

Working Group VI

Working document 12

## Working group VI Economic governance

Members of Working Group VI will find attached a paper by Mr. Peter Glotz.

**Contribution by Peter Glotz, Member of the Convention, Working Group VI on Economic Governance, regarding the proposed treaty amendments/additions based on the texts of reference distributed on 17 July**

I do not think it is sensible to amend Articles 2, 105, 4, 98, 104, 111 and 202 of the EC Treaty. Nor should the Stability and Growth Pact be incorporated into the Treaty. As regards Art. 99 EC (Title VII on Economic and Monetary Policy), it would however be possible to transfer the surveillance function defined in Art. 99 (3) EC in its entirety to the Commission. The remaining competences in Article 99 (2) and (4) would remain unaffected. The tax provisions pursuant to Articles 93, 94 and 175 (2) first indent of the EC Treaty should abolish the principle of unanimity for Council decisions but move to qualified majority decisions in most cases.

**I. Treaty Amendments under Title VII, "Economic and Monetary Policy"**

**Amendment to Article 99 (3.1)**

"In order to ensure efficient coordination of economic policies and sustained convergence of the economic performances of the Member States, the Commission shall, on the basis of reports to the Council, monitor economic developments in each of the Member States and in the Community as well as the consistency of economic policies with the broad guidelines referred to in paragraph 2, and regularly carry out an overall assessment."

**II. Treaty amendments under Title VI, Chapter 2, "Tax provisions"**

**Abolish the principle of unanimity for Council decisions pursuant to Articles 93, 94 and 175 (2) first indent of the EC Treaty**, move to qualified majority decisions in most cases:

- For indirect taxes, qualified majority decision-making should become the norm; unanimity should still apply in a few exhaustively listed areas (setting the tax rates, fixing the tax rate structure and the place of taxation, the transition to a definitive scheme for imposing turnover tax).
- As regards direct taxes, a transition to qualified majority voting is proposed for measures to eliminate the harmful tax competition, measures to eliminate direct obstacles to the free movement of goods, persons, services and capital as well as for preventing double or non-taxation.
- Matters relating to environmental and energy taxation should also be decided by qualified majority.
- In addition, the provisions on cooperation between administrative authorities, in particular in the field of combating fraud, should be subject to qualified majority voting.