



Re-Define Press Release on the Outcome of the ECOFIN in Luxembourg

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"In general, the more holistic scope of the economic governance as compared to the rather narrowly focused stability and growth pact is a good thing."

"Allowing CCPs to have access to trade flows from execution venues is a sop to the UK but subjecting this access to condition carries a sting in the tail."

"The EU's stance on a stronger G-20 and more IMF surveillance can appear disingenuous given how IMF and G-20 appeals for the EU to get its act together to sort the Euro crisis seem to have fallen on deaf ears."

Please find below comments from Re-Define about the Ecofin meeting today. All comments are attributable to **Sony Kapoor**, Managing Director of Re-Define an Economic Think Tank.

On the final agreement on the Economic Governance Package

"Some elements of the package may shrink member state policy space for countercyclical policy making."

"The additional budget transparency and accountability that the Economic Governance package engenders should help reduce the risk of another Greece-like crisis."

"The expansion of EU surveillance powers beyond fiscal imbalances would be useful in preventing the kind of banking /real estate crises that occurred in Ireland and Spain."

"However, the new EU approach seems to assume an unrealistic level of member state government control over economic outcomes that does not seem consistent with the reality of the free market economy."

On the discussions on the EMIR directive

"Frankly, the UK-Rest of EU spat on the approach to clearing is not very important in terms of the overarching aim of the EMIR directive which is to reduce the riskiness of derivative markets."

"The UK has a legitimate gripe in this instance. Either clearing should be done by publicly owned monopolies or the competitive landscape should offer a level playing field."

"The empowerment of ESMA on the issue of derivative oversight is a good sign."

"Allowing CCPs to have access to trade flows from execution venues is a sop to the UK but subjecting this access to condition carries a sting in the tail."

On the discussion on commodity derivatives

"Commodity derivative markets can pose 'real systemic risk' through potentially negative impacts on food and fuel markets that impact the lives of billions of people directly."

"Commodity derivative regulation should follow a precautionary principle given how much impact these markets can have on the daily lives of citizens both in the EU and in developing countries."

On the G-20 and IMF related discussions

"The EU's stance on a stronger G-20 and more IMF surveillance can appear disingenuous given how IMF and G-20 appeals for the EU to get its act together to sort the Euro crisis seem to have fallen on deaf ears."

On climate change financing (and financial transaction taxes)

"The BRIC economies consider aiding the EU even as the EU considers pulling back from promises to aid developing countries on climate change. We live in a topsy-turvy world."

"A sound political and climate strategy that would both help generate climate funds and mobilize EU citizens and G-20 partner countries behind the Commissions proposal for financial transaction taxes would be to promise to allocate a third of their revenue to tackling climate change."

"Stepping back, even marginally, from our commitments on tackling climate change is bad economics and bad politics"

On dismal economic prospects and the need for growth generating initiatives

"No one from Mars is going to come and buy up European goods and services."

"Japan and the US have troubles of their own and the BRIC economies are simply not large enough to prop the EU economy up for much longer."

"Growth, not endless austerity, is the way to restore fiscal and financial health in the EU."

"A doubling, even trebling of the capital of the EIB to finance pan EU infrastructure projects will deliver long-term growth in the EU."

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