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THE EUROPEAN UNION**



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3189th Council meeting

Economic and Financial Affairs

Luxembourg, 9 October 2012

President **Mr Vassos SHIARLY**
Minister for Finance of Cyprus

P R E S S

Rue de la Loi 175 B – 1048 BRUSSELS Tel.: +32 (0)2 281 6319 / 6319 Fax: +32 (0)2 281 8026
press.office@consilium.europa.eu <http://www.consilium.europa.eu/Newsroom>

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Main results of the Council

*The Council adopted a decision modifying the conditions underpinning financial assistance to **Portugal**, granting it an additional year, until 2014, to correct its excessive deficit. This follows the fifth review of progress by Portugal in implementing its economic adjustment programme, and will enable the next tranche of financial assistance to be disbursed.*

The Council also adopted a corresponding recommendation to Portugal under the excessive deficit procedure.

*The Council was informed that 11 member states had either already submitted requests to the Commission for a proposal to introduce a **financial transaction tax** via enhanced cooperation (Belgium, Germany, Greece, France, Austria, Portugal and Slovenia), or were planning to do so shortly (Estonia, Spain, Italy and Slovakia). It will now be up to the Commission to consider submission of a proposal for a Council decision authorising enhanced cooperation.*

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

Belgium:

Mr Steven VANACKERE

Deputy Prime Minister and Minister for Finance and Sustainable Development, with responsibility for the Civil Service

Bulgaria:

Mr Dimiter TZANTCHEV

Permanent Representative

Czech Republic:

Mr Miroslav KALOUSEK

Mr Tomáš ZÍDEK

Minister for Finance

Deputy Minister for Finance, International Relations and Financial Policies Section

Denmark:

Ms Margrethe VESTAGER

Minister for Economic Affairs and the Interior

Germany:

Mr Wolfgang SCHÄUBLE

Federal Minister for Finance

Estonia:

Mr Jürgen LIGI

Minister for Finance

Ireland:

Mr Michael NOONAN

Minister for Finance

Greece:

Mr Theodoros SOTIROPOULOS

Permanent Representative

Spain:

Mr Luis DE GUINDOS JURADO

Minister for Economic Affairs and Competitiveness

France:

Mr Pierre MOSCOVICI

Minister for the Economy and Finance

Italy:

Mr Ferdinando NELLI FEROCI

Permanent Representative

Cyprus:

Mr Vassos SHIARLY

Minister for Finance

Latvia:

Ms Ilze JUHANSONE

Permanent Representative

Lithuania:

Mr Raimundas KAROBLIS

Permanent Representative

Luxembourg:

Mr Luc FRIEDEN

Minister for Finance

Hungary:

Mr György MATOLCSY

Minister for the National Economy

Malta:

Mr Tonio FENECH

Minister for Finance, the Economy and Investment

Netherlands:

Mr Jan Kees de JAGER

Minister for Finance

Austria:

Ms Maria FEKTER

Federal Minister for Finance

Poland:

Mr Jacek ROSTOWSKI

Minister for Finance

Portugal:

Mr Vítor GASPAS

Ministro de Estado, Minister for Finance

Romania:

Mr Claudiu DOLTU

State Secretary, Ministry of Public Finance

Slovenia:

Mr Janez ŠUŠTERŠIČ

Minister for Finance

Slovakia:

Mr Vazil HUDÁK

State Secretary at the Ministry of Finance

Finland:

Mr Jan STORE

Permanent Representative

Sweden:

Mr Anders BORG

Minister for Finance

United Kingdom:

Mr George OSBORNE

Chancellor of the Exchequer

Commission:

Mr Olli REHN

Vice President

Mr Michel BARNIER

Member

Mr Algirdas ŠEMETA

Member

Other participants:

Mr Jörg ASMUSSEN

Executive Board Member of the ECB

Mr Werner HOYER

President of the European Investment Bank

Mr Thomas WIESER

President of the Economic and Financial Committee

Mr Hans VIJLBRIEF

President of the Economic Policy Committee

The Government of the Acceding State was represented as follows:

Croatia:

Mr Boris LALOVAC

Deputy Minister for Finance

ITEMS DEBATED

Financial Transaction Tax

The Council was informed of developments regarding the possible introduction of a financial transaction tax (FTT), via enhanced cooperation, in a limited number of member states.

The Commission indicated that it had received letters from seven member states requesting a proposal to that effect (Belgium, Germany, Greece, France, Austria, Portugal and Slovenia), and four delegations announced that they would shortly follow suit (Estonia, Spain, Italy and Slovakia).

The Commission in 2011 proposed a directive aimed at introducing an EU-wide FTT¹, but a Council discussion on 22 June this year revealed insufficient support for the proposal.

Formal requirements for enhanced cooperation are laid down in article 20 of the Treaty on European Union and articles 326 to 334 of the Treaty on the Functioning of the European Union. A decision to authorise enhanced cooperation is taken by the Council "as a last resort" once it has established that the objectives cannot be attained within a reasonable period by the EU as a whole, and provided that at least nine member states participate (article 20(2) TEU).

They must submit a request to the Commission, specifying the scope and the objectives of the enhanced cooperation, and the Commission may submit a proposal to the Council to that effect. Authorisation to proceed with the enhanced cooperation can be granted by the Council, via qualified majority vote, after obtaining the consent of the European Parliament (article 329(1) TFEU). The substance of the enhanced cooperation must be agreed unanimously by the participating member states.

¹ [14942/11](#)

Bank Capital Requirements

The Council was informed by the presidency of the state of negotiations with the European Parliament on two proposals – the so-called "CRD 4" package – amending the EU's rules on capital requirements for banks and investment firms. It held an exchange of views.

The Council confirmed its intention to reach a political agreement on the package before the end of the year. A number of issues have yet to be resolved in the negotiations with the Parliament.

The two proposals set out to amend and replace the existing capital requirement directives¹ by two new legislative instruments: a *regulation* establishing prudential requirements that institutions need to respect, and a *directive* governing access to deposit-taking activities.

They are aimed at transposing into EU law the so-called "Basel 3" agreement, concluded by the Basel Committee on Banking Supervision and approved by the G-20 in November 2010.

¹ Directives 2006/48/EC and 2006/49/EC

European Semester – Review of Implementation

The Council took stock of possible changes to the process followed in the *European Semester* monitoring exercise in order to better address key challenges.

The *European Semester* involves simultaneous monitoring of the member states' economic, fiscal and employment policies during a six-month period every year. It was first organised in 2011. Although the outcome of this year's exercise was considered satisfactory overall, implementation is now being reviewed with the aim of improving it further.

The Council discussed how to tackle issues such as time constraints, implementation of the "comply or explain rule" (introduced as part of the EU's new economic governance framework, the "six pack"), how to strengthen the sense of ownership by member states, and how to ensure that recommendations are concrete enough whilst allowing member states to make their own policy choices.

The General Affairs Council and the Employment, Social Policy, Health and Consumer Affairs Council have also discussed possible improvements in the light of lessons learned. The review will be concluded in December, when the 2013 *European Semester* will be launched.

Portugal - Financial support and excessive deficit procedure

The Council agreed to give Portugal an extra year, until 2014, to correct its excessive government deficit. It adopted:

- a revised recommendation to Portugal on measures to be taken to bring its government deficit below the EU's 3% of GDP reference value in 2014, relaxing the deficit targets set for 2012 and 2013 ([14238/12](#));
- a decision modifying the conditions underpinning assistance to Portugal from the European Financial Stability Mechanism (EFSM), with a view to disbursement of the next instalment of financial assistance¹ ([13936/12](#)).

This follows the fifth review by the troika (the Commission and the IMF, in liaison with the European Central Bank) of progress by Portugal in implementing its economic adjustment programme.

For details, see press release [14555/12](#).

¹ The United Kingdom abstained from the decision.

International meetings

The Council:

- was informed by the Commission and the presidency on the outcome of a G-20 finance deputies meeting held in Mexico City on 23-24 September and on the follow-up to the meeting;
- prepared a G-20 finance ministers' and central bank governors' meeting to be held in Mexico City on 4-5 November;
- prepared the annual meeting of the IMF and World Bank Group, to be held in Tokyo on 12-14 October.

Other Business

Fraud against the EU's interests

The Council was informed by the Commission of a proposal aimed at better combating, by means of criminal law, fraud against the EU's financial interests.

The proposal will be further dealt with by the Justice and Home Affairs Council.

Current legislative proposals

The Council was informed by the presidency of developments with regard to proposals on:

- economic governance in the euro area;
- deposit guarantee schemes; and
- bank resolution and recovery.

Taking stock of the follow-up to an informal meeting of finance ministers and central bank governors held in Nicosia on 14 and 15 September, the Council was also briefed by the presidency on the process for handling proposals on bank supervision.

Meetings in the margins of the Council

The following meetings were held in the margins of the Council:

– ***European Stability Mechanism¹***

Inaugural meetings were held of the ESM board of governors, on 8 October, and the ESM board of directors.

– ***Eurogroup***

Ministers of the euro area member states attended a meeting of the Eurogroup on 8 October.

– ***Ministerial breakfast meeting***

Ministers held a breakfast meeting to discuss the economic situation.

¹ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/132734.pdf

OTHER ITEMS APPROVED**ECONOMIC AND FINANCIAL AFFAIRS****VAT scheme for telecoms, broadcasting and electronic services**

The Council adopted a regulation laying down rules on the application of the provisions of the VAT directive concerning special schemes for non-established taxable persons supplying telecommunications services, broadcasting services or electronic services to non-taxable persons ([12596/12](#) + [13643/12](#) + [ADD1](#)).

The regulation amends regulation 282/2011 and introduces new measures covering both special schemes for EU and non-EU businesses to be applied as from 1 January 2015.

FISHERIES

EU-Mauritius - New fisheries partnership agreement

The Council adopted a decision approving the signing of a fisheries partnership agreement (FPA) with the Republic of Mauritius and a protocol setting the fishing opportunities and the financial contribution provided for by the partnership agreement ([13500/12](#)).

The new FPA and the protocol were initialled on 23 February 2012. The new agreement covers a period of six years from the date of signature and it is tacitly renewable for successive periods of three years. The protocol covers a period of three years.

In addition, the Council adopted a regulation on the allocation of fishing opportunities between member states ([13502/12](#)). The protocol provides fishing opportunities for 86 tuna vessels (41 purse seiners and 45 long-liners).

EU-Kiribati partnership agreement - Renewal of protocol

The Council adopted a decision approving the signing and the provisional application of a protocol setting the fishing opportunities and financial contribution provided for in the EU's fisheries partnership agreement (FPA) with the Republic of Kiribati ([13330/12](#)).

The partnership agreement was concluded in 2007. The protocol to the FPA defines the fishing opportunities offered to EU vessels as well as the financial contribution due, separately, for access rights and for sectoral support. The protocol was initialled on 3 June 2012 for a period of three years (with the the previous protocol due to expire on 15 September 2012). In order to allow EU vessels to carry on fishing activities, the new protocol should be signed and applied from 16 September 2012 on a provisional basis, pending the completion of procedures for its formal conclusion.

In addition to the the signing and provisional application of the new protocol, the Council adopted a regulation on the allocation of fishing opportunities between member states ([13332/12](#)).