

Mr José Manuel Barroso
President of the European Commission

19 December 2012, No. 1-2/12-575/11

Dear Mr Barroso

The European Union Affairs Committee of the Estonian Parliament discussed the proposal of the European Commission on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures, COM(2012)614, at its meeting on 14 December 2012. At this stage, the discussion focussed on the conformity of the proposal with the principle of subsidiarity. The Committee was not unanimous in considering this proposal to be in conformity with the subsidiarity principle. In this context, we would like to draw your attention to the following facts.

Presenting this proposal during the holiday season of Christmas and New Year reduces the ability of parliaments to carry out a detailed subsidiarity check as required in the Lisbon Treaty. The European Commission has thus put national parliaments under even more pressure than they experience because of the usual eight week deliberation period provided for the proceeding of subsidiarity. We are certain that the European Commission is able to allow a more sufficient time for national parliaments to study its proposals in detail and to carry out the relevant proceedings when planning the programme of its presentations. This is especially needed in case of proposals that create precedents of a certain importance, as does this particular draft directive.

In view of the positions of the Estonian Government that the European Union Affairs Committee has become aware of, and of the assessments of companies forwarded to the Riigikogu in the framework of involvement process, we have grounds to doubt the arguments of the European Commission that defend the need for a directive as an instrument for increasing the involvement of women. After all, this is a policy directed at restructuring a wider social fabric, which should take into consideration the different historical and cultural backgrounds of Member States. In a longer perspective we might therefore expect better results if we address this issue with non-binding but more specific recommendations and take a lead from the state sector. This would allow the market a sufficient time for readjusting.

Representatives of Estonian businesses have suggested that gender quotas might not fulfil the aim set out in the proposal of the European Commission. On the contrary, compulsory quotas might create a situation where women are elected into leadership teams of companies to fill a quota and not on the strength of their abilities or prior achievements. Unfair treatment should not be combated with discriminatory measures, however temporary in scope. This is even more important if the planned measures have the potential of restricting business freedom or if they ignore the functioning logic of the business environment.

The European Union Affairs Committee will shape its final position on this proposal in mid-January of the next year, after having spent the time necessary for its full consideration. The

Committee plans to include the abovementioned positions of the Estonian Government and businesses in its considerations.

Sincerely yours,

Arto Aas
Chairman of the European Union Affairs Committee