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## OUTCOME OF THE COUNCIL MEETING

3403rd Council meeting

### Economic and Financial Affairs

Brussels, 14 July 2015

President **Pierre GRAMEGNA**  
Minister for Finance of Luxembourg

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<sup>1</sup>

- 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.

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## **ITEMS DEBATED**

### **PRESIDENCY WORK PROGRAMME**

The Luxembourg presidency presented a work programme on economic and financial matters for the duration of its term of office, which runs from July to December 2015. The Council held an exchange of views.

Luxembourg takes up the presidency amid signs of economic recovery after several years of economic and financial crisis. The crisis required the adoption of strict regulatory measures to improve the resilience and stability of the financial sector. It prompted the creation of a banking union, and the presidency will oversee its continued implementation. The crisis also showed the need for an improved budgetary discipline and a better coordination of member states' economic policies. Luxembourg considers that the EU must now maintain its return to sustainable growth and employment through the creation of a business-friendly investment environment.

The presidency will follow the Commission's "investment plan for Europe" aimed at fostering investment and mobilising available funds for the financing of strategic investment projects with EU added value. For capital markets to play an important role in financing the European economy, it is necessary to remove barriers to cross-border investment and to diversify and expand funding sources. To that end, the Luxembourg presidency will fully support the creation of a capital markets union, as proposed by the Commission, which is essential for enhancing access to finance for European companies, including SMEs.

Sustainable growth in the context of budgetary constraints is not achievable without fair taxation of companies. The Luxembourg presidency intends to make the fight against tax fraud and tax evasion a high priority. The progress expected in OECD work on base erosion and profit shifting should guide the actions taken by the EU in the second half of 2015 to ensure a coherent approach to cross-border taxation of multinational companies. According to Luxembourg, transparency and the establishment of a "level playing field" worldwide are necessary for the fight against tax fraud and tax evasion.

[Luxembourg presidency work programme for economic and financial affairs](#)

## **ECONOMIC AND MONETARY UNION - "FIVE PRESIDENTS'" REPORT**

The Council discussed next steps for the further development of the EU's economic and monetary union, on the basis of the so-called five presidents' report.

The report had been prepared by the president of the Commission, in close cooperation with the presidents of the European Council, the Eurogroup, the European Central Bank and the European Parliament.

The discussion focused on short-term measures. The Commission outlined initiatives planned to take work forward in the coming months. The president of the Eurogroup presented the perspective of the Eurogroup, which discussed the issue at its meeting on 13 July 2015.

The presidency intends to organise a further discussion at an informal meeting of finance ministers and central bank governors in Luxembourg on 11 and 12 September 2015. It will also explore possible links with other Council configurations.

The economic and financial crisis has exposed a situation where unsustainable policies in some member states can undermine the development of the euro area as a whole. It has uncovered shortcomings in the EU's economic governance framework. Despite progress made in recent years, EU economic and monetary union (EMU) remains incomplete.

The five presidents' report identifies measures to remedy the situation, to be implemented in three stages:

- Stage 1 (1 July 2015 to 30 June 2017): Using existing instruments under the current EU treaties to boost competitiveness and structural convergence, achieving responsible fiscal policies, completing financial union and enhancing democratic accountability;
- Stage 2: More far-reaching actions will be launched to make the convergence process more binding, through, for example, commonly agreed benchmarks for convergence that would be of a legal nature, as well as a treasury for the euro area;
- Final stage (at the latest by 2025): Once all steps have been taken, a deep and genuine EMU would provide a stable and prosperous place for all citizens of member states that share the single currency. It would be an attractive union for other EU countries to join if they are ready to do so.

The report was submitted in June 2015 to the European Council, which asked the Council to examine it rapidly.

[Report on completing Europe's economic and monetary union](#)

**OTHER BUSINESS**

– *Ongoing work on legislative dossiers*

The Council took note of on-going legislative work on financial services dossiers.

– *Climate finance*

The presidency informed the Council of how it intends to address climate finance in the run-up to the 21st UN climate change conference of parties, to be held in Paris from 30 November to 11 December 2015.

– *Investment plan for Europe*

At the request of the Polish delegation, the Commission informed the Council of its intentions concerning the application of EU state aid rules in relation to the European fund for strategic investments.

## **MEETINGS IN THE MARGINS OF THE COUNCIL**

### ***– Macroeconomic dialogue with the social partners***

A dialogue on macroeconomic issues was held on 13 July 2015 between representatives of the EU institutions and the social partners: employers and trade unions at EU level and representatives of public enterprises and SMEs.

The dialogue focused on EU country-specific recommendations on economic, fiscal and employment policies.

### ***– Eurogroup***

Ministers of the euro area member states attended a meeting of the Eurogroup on 13 July 2015.

They elected Jeroen Dijsselboem as president of the Eurogroup for a second two-and-a-half year term. They discussed the situation in Greece, the tax burden on labour, the "five presidents" report on strengthening economic and monetary union (EMU), and implementation of the budgetary provisions of the EU fiscal compact (Treaty on Stability, Coordination and Governance in the EMU).

### ***– Informal meeting with the European Parliament***

The presidency and the Commission held an informal meeting with representatives of the European Parliament.

They discussed ongoing work on financial services dossiers.

### ***– Ministerial breakfast***

Ministers held a breakfast meeting to discuss the economic situation. They discussed financial assistance to Romania: in view of the current difficult economic and political environment, ministers confirmed that the programme will run until September 2015, i.e. without any successor programme. They also discussed implementation of the EU fiscal compact (Treaty on Stability, Coordination and Governance in the Economic and Monetary Union).

## **OTHER ITEMS APPROVED**

### **ECONOMIC AND FINANCIAL AFFAIRS**

#### **Country-specific recommendations on economic, fiscal and employment policies**

The Council issued recommendations and opinions on economic, fiscal and employment policies planned by the member states.

It issued a specific recommendation on the economic policies of the euro area, as well as explanations in cases where the recommendations do not comply with those proposed by the Commission.

Adoption of the texts, following their endorsement by the European Council on 25 and 26 June, concludes the 2015 "European Semester" policy monitoring process.

The Council also issued a recommendation on broad economic policy guidelines for the member states and the EU, following endorsement by the European Council.

[Press release on 2015 country-specific recommendations](#)

[2015 broad economic policy guidelines](#)

#### **Cyprus - Macroeconomic adjustment programme**

The Council adopted an amendment to decision 2013/463/EU on Cyprus's macroeconomic adjustment programme, following the sixth review of the programme's implementation;

#### **Bank of Slovenia - External auditors**

The Council adopted a decision approving the appointment of Ernst & Young as external auditor of the Bank of Slovenia for the financial years 2015 to 2017.



### **Over-the-counter derivatives and central counterparties: Pension scheme arrangements**

The Council decided not to object to the adoption by the Commission of a regulation supplementing regulation 648/2012 on OTC derivatives, central counterparties and trade repositories with regard to the extension of the transitional periods related to pension scheme arrangements.

The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. It can now enter into force, unless the European Parliament objects.

### **Accounting standards: Third country issuers of securities**

The Council decided not to object to the adoption by the Commission of a regulation amending directive 1569/2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to directives 2003/71/EC and 2004/109/EC.

The regulation extends the time of the equivalence mechanism from 31 December 2014 to 31 March 2016. This will give more time to countries that had undertaken to converge to or adopt international financial reporting standards and have made important progress towards that goal.

The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. It can now enter into force, unless the European Parliament objects.

Commission delegated act amending directive 1569/2007 on equivalence of accounting standards ([9936/15](#))

### **Insurance and reinsurance: Third country equivalence**

The Council decided not to object to the adoption by the Commission of decisions:

- judging the solvency and prudential regime for insurance and reinsurance undertakings in force in Switzerland to be equivalent to the requirements of articles 172(2), 227(4) and 260(3) of directive 2009/138/EC ([9710/15](#)).
- judging solvency regimes in force in Australia, Bermuda, Brazil, Canada, Mexico and the United States and applicable to insurance and reinsurance undertakings with head offices in those countries to be equivalent to the requirements of article 227(4) of directive 2009/138/EC.

The decisions are delegated acts pursuant to article 290 of the Treaty on the Functioning of the EU. It can now enter into force, unless the European Parliament objects.

## **Prospectuses and advertisements**

The Council decided not to object to the adoption by the Commission of a regulation amending regulation 809/2004 implementing directive 2003/71/EC as regards elements related to prospectuses and advertisements.

The amending regulation extends until 31 March 2016 the temporary period during which issuers will be allowed to use financial statements prepared in accordance with the Generally Accepted Accounting Principles of India within the EU.

The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the EU. It can now enter into force, unless the European Parliament objects.

[Regulation amending regulation 809/2004 on elements related to prospectuses and advertisements](#)

## **Single resolution mechanism procedure**

The Council adopted a decision clarifying how its rules of procedure will be applied pursuant to regulation 806/2014 on the single resolution mechanism.

[Council decision of the single resolution mechanism procedure](#)

## **VAT tax derogation - Poland**

The Council adopted a decision extending by three years a derogation from article 287 of directive 2006/112/EC allowing Poland to exempt from VAT taxable persons whose annual turnover is no higher than EUR 30 000.

The decision will apply until 31 December 2018.

## **VAT tax derogation - Italy**

The Council adopted a decision authorising Italy, by way of derogation from articles 206 and 226 of directive 2006/112/EC, to require VAT due on supplies of goods and services to public authorities to be paid to a separate and blocked bank account instead of being paid to the supplier.

This is aimed at stopping substantial fraud detected in this area. Since public authorities are in principle not taxable persons, the application of the so-called 'reverse charge' mechanism is not possible.

The decision will apply from 1 January 2015 to 31 December 2017.

## **INSTITUTIONAL AFFAIRS**

### **Composition of the European Economic and Social Committee\***

The Council adopted a decision on the composition of the European Economic and Social Committee ([9754/15](#) + [9753/15 ADD 1](#)). The objective of the decision is to ensure that the Committee does not have more than 350 members, in line with article 301 of the Treaty on the Functioning of the EU.

Following Croatia's accession to the EU the number of members of the Committee was temporarily increased to 353.

The decision on the composition of the European Economic and Social Committee means that it is now possible to launch the procedure for the renewal of the Committee whose term of office ends on 20 September 2015. After the summer break the Council, after consulting the Commission, should appoint 350 members in order to allow a seamless continuation of the Committee's advisory activities.