradition (see the Left Party's dissenting opinion in 2008/09:CU3y).

4. Certain consumer issues relating to the internal market, item 3 – explanatory statement (Lft)
by Mats Pertoft (Green Party).

Position

Unlike the majority of members of the Committee on Finance, I cannot fully support the arguments put forward by the Committee on Civil Affairs in its statement.

In its statement, the Committee on Civil Affairs refers to national measures to provide more efficient energy in buildings and to the goal for energy consumption in residential and commercial buildings established by the Riksdag in the spring of 2006. I would like to call to mind the fact that the Green Party, in that context, presented proposals for a more ambitious and far-reaching target for measures to provide more efficient energy. The developments in the last four years and a generally greater awareness about climate issues show that these energy goals must be made more stringent as soon as possible, both nationally and in the EU. I therefore consider that the Europe 2020 strategy must have this point of departure too.

It is positive that consumer protection is being further developed at EU level, but I consider that the regulatory framework at EU level should, for the time being, serve as a regulatory framework with minimum levels. Each individual country should then be able to set more stringent levels of consumer protection.

I further consider that the majority of members of the Committee on Civil Affairs express, on the whole, an excessively positive attitude regarding the recognition and enforcement of judgments in other member states. For a more detailed account of the risks we envisage in connection with enhanced cooperation on these matters I refer to the Green Party's dissenting opinion on the Committee on Civil Affairs' statement to the Committee on Justice on the Stockholm Programme (statement 2008/09:CU3y).

Committee on Finance statement 2007/08:FiU14 Review of the EU budget

This statement was approved in the Committee on 27 March 2008.

General views

In conjunction with the agreement on the current long-term EU budget, a decision was taken to undertake a review of the entire EU budget in 2008/09. For Sweden this budget review was an important precondition for approving the long-term EU budget for the period 2007–2013. The Committee on Finance notes with satisfaction that as part of this review the Commission is now carrying out a broad process of consultation with interested parties at every level – European, national, regional and local.

Significant changes have taken place, both in the EU and elsewhere. As a result, new problems have emerged, but also new opportunities. Greater international competition, the growth of cross-border crime, growing migration flows, climate, environmental and energy issues, and the need for international initiatives for peace, democracy and combating poverty are all areas in which the EU needs to play a prominent role. Meeting these challenges makes considerable demands on EU cooperation. The common resources of the EU must be used effectively and appropriately.

It is important to bear in mind that the budget is just one of several tools which the EU has at its disposal to implement its policies. Many future challenges are of a kind that cannot be tackled by budgetary measures. Instead, other forms of cooperation must be applied. These may involve political cooperation and a common regulatory framework. The most appropriate measures vary, and must be assessed in each individual case. There are thus many urgent matters which are not necessarily best resolved by means of the budget.

Like the Government and other committees, the Committee on Finance considers it imperative to make good use of this opportunity to carry out a budget review, and that this review is thorough-going. Priorities in the budget need to be adjusted in accordance with current demands, the budget structure needs to be simplified and modernised, implementation needs to be more stringent, and budget control and follow-up need to be toughened up. It is therefore very gratifying that the Commission is initiating an unconditional discussion in which all aspects of the EU budget can be raised.

The Committee also supports the principles and points of departure which the Government considers should guide work on the budget: subsidiarity, European added value, proportionality, sound financial management and restrictiveness. In the Committee's view, changes in expenditure should be made without any increase in aggregate spending. The subsidiarity principle means that the Union should only implement a measure if the targets cannot be achieved adequately by means of initiatives at a lower level, or to put it another way, when a measure at EU level adds something which the member states cannot accomplish on their own. In the Committee's view,

the terms subsidiarity and European added value are different ways of expressing the same thing. Before a measure is considered for the EU budget at all, it must be carefully considered whether an intervention at EU level is the most appropriate way of resolving the issue in question.

Currently a special review of EU agricultural policy - the "health check" - is under way, and special reviews are also being carried out of other important parts of the budget. It is absolutely crucial that these special reviews do not lock down certain matters or entail restrictions in the changes which may be prompted in the course of this general budget review. A free and open debate on the budget which is permitted to explore every aspect of the question will be of little use if agricultural policy or other parts of expenditure are regarded as out of bounds as a result of recently conducted special reviews.

The ability of the EU budget to deal with changing priorities

In its consultation document, the Commission gives a retrospective overview of how the composition of EU budget expenditure has changed over time. In 1988, agricultural policy absorbed 61 per cent of spending, and in 2013 it is estimated that this proportion (excluding rural development) will have decreased to 32 per cent. In 1988, the proportion of the budget used for cohesion policies, i.e. various forms of regional support, constituted just over 17 per cent of spending, while it is estimated that it will have increased to 36 per cent in 2013. Funding for other policy areas is estimated to show an increase from 7 per cent to 26 per cent of budget expenditure between 1988 and 2013.

The EU budget has shown a certain degree of flexibility and its composition has changed over time. However, the Committee on Finance considers, as do the Committee on Foreign Affairs and the Committee on European Union Affairs in their statements, that insufficient flexibility has been in evidence. The part of budget expenditure used for "traditional" spending such as agricultural policy and various forms of regional support, has hitherto predominated and is expected to remain predominant in 2013. The Common Agricultural Policy and EU Cohesion Policy together accounted for 78 per cent of spending in 1988 and it is estimated that they will account for 68 per cent in 2013. In addition funding for rural development estimated to amount to 7 per cent of budgetary expenditure in 2013 is reported in the Commission Communication under Other Policy Areas. These funds also have the character of traditional expenditure and are intended to help meet the objectives of the Common Agricultural Policy. The EU budget has been and still is completely dominated by traditional spending on agricultural policy and regional support. There has been increased spending in certain new areas, but these increases have been from very low levels and in absolute numbers they are minimal.

In the opinion of the Committee on Finance, it is evident that the composition of expenditure reflects past concerns rather than those of the future. As a result, the ability of the budget to meet new challenges cannot

be considered satisfactory. It is therefore necessary to comprehensively readjust priorities in budgetary spending.

The design of the future EU budget

Expenditure priorities

In the Committee's view, the challenges for the future noted by the Commission in its Communication give a good description of the future concerns facing the EU. They also show with admirable clarity that the present-day budget is not designed to meet them and that a thorough-going reform and readjustment of priorities is absolutely necessary if the resources mobilised by the budget are to correspond to these future challenges. The Committee shares the view of the Committee on EU Affairs that it is important that policy areas which are given high priority also get the resources they require – even if they are new – and that expenditure is kept within budget limits. The ability of the EU budget to adapt to new conditions and political challenges must therefore be improved, as the Committee has previously noted.

The Committee notes that despite the shifts in expenditure which have taken place in the EU budget, it is still dominated by traditional spending, i.e. the Common Agricultural Policy and regional policy. It is estimated that these two areas together will represent more than three quarters of budget expenditure in 2013. In the Committee's view, a distribution of expenditure of this kind corresponds very poorly to the problems facing the Union now and in the future.

There is also good reason to query many of these costs on the basis of the fundamental principles which should underlie the EU budget. Direct support to agriculture has taken on the form of general income support exclusively addressing the agricultural sector where those who produced most according to earlier support schemes continue to receive the greatest support. There is reason to ask whether this support generates any European added value at all. The Committee on Finance agrees with other committees and thinks that reforms in agricultural policy should be guided by deregulation and market-orientation, attention to consumer and environmental protection, the phasing out of direct support and the abolition of export subsidies. Current agricultural policy contributes to maintaining high prices and locking resources into sectors with low productivity, in some cases it has negative effects on the environment and it is very expensive. In the opinion of the Committee on Finance, spending on the Common Agricultural Policy should be drastically reduced, both in absolute terms and as a proportion of EU expenditure.

The other element of traditional EU expenditure – regional policy - must also be reformed in terms of both scope and content. The gradual enlargement of the EU, both in 2004 and 2007, has given rise to increased differences in prosperity between the Union's member states and this is a development which may be expected to continue as future enlargements take place.

There are good reasons for the EU to fund measures whose purpose is to improve economic developments in parts of the EU with relatively low levels of prosperity, and such support is also imperative on grounds of solidarity. It is, however, difficult to argue that the parts of EU cohesion policy targeting member states with relatively high levels of prosperity generate enough European added value to justify action at EU level. To the extent that prosperous European countries consider it justified to support weak regions in their own country, this should be a national matter. The fact that relatively prosperous member states spend large sums on redistributing resources among each other via the EU is not an expression of solidarity within the Union but rather the result of an endeavour to maximise their own revenues from the Union budget. The EU's common resources should be concentrated to areas where they are most useful, and regional policy measures in prosperous countries can hardly be considered to belong in this category.

It would be advantageous to orient the implementation of EU cohesion policy in relatively prosperous countries towards the political and strategic coordination of different regional development initiatives. For this reason EU cohesion policy in relatively prosperous member states should be conducted by other means than jointly-funded support. This kind of support should instead go to countries with the lowest economic standard and therefore the greatest need. In the view of the Committee, there is both a great need and great potential for reducing EU budget expenditure for various kinds of regional policy measures.

With regard to areas which should be given priority and allocated increased resources in the future, the Committee supports the assessment made by government minister Malmström at the hearing of 6 December. In the first place, greater efforts are needed in relation to competitiveness, R&D, strategic investments in infrastructural projects, and exchange programmes in education. In the second place, greater efforts are needed in regard to legal issues relating to serious cross-border crimes such as trafficking in human beings, trafficking in drugs and terrorism. In the third place, EU relations to other countries should be given priority. If the EU is to play a leading role globally it must also be prepared to act to contribute to democracy and human rights.

Besides the above-mentioned points, the Committee particularly wishes to note certain areas which should be given greater priority. In common with the Committee on European Union Affairs and the Committee on Industry and Trade, the Committee wishes to emphasise environmental and climate issues, and R&D initiatives. In both these areas there is clear justification for initiatives at EU level.

Environmental policy is typically cross-border in character and there is a great need for action at EU level. It is, however, not self-evident that budgetary measures are the most efficient way to conduct environmental policy. Common rules and common legislation with national responsibility for implementation may provide a first-hand alternative.

Environmental and climate issues are, however, very broad in character and cannot well be dealt with using only measures exclusive to environmental policy. Environmental awareness must instead permeate the whole of the budget. This can apply to such things as infrastructural planning, the use of information technology or research, and the development of efficient energy technology. The Committee on Industry and Trade writes in its statement of opinion that the EU should take increased responsibility for general critical issues which cannot be resolved by individual countries. Energy, the climate and the environment constitute a set of problems of this type. The environment has not previously attracted attention in budget planning with the same clarity as growth, and constitutes a very modest proportion of the current budget. In the view of the Committee on Industry and Trade the interconnected issues of energy, the climate and the environment should be given greater priority in future budgets. The Committee on Finance shares this view.

In the area of R&D, the Committee on Finance also thinks that there are compelling reasons to increase joint efforts in the EU. Such measures can be expected to give positive cross-border knock-on effects with respect to both research findings and researchers. Initiatives focusing on research are necessary if companies in Europe are to make their mark in the global economy. At the same time work on ecologically, socially and financially sustainable development demands new knowledge and technology. Individual European countries, however, cannot single-handedly fund all the research which the development of society requires. For this reason there are great opportunities for the EU to use strategic research initiatives to generate European added value which member states are unable to create themselves.

To a greater and greater extent, research of the highest scientific calibre requires investments in research infrastructure. These investments, however, are frequently of such dimensions that individual countries alone are unable to finance them. Cooperation at EU level is for this reason an appropriate way to create a research infrastructure which will generate European added value further down the line. Infrastructure initiatives furthermore have the positive effect that they tend to attract the most eminent researchers, which means that researchers from both Europe and the rest of the world will be at these European research facilities. The 2007–2013 Seventh Framework Programme's budget for research infrastructure corresponds neither to the needs of European research nor to its potential. A suitable starting point for future European efforts regarding research infrastructure is the work being done in the European Strategic Forum for Research Infrastructure (ESFRI).

The Committee also thinks that the European Research Council will have a very beneficial influence on European research. Competition for research funding at a European level makes visible the European frontline of research within various areas, while at the same time helping to promote a high level of quality in the research being done. The research funded by the Council thus provides a benchmark for all European research. To make full use of the potential positive effects of the European Research Council on

European research, the Committee considers that efforts in this area should be increased.

Beside these high-priority areas there are other areas that require urgent attention.

In its statement of opinion, the Committee on Transport and Communications notes that a reorientation of the transport system towards more environmentally friendly, energy-saving and efficient means of transport is needed to achieve present climate targets, and that this must be clearly highlighted among the important challenges facing the EU in coming decades. Issues in the transport, postal services, telecommunications and IT areas are crucial to the development of a sustainable society and to achieving the objectives set out in the updated Lisbon Strategy for growth and employment. The Committee on Transport and Communications notes that there are good reasons to continue having special programmes in the Community budget for these areas in the future. At the same time the Committee wishes to draw attention to the fact that initiatives relating to infrastructural projects are primarily a national concern and in certain cases a regional or local responsibility, although in certain circumstances, particularly in relation to cross-border projects and adaptation to climate change, it is justifiable to fund them at EU level.

The Committee on Finance shares the view of the Committee on Transport and Communications that in some cases there may be grounds for EU level initiatives in order to finance a more sustainable and effective transport system. The Committee would like to emphasise, however, that European added value must be in focus for measures at EU level. For this reason it is of crucial importance that the selection of measures is not determined by regional policy aspects or by a desire to distribute funds among the member states. Infrastructural initiatives are primarily a national undertaking and it is important that clear European added value can be demonstrated to justify funding from the EU budget.

In the area of European defence and security policy there are clear advantages to common initiatives at EU level. Acting jointly, the EU has far greater potential for making an impact in the international arena than if each country acts on its own. It is, however, important to ensure that international operations during crises do not overlap UN or NATO operations. Needs in this area are greater than currently available resources and they can be expected to increase in the future.

The need for humanitarian assistance is considerable and can furthermore be expected to become even greater in the future as a consequence of climate change, for instance. The Committee on Finance considers that EU initiatives for humanitarian assistance and combating poverty in the third world should be increased, and that in particular initiatives to combat child poverty should be given high priority. Poverty reduction, however, is not just about support in emergency situations but also about creating good

conditions for growth and development in poor countries. Measures via the budget only form part of policies for combating poverty. Besides budget measures the EU also needs to use its trade policies to make things easier for countries in the third world so that protectionist currents do not put obstacles in the way of economic development.

Implementation of the EU budget

Sound economic management is one of the fundamental principles on which future reforms of the EU budget should be based. The Committee considers that economic management should ensure that funds are used correctly, effectively and appropriately, and that the budget should be characterised by a restrictive attitude with regard to expenditure. This is an area where much can and should be done.

In recent years the EU has made a comprehensive effort to improve management and control of common Union funds. Despite this, for the past thirteen years the Court of Auditors has been in a position to present an audit report without objections. For this reason there are compelling grounds to continue working for improved internal governance and control of EU finances.

The Committee on European Union Affairs emphasises that responsibility in relation to the implementation of the budget is of crucial significance. Better governance with clearer objectives, a clearer division of responsibilities (including increased delegation), and better possibilities for imposing sanctions are three areas of improvement, all of which would give the Court of Auditors better conditions for scrutinising the budget and in extension considerably increase the proportion of correctly administered funds. The Committee on Finance shares this view.

Of course improved control is necessary to ensure that EU funds are used correctly and legally, but in the Committee's view, stronger control is not enough. To promote financial effectiveness and ensure good results from initiatives funded by the Union budget, more is required than merely observing rules, however conscientiously this is done. Measures in the budget must also be designed to actually produce the desired results.

The Committee on Finance advocates planning and administering the EU budget in a result-oriented manner to a higher degree than is currently the case, so that focus is on the effects of budgetary measures for Union member states and citizens. For this reason the Court of Auditors should be given greater scope for carrying out performance audits and thereby not only controlling that funds are used correctly in a legal sense, but also that the expenditure systems are appropriately designed.

Changing the role of the Court of Auditors in this direction, however, is associated with a number of difficulties. It is only possible to decide if a spending programme has the intended effect if the objectives are expressed with clarity and precision. A programme should not have too many objectives, and the various objectives must not be contradictory,

although this is often the case today. It must be clear who is responsible for what in the implementation of the budget, not only in a strictly official sense, but also in practical terms. The Committee does not consider it a straightforward matter to improve control of the use of common EU funds. However, it is imperative that an effort is made to improve openness and transparency, responsibility and accountability, and control in the implementation of the budget.

The Committee on Transport and Communications writes that both the EU budget and the structure of individual EU programmes can be rather impenetrable, and that it is therefore imperative to have clear and transparent delimitation and a simple programme structure. The Committee on Finance shares this view. Transparency, simplicity and an explicit division of responsibilities should be guiding principles in formulating both the budget in itself and individual expenditure programmes. Simplicity, clarity and a clear chain of responsibility in turn entail improved preconditions for the implementation of follow-ups and evaluations of various kinds, as well as for demanding accountability.

The Committee would like to see a rapid implementation of changes in the budget, if possible before the completion of the current programme period, i.e. before the end of 2013. Rapid implementation must not, however, be at the expense of the content of the reforms. It is far more important that the reforms are of the thorough-going and far-reaching kind advocated by the Committee, even if this means that no changes can be implemented before 2014.

The Committee also wishes to take the opportunity of raising the issue of the location of the European Parliament. The Committee is well aware that this matter is regulated by treaty and that for this reason the budget review will probably not affect it. Even though the Parliament's location will not be reconsidered in conjunction with the budget review for formal reasons, the Committee nevertheless considers that the issue is relevant in this context. The budget review creates opportunities for a discussion of every aspect of EU expenditure and is therefore not restricted by whether or not a matter is regulated in the treaty. In the view of the Committee the current order of things, in which Parliament shifts its activities from Brussels to Strasbourg eleven times a year, is not fit for purpose. The system entails an ineffective use of both financial resources and time, and leads to unnecessary travel with associated environmental stress. Perhaps the most serious consequence of the current setup with a commuter parliament, however, is that it undermines the confidence of citizens in Parliament and by extension in the EU as a whole when it comes to responsible management of Union funds and sound economic management. The Committee considers that the European Parliament should only be located in Brussels.

EU budget revenues

In the view of the Committee, the revenue and expenditure aspects of the EU budget must be seen in a single context. Various corrections have emerged because the overall budget burden for different member states

has become unreasonably skewed, as budgetary expenditure is very unevenly distributed. Combining the current expenditure structure with a revenue system designed using criteria of efficiency and simplicity, e.g. some kind of GNI-based system, would in the Committee's view lead to a completely unacceptable distribution of burdens between member states. A necessary precondition for changes in the revenue side of the budget must therefore be drastic changes in the expenditure side.

In the Committee's view, the argument that expenditure and revenue are determined separately and that the net position is thus a residual that lacks importance, or that at least ought to lack importance, is unrealistic. In practice, net positions are very important to member states.

It is the firm opinion of the Committee on Finance that a reform of the expenditure side of the EU budget is a matter of urgency, and that such a reform must precede any changes in the revenue side.

The Committee also opposes the introduction of any form of EU tax. In the opinion of the Committee, there is broad political and popular resistance to any transfer of the right to levy taxes to the EU. The right to levy taxes is and should continue to be a national concern.

Reservations

1. Review of the EU budget – Explanatory statement (Lft)

by Ulla Andersson (Left Party).

Position

The Left Party wishes to strengthen freedom for national self-determination both within and outside the EU. For this reason we wish to reduce EU revenues and expenses in general. Activities which are currently administered by the EU could be managed both more democratically and with greater financial efficiency if they were the responsibility of the member states instead.

The Left Party is profoundly critical of the EU's agricultural policy – not only because it is extraordinarily expensive but also because it is inefficient, bureaucratic, encourages cheating and is profoundly unjust towards the third world. In addition, it favours the development of large-scale industrial agriculture with long-distance animal transports, which are not wanted by either farmers or consumers. By far the greatest part of agricultural policy should be returned to the member states.

Structural funding and regional policy are also ineffective and bureaucratic. They are surrounded by large-scale cheating and financial irregularities, lock regions into dependence on grants, and make it more difficult to create real jobs in the public sector since many of the temporary projects require public cofunding. As in the case of agricultural policy, structural funding and regional policy should be returned to the member states in all essentials.

The EU budget has not responded sufficiently to the need for more environment and climate friendly policies. Climate change, biodiversity

and healthy ecosystems are the most important challenges facing agricultural policy. The impact of agriculture on the marine environment and the problems connected with eutrophication have not been raised clearly in either the Commission consultation document or in the deliberations of the Committee majority. Another important challenge, which is not clearly presented in the Commission's description, is how the EU can support sustainable agriculture in developing countries. EU fisheries policy must take into account the needs of developing countries in a completely different way.

The Committee considers that there are clear advantages to joint initiatives at EU level in defence and security policy. The Left Party endeavours on the contrary to foster more robust national self-determination both within and outside the EU and for this reason wishes to reduce appropriations for military purposes. Our policies entail a foreign and security policy based on Sweden once more having a strong voice in the world. Foreign and security policy must for this reason be returned to member states.

The Left Party is also strongly opposed to the development of a common European foreign affairs administration, as we have considers it to diminish national self-determination. We consider that Sweden as a rich country that does not participate in military alliances can also play a decisive role in the world in the future by means of an independent foreign and security policy. The world is in great need of individual states that stand up for democracy, human rights and international law, regardless of where, by whom and with what motives they are violated or limited. By participating in the EU joint foreign and security policy Sweden is renouncing its ability to to be such a country.

The Left Party is further profoundly critical to the construction of "Fortress Europe". The militarisation of the external borders of the EU, carrier responsibility, visa compulsion, and the Dublin system all hinder people needing protection from war and persecution from seeking asylum in the EU and force people into the hands of refugee smugglers instead. We oppose greater supranational action in the asylum and immigration policy areas and think that this will lead to even more restrictive policies and to increased militarisation of the external borders of the EU and that it will undermine the right of asylum.

We want to see a Europe based on intergovernmental cooperation and solidarity between people and states within and outside Europe. EU foreign policy must be returned to the member states, and the military alliances must be phased out and replaced by a common security system based on OSCE and in collaboration with the UN.

With regard to EU budget revenues the Left Party advocates charges related to the financial strength of the member states. Rebates, particularly that of the UK, should be phased out.

2. Review of the EU budget – Explanatory statement (Grn)

by Mats Pertoft (Grn).

Position

To a great extent, the majority in the Committee on Finance, that is to say the four centre-right parties and the Social Democratic Party, have written an opinion on the Commission Communication on a budget reform which is comprehensive and takes up "general Swedish" views and deliberations concerning the EU budget which the Green Party also supports. There are, however, several important issues we would have liked to have considered where we have a different view from the majority.

The Green Party considers that climate policy has not been given sufficient resources within current budget limits. The proportion of the budget dealing with new challenges is small and started at a very low level. It should be added here, however, that significant parts of climate and environmental policy should of course be implemented nationally on the basis of the different conditions in different countries, and that parts are more appropriately dealt with by legislation than as budget items. At the same time it is important that the EU budget does not contain elements which counteract an active climate policy, which both the structural funds and agricultural policy do.

With regard to areas which are to be prioritised in the future, the Green Party considers that it is not enough to enumerate in very broad terms such areas as competitiveness, the fight against crime and relations to other countries. Prioritisation and ranking should be both clearer and more restrictive. The Green Party considers that the budget must be adapted to prioritise future concerns such as climate and environmental policy and give them a larger proportion of the EU budget, and that the EU budget should be climate-proofed, i.e. that the budget should not fund activities which damage the climate. This means, for instance, fewer financial resources for motorways and airports and more money for railways. In railway policy specifically there is clear added value for the EU: if people are to be able to replace air travel (which destroys the climate,) with rail travel (which is better for the environment) it is also necessary for rail networks to be improved across borders improved and that a drastic extension of high speed trains within and over national borders is undertaken. We also considered it to be a important priority to highlight the social dimension and that these two fundamental factors permeate all policy areas in the EU, in order for optimal coordination to take place. There must not continue to be watertight barriers between the various policy areas. The Green Party considers that it is possible to further restrict the EU budget, which we also considered to be possible when the current five-year budget was approved by all the other Riksdag parties in December 2005. A reformed and more future-oriented budget should be able to improve the Swedish net position considerably.

The Green Party considers that a special working group should be appointed at EU level to review the EU budget from the perspective of the climate question, as part of the review now under way, and to study the steps

necessary to make the EU budget climate-proof. It should be in the interest of both Sweden and the EU to attempt to reorient the budget to promote developments which will not hasten climate change. Unfortunately large parts of the EU budget today are directly destructive for the climate, despite the grandiose objectives set at the EU summit of March 2007 such as reducing emissions by 20% by 2020.

The Green Party considers that trade in agricultural products cannot be viewed in the same way as trade in other goods, since agriculture has many more functions just food production. These broader functions are of great importance to society, and for this reason it must not just be market forces which govern how agricultural production is located and developed. We consider that there are compelling reasons to maintain and develop agriculture even in countries which lack the conditions to be competitive in the world market. For reasons of food security, the environment and regional policy there is frequently great value to be gained by having a high level of self-sufficiency where basic foods are concerned. In addition, export support, which has proved to have a negative effect on agriculture in poorer countries, should be removed. The problems which have attracted attention in relation to the climate impact of animal production should also be noted and the remaining export grants for animals in the EU should be stopped.

The EU fisheries budget should be reviewed. Many of the countries the EU has negotiated with over fishing agreements are developing countries. They belong to the group of countries with the greatest needs and frequently have problems when it comes managing fishing in a responsible manner. As long as it is only a question of coastal fishing the problems are not great, but as soon as large industrial fishing vessels arrive there is a great need for research, control and implementation programmes, data collection, consultation, training, etc. The EU's agreements must contain provisions for helping to develop competence lacked by the country in question. Reducing EU access to stocks, however, must not lead to reducing payments to the country in question. Currently payment is calculated in relation to the amount of access to fish stocks, and the agreements contain a clause which entails that if access to fish stocks diminishes then payment will also be reduced. This creates a situation with no incentives at all to reduce fishing in order to preserve fish stocks, which is crucial for continued sustainable fishing.

The Green Party rejects the transfer in any form of the right to levy taxes at EU level, as does the Committee majority. The need to improve Sweden's net position is important, primarily by a reduction in charges. We also consider it important to review the budget process. In the European debate proposals have been presented that it should first should be decided how much each country is to pay net and only then go into detail about how the money should be distributed. The current procedure is first to decide how much each country is to pay, and then argue about where spending is to be allocated, which means that national ministers are tempted to push for bad expenditure just to get political credit for reducing the net charge. It would be desirable if the EU or Sweden looked more closely at this part of the

budget process and made an analysis of what an amended process would entail.

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