

Speech by Michel Barnier on the extension of qualified-majority voting (Strasbourg, 14 March 2000)

Caption: In a speech given on 14 March 2000, Michel Barnier, Member of the European Commission, explains the reasons for the additional contribution of the Commission to its opinion of 26 January 2000 on the extension of qualified-majority voting. In particular, Mr Barnier clarifies the criteria governing the move to qualified-majority voting in sensitive areas such as tax and social security, and clears up the confusion between a ‘transfer of powers’ and a ‘change in the decision-making process’.

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Speech by Michel Barnier, European Commissioner responsible for Regional Policy and the Intergovernmental Conference (European Parliament, Strasbourg, 14 March 2000)

Additional contribution by the Commission to the IGC: Qualified-majority voting for aspects connected with the Single Market in the fields of tax and social security

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A. What this additional contribution is and what it is not

1) An addition to the opinion of 26 January

This contribution is an addition to the **opinion of 26 January 2000 on the extension of qualified-majority voting**. In the Commission's view, qualified-majority voting should be the rule and unanimity the **exception**, the latter being acceptable only if there are **serious and lasting reasons to justify maintaining it**. In its opinion of 26 January, the Commission identified **five categories** of measures for which such justification does effectively exist (decisions which must still be ratified at national level, essential institutional decisions and decisions affecting the institutional balance, external provisions which are parallel to internal decisions based on unanimity, and derogations from Treaty rules).

The fifth category was that of **decisions in the fields of tax and social security**, with the exception of those that are incompatible with the objectives of the internal market or give rise to distortions of competition. In its opinion of 26 January 2000, the Commission adopted a general position on this issue, but announced that it would make detailed proposals later.

The purpose of the contribution adopted by the Commission on 14 March is to present these detailed proposals.

2) *The proposals do not concern transfers of power or a substantive action programme: they cover decision-making procedures in the fields of tax and social security.*

I would like to clear up three points that are often misrepresented:

The Commission is not asking for new powers on tax and social security. Since the Treaty of Rome, the Treaties provide for Community action in these two matters. Moving from unanimity to qualified-majority voting is not a transfer of powers. The Commission is adhering strictly to the powers that the European Community has already been given.

Take the example of VAT: there is a substantial body of Community legislation, developed since the 1970s. The fact that henceforth the Council could, acting by a qualified majority, modernise this legislation to take account, for instance, of the emergence of electronic commerce, certainly cannot be regarded as a transfer of powers. The powers already exist at Community level. It is simply the decision-making method that is changing.

The Commission does not want to impose a levelling of national tax or social security systems. The issue we want to examine is how to maintain what already exists and to enable the new Member States to share it so that each one can derive maximum benefit from the single market, which, under the Treaties has become one of the prime movers behind economic and social development in Europe. The aim is to introduce qualified-majority voting where it is necessary and to leave unanimity where it is preferable.

The additional contribution **is not a Commission programme for the coming years** in these areas. You will not find in it the measures that the Commission intends to propose or the substantive proposals that it does not intend to propose. For information on the Commission's intentions in these matters you must ask Ms Diamantopoulou and Mr Bolkestein. And the Commission will also take initiatives, no doubt, even in

the areas that still require unanimity.

B. The proposals: principles

1) Unanimity remains the rule

In its opinion of 26 January 2000, the Commission had considered that "because they reflect **the fundamental views of the national government** on matters of economic and social policy, and solidarity, tax and social security heavily influence voters' domestic political choices". For this reason the Commission considered it justifiable to **maintain unanimity in these domains as a basic principle**. It confirms this approach in this contribution.

2) Qualified-majority voting to permit the adaptation of measures which are most directly linked to the proper functioning of the internal market

Some national tax and social security provisions may, however, have implications for the functioning of the internal market because of their content or nature. The Commission considers that the Community must be able to adopt on a qualified majority basis the measures that are **most directly linked to the proper functioning of the internal market**.

3) The legal instruments proposed in each case (coordination, minimum requirements, and harmonisation) are limited to what is strictly necessary to comply with the principle of subsidiarity.

Generally speaking, the measures for which qualified-majority voting is proposed would aim to secure "coordination" rather than systematic harmonisation of national legislation.

Coordination on social security has in fact existed for 40 years, and works rather well. National legislators are left quite free to decide how social security must be organised. It will be important to establish this also in the area of taxation.

C. The content of the proposals

1) Direct taxation: qualified-majority voting to coordinate the fight against tax avoidance and tax fraud and to handle situations involving the laws of several Member States. Unanimity would be retained for everything else.

2) Indirect taxation: to permit the fight against fraud and to modernise and simplify the body of Community legislation to adjust it to economic change, take account of the Treaty objectives in relation to the environment, through qualified majority decisions. To maintain unanimity for decisions on rates and place of taxation.

3) Coherence of texts: to group together all the tax measures in existence

4) Coordination of social security laws: qualified-majority voting to modernise and adapt measures in order to avoid penalising people moving from one place to another within the Community.

5) Minimum social security requirements: extension to social security of the possibility that already exists in other social policy domains of adopting such requirements on a qualified majority basis.