

Report by Policy Chairman April 2013

Introduction

Following the commitment given by the Lord Mayor that he and I would engage with every EU Member State this year, to support and promote London's role as Europe's international financial centre, I wanted to keep you updated on recent activity.

The European institutions and the Member States have welcomed our increased engagement, but we should be under no illusions as to the challenges we face during this time of uncertainty, in both the UK's relationship with the EU and the future of the Eurozone.

The Prime Minister has also increased his efforts to engage with the other Member States, having recently visited Madrid and planned to have meetings in Paris and Berlin, to discuss reforming the EU and making it fit to face the challenges of 21st century competitiveness.

The key events in the past three months have been -

1. Hosting a Business for a New Europe seminar at which the principal speakers were David Miliband and Liam Fox;
2. Meeting with Commissioner Barnier;
3. A lunch with the Polish Ambassador;
4. A dinner with seven British MEPs in Strasbourg;
5. Hosting a Policy Network Conference that featured major speeches by the President of the European Council, the Vice President of the European Commission, the Foreign Minister of the Netherlands, and the Deputy Premier of Ireland;
6. Hosting meetings with the French, Polish and Irish Finance Ministers;
7. By-lateral meeting with Irish Taoiseach;
8. Meeting with German Ambassador and with German MPs;
9. Visit to Slovakia;
10. Dinner with French Ambassador, Lord Mandelson, Lord Howard and Peter Kellner.

Some very clear messages:

- Other countries want UK in the EU and playing a full part. The British input into policy making is highly valued by other Member States;
- But British anti-Europe rhetoric does not always help Britain's case;
- Prime Minister's speech in January (see [here](#)) said helpful words on his commitment to EU membership;
- However, not at all clear what Britain wants from any "renegotiation". So far the financial services and other industries have not indicated large areas where powers could be repatriated. There is no prospect of any treaty change, at least in the short to medium term;
- The UK Government has raised the prospect of securing "opt-outs" on certain areas of EU policy, such as intelligence-sharing on crime;
- Negotiating position is not helped by threats to leave if UK does not get its way;
- Regardless of longer term issues UK needs to be fully engaged at EU Council, European Commission, European Parliament and inter-governmental level;
- A broad vision for Europe is needed and with an emphasis on the City's role as Europe's financial centre;
- The links between the City and the wider economy, and its role in delivering long-term growth across the continent, needs to be better explained;
- The City should not exaggerate the "plot" against the City by France and Germany. The Eurozone is not setting out to marginalise the UK, but further integration, if it occurs, will have an impact on the UK's ability to influence policy and on the role of the City. The UK needs to be more involved in the development of the Banking Union, even though it will not be a member. The agreement at the December summit on voting in the European Banking Authority (EBA) and non-discrimination against countries not in the Euro was significant;
- The EU is not only about the Single Market and this is an important message for the UK. The EU has never just been an economic community, something that was very clear when Britain joined in 1973;
- Proposals for FTT and the limit on bankers' bonuses show weakness of UK position, particularly in the European Parliament. MEPs, elected by the voters of the EU, naturally regard themselves as the representatives of the people. The UK collectively has given far too little attention to the European Parliament. Van Rompuy Guildhall speech (see [here](#)) well worth reading to get a good impression of the British position as seen from the EU;

Actions:

- **Greater engagement with EU institutions**
- **Greater engagement with EU Member States**
- **Contributing evidence to the debate on the value to Britain of the EU**

Engagement with EU institutions

Visit to Strasbourg - The Policy Chairman hosted a high-level dinner with UK MEPs and senior industry practitioners in Strasbourg in February to discuss the position of the UK in Europe and reiterate the City's support for UK membership of the EU. It also provided an opportunity to introduce the new Chair of the IRSG, Rachel Lomax.

Meeting with Commissioner Barnier (1 February) - The Lord Mayor hosted a keynote address by Commissioner Barnier on the Single Market and Growth. A private meeting was also held with the Lord Mayor and senior IRSG practitioners. The discussion included the UK's relationship with the EU, banking union and long-term finance.

Meeting with Sylvie Goulard MEP – the Policy Chairman hosted a round table discussion with City practitioners and Sylvie Goulard (a French MEP from the ALDE grouping). Issues included the relationship between the UK and the EU, Banking Union, the Eurozone and the Single Market and the broader EU decision making process. Ms Goulard feels strongly that MEPs are the elected representatives of the people of Europe and therefore should play a major part in the decision taking process.

Engagement with EU Member States

Meeting of European Financial Centre Roundtable (5 December)

Representatives from Stockholm, Amsterdam, London, Edinburgh, Madrid, Luxembourg, Paris, Frankfurt and Munich met in Brussels on 5 December. The agenda included discussion on the Commission's forthcoming Green Paper on long-term finance with the European Commission official responsible for this subject.

Dialogue with Ireland (current holder of the EU Presidency)

A roundtable discussion was held in Brussels on 11 December with the financial services attaché from the **Irish Permanent Representation**, who presented the Irish priorities for its upcoming Presidency. Discussion included the challenges the Irish Presidency will face in the field of financial services.

A meeting with the **Michael Noonan, Irish Finance Minister**, took place on 21 February in London. Talking about the Irish priorities during their Presidency, he confirmed that Ireland's goal is to complete the implementation of the banking union as soon as possible. Other priorities include Capital Requirements Directive IV (CRD4), the Recovery and Resolution Directive (RRD) and Markets in Financial Instruments Directive (MiFID2/MiFIR). As regards taxation, it had prioritised discussions on the financial transaction tax (FTT) at the beginning of their Presidency and is now working on the consolidated corporate tax base on value added tax and energy taxation. Other topics discussed included banking union, and market finance. Since the meeting we have followed up with Michael Noonan's officials by submitting papers on FTT and Shadow Banking.

Meeting with the Taoiseach 11 March

Following a private lunch hosted by the Lord Mayor in Mansion House last November the Taoiseach paid a further visit to the City on 11 March. After a short bilateral focussing on the need to find a solution to the bonus cap issue (CRD IV) the Taoiseach gave a speech (see [here](#)) at Mansion House highlighting Ireland's progress in addressing the problems arising from the financial crisis.

Dialogue with France

The Policy Chairman hosted a keynote address by the **French Finance Minister Pierre Moscovici** in the Livery Hall on 25 February. During a pre-meeting, they discussed the City of London's relationship with Paris Europlace and issues of regulatory concern. In his keynote speech, the Minister talked about on-going economic reforms in France, presenting a very optimistic picture, contrasting with the negative view portrayed by the media.

The Policy Chairman and André Villeneuve (former IRSG Chairman) visited Paris in January as part of the ongoing Anglo-French dialogue with Paris Europlace.

Discussions included joint work on the Wholesale Financial Markets project and CRD4. Meetings were also held with the **Banque de France, Tresor** and the **banking and securities regulators** to discuss Banking Union and other regulatory issues.

Dialogue with Germany

The Policy Chairman hosted a lunch for members of the **German Bundestag's Finance Committee** on 6 March. The purpose of the Committee's visit was to get British views held by decision makers from both the official and the business sector on all financial services related matters and, ultimately, the relationship between Britain and the EU. The meeting provided an excellent opportunity to get first hand views from German MPs and engage in a discussion on important EU regulatory issues of concern. Issues discussed included banking union, FTT, MiFID and CRD4.

Engagement with other EU Member States

Visit to Slovakia

The Policy Chairman visited Bratislava on 21 February to meet with officials at **the National Bank of Slovakia, the Ministry of Finance, the Slovak Banking Association, the Debt and Liquidity Management Office** and business representatives. The Policy Chairman stayed at the British Ambassador's residence and had useful discussions with the Ambassador. The key topics for discussion were Banking Union and the FTT. Slovakia is one of the success stories of the EU, with a stable economy and banking structure, but Britain has had little engagement.

Meeting with Polish Finance Minister

The Lord Mayor and the Policy Chairman met **Prof. Jacek Rostowski, Polish Minister of Finance**, on Friday 15 February. The discussion included the Eurozone crisis and the relationship between the two countries. It was followed by a conference on "Financial stability – new arrangements for better economic prospects in Europe". The Lord Mayor delivered the opening speech and the Policy Chairman delivered the closing remarks. The Policy Chairman will be visiting Warsaw on 22/23 April before meeting up with Lord Mayor in Lithuania for the next Pre-Presidency visit.

Contributing to the debate

Business for New Europe Seminar

On 11 February Guildhall hosted a Business for New Europe seminar *Britain and the Future of Europe – Participation, Disengagement or Drift?* The discussion focussed on the nature and extent of Britain's future relationship with Europe, with particular reference to the possible referendum, repatriation of powers, and the importance of the Single Market and the need for Britain to form effective alliances within the EU.

The debate featured the former Foreign Secretary David Miliband, the former Defence Secretary Liam Fox along with Hugo Dixon of Reuters News and Andrew Lilico of Europe Economics.

Policy Network Conference

On 28 February the City of London hosted a major Policy Network Conference *Prospects for revival in the Eurozone – and what place for Britain in Europe?* The conference discussed the key issues around the future of Europe with keynote addresses by the President of the European Council Herman van Rompuy, the Vice-President of European Commission Olli Rehn, the Irish Deputy Prime Minister Eamon Gilmore and the Dutch Foreign Minister Frans Timmermans. Lord Mandelson, former EU Commissioner, chaired some of the panel discussions.

The conference featured sessions entitled:

- Britain in Europe: channelling change together
- Three years on – is the Eurozone out of the woods?
- Two-tier or multi-speed: what kind of differentiated integration for the EU?
- Britain's place in Europe

French Embassy event

The Policy Chairman attended a discussion session on attitudes to the EU at the Institute Francais on 26 March. Lord Mandelson, Lord Howard, Peter Kellner, a former French minister and the EU representative to the UK were the speakers. The

Policy Chairman subsequently attended a private dinner with the French Ambassador and the speakers.

Planned Engagement in London

Future activity already confirmed includes private roundtable discussions with two Conservative Party Backbench groups, Fresh Start and European Mainstream. An event is also in preparation with the Shadow Europe Minister Emma Reynolds.

Planned Engagement in Member States

See attached appendix.

UK review of the Balance of Competences

The City of London Corporation has made its first submission to the Government's Balance of Competences Review: a review of what the EU does and how it affects the UK. Our submission (see [here](#)) was to the Department of Business Innovation and Skills which is reviewing the Single Market. The submission made a number of key points, including:

- The Single Market helps to achieve economies of scale, greater market competition and specialisation;
- Financial hubs are spread across Europe and require open, competitive and efficient markets, and the ability to move people, capital and services across borders;
- The Single Market is a long-term project and further measures, including legislation, are required to complete it.

A further submission, probably under IRSG auspices, is planned in the autumn covering the themes of 'Capital' and 'People' under the next phase of the consultation.

PRO/EDO

10 April 2013

LORD MAYOR/POLICY CHAIRMAN – EU ENGAGEMENT PLAN 2013

Overseas visits

(1) Completed

November 2012: Dublin	LM/CPR
14/15 January: Paris – Anglo French dialogue	CPR
6 February: Strasbourg – European Parliament	CPR
21/22 February: Slovakia – government/regulators	CPR

(2) Planned

4/5 June: Germany -Berlin/Frankfurt	CPR
30/31 May: Finland	LM
1-5 June: Swede	LM/CPR
23/25 April: Lithuania	LM/CPR
21-23 April: Estonia	LM
22/23 April: Poland	CPR
4 November: Luxembourg	CPR
5 November: Belgium	CPR
Italy: Milan/Rome - tbc with TheCityUK	?
Spain: date tbc	CPR
Netherlands: date tbc (TheCityUK lead)	?
Denmark: September tbc	CPR
Czech Republic: October tbc	CPR

Total Member States to be visited – 14

